

Foreclosure Starts Rise Following Moratorium Expiration

By: Jann Swanson | Thu, Sep 23 2021, 3:52 PM

Delinquencies hit a new **post-pandemic low** in August as the national delinquency rate fell by 84,000 loans or 3.48 percent compared to July. It was 41.84 percent below the level in August of 2020. Black Knight, in its "first look" at the month's loan performance data, said the 1.122 million loans that were 30 or more days past due but not in foreclosure, were down by 1.557 million on an annual basis. In January of 2020, one month before the first cases of COVID-19 were reported, the national delinquency rate was 3.3 percent.

Serious delinquencies, those loans 90 or more days past due but not in foreclosure, remain elevated, but even they have been improving steadily. Serious delinquencies fell 108,000 from July and are down more than 1 million from the level in August 2020. Still, 1.339 million loans remain in that bucket, 930,000 more than before the pandemic.

There was an **uptick in foreclosure starts** during the month, not surprising since the federal foreclosure moratorium ended at the end of July. The 7,000 starts represented a 69 percent increase from July and was 18.33 percent higher year-of-year. Most of these loans had been in the foreclosure process prior to the moratorium. Foreclosure activity is still well below more "normal" levels, there were 80 percent fewer starts last month than in August 2019.

The foreclosure **inventory**, the number of loans in the process of foreclosure, increased by 2,000 during the month to 142,000 loans. A year earlier the inventory contained nearly 200,000 distressed loans.

The single month mortality (prepayment) rate increased 9.0 percent to a 2.21 percent rate. Low interest rates continue to spur both refinance and purchase activity.

Black Knight will provide a more in-depth review of the August loan performance data in its monthly Mortgage Monitor report. It will be published on Oct. 4, 2021.

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