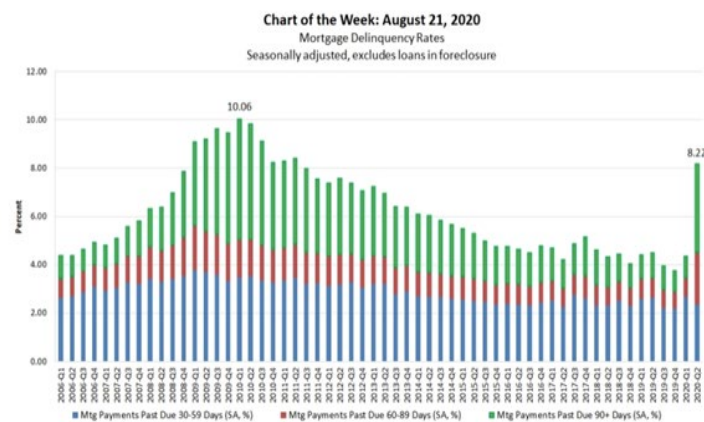


Based on data from the Mortgage Bankers Association (MBA), mortgage delinquencies reached a nine-year high in the second quarter of 2020. Furthermore, the quarterly jump in the delinquency rate of roughly 4% was the largest in the history of the MBA survey, which started back in 1979. An estimated 4.2 million homeowners are in forbearance as of the end of June 2020, and the number of homeowners who have missed three or more payments is at a 10-year high. Despite this, the overall housing market seems to be in decent shape, all things considered.

- It's no surprise that delinquencies are on the rise, given the spike in unemployment due to Covid-19. Many homeowners are finding it difficult to meet monthly mortgage payments. Without government assistance, such as the CARES Act, the rate of delinquencies would likely be much higher.
- The mortgage situation could be a ticking time bomb if government assistance expires. The situation is dire for mortgage servicers, who are responsible for paying the lenders. The servicers can only pay the lenders out-of-pocket for short time until defaults become a real issue.



Source: MBA's National Delinquency Survey