

# National Delinquency Survey

## FACT SHEET

The National Delinquency Survey (NDS) is a voluntary survey of around 75 mortgage lenders, including independent mortgage companies, and depositories such as large banks, community banks, and credit unions.

### NDS FACTS

- Complete historical data are available for All Loan Aggregated since 1979.
- As of the second quarter of 2024, the NDS data covered around 40 million first-lien mortgages on one- to four-unit residential properties.
- The NDS includes data for eight loan types on a National, Regional, and State level:
  - + All Loans Aggregated
  - + Conventional Loans
  - + Conventional Fixed Rate Loans
  - + Conventional Adjustable Rate Mortgage (ARM) Loans
  - + Federal Housing Administration (FHA) Loans
  - + FHA Fixed Rate Loans
  - + FHA Adjustable Rate Mortgage (ARM) Loans
  - + Veteran's Administration (VA) Loans
- Delinquencies are reported as total delinquencies and in 30-59, 60-89, and 90+ day buckets, exclusive of loans in the foreclosure process.
- Foreclosures are reported as "foreclosure starts" and "foreclosure inventory."

The foreclosure starts measure represents loans that entered the foreclosure process during the reporting quarter and is a flow measure.

The foreclosure inventory measure represents all loans in the foreclosure process at the end of the reporting quarter.

This measure is influenced by a number of factors including state foreclosure statutes that establish how long it takes for a loan to work its way through the foreclosure process. Thus, two states with the same rates of loans going into foreclosure can have different inventories of loans in foreclosure. The inventory is a stock measure and is not seasonally adjusted.

- The delinquency rates and foreclosure starts rate are seasonally adjusted to account for trends in the data that are caused by the time of the year. For example, delinquencies tend to increase from the first to fourth quarters, peaking in the fourth quarter, before falling in the first quarter of the next year and beginning the cycle again.
- The seriously delinquent rate is the non-seasonally adjusted (NSA) percentage of loans that are 90+ days delinquent or in the process of foreclosure.
- The delinquency and foreclosure rates are calculated based on the number of loans serviced and not the dollar value. For example, the overall delinquency rate is the total number of delinquent loans as a percentage of all loans serviced. This survey does not collect information on the dollar value of loans serviced.
- The national and regional information are provided as both seasonally adjusted and non-seasonally adjusted forms. States are only presented in non-seasonally adjusted data.
- Because some survey participants only report nationally aggregated results, the state totals for loans serviced may not sum to the national total for any loan or product type. The difference between

these totals are thus the loans that are unclassified by state. Similar logic applies to the fixed and ARM totals for each loan type. Fixed and ARM detail is not always provided; so for example, the sum of FHA Fixed and FHA ARM loans may not sum to the published number for total FHA loans serviced.

- In the NDS, loans subject to Forbearance Agreements (due to COVID-19, natural disasters, other reasons) should be reported as delinquent if not current in accordance with the original loan contract, even when a restructured loan payment plan has been agreed to by both parties. The loan remains delinquent until it is current in accordance with the original loan contract or until it is permanently modified.

## INTRO TO NDS

### What is the National Delinquency Survey (NDS)?

The NDS is a quarterly publication of the Mortgage Bankers Association which provides data on delinquency and foreclosure statistics on one-to-four unit residential mortgages in the United States. The primary purpose of the survey is to measure the percent of borrowers who are late in paying their mortgages. In addition to mortgage delinquencies, the report also tracks measures such as foreclosure proceedings that were started in a given quarter (Foreclosure Starts Rate) and the percent of loans in the foreclosure process at the end of the quarter (Foreclosure Inventory Rate).

### What types of companies participate in the NDS?

The survey is comprised of mortgage servicers, including independent mortgage companies, and depositories such as large banks, community banks, and credit unions.

### What geographies are reported in the NDS?

Each measure is reported at the national, regional, and state level. The only difference is whether the data is seasonally adjusted. MBA does not seasonally adjust state-level delinquency data; therefore, all state numbers are categorized as Non-Seasonally Adjusted (NSA).

We do not collect data below a state level such as on the county, district, or MSA levels.

### Do you give out information on who participates in the NDS?

We do not release information that identifies or that could identify firms participating in the NDS.

### Can I participate in the NDS?

If you are a servicer who wants to participate in the NDS, please contact [MBAResearch@mba.org](mailto:MBAResearch@mba.org) for more information. There are a number of benefits available to participants.

### What is included in the survey results each quarter?

The quarterly results include the full results (in EXCEL), press release, briefing materials (chart book), and a PDF summary report. Please visit the NDS website for the most updated information and pricing. [mba.org/nds](http://mba.org/nds)

## SURVEY METHODOLOGY

### Is the survey coverage the same across all states?

No, coverage varies from state to state. This means two states may have different levels of participation in our survey. For example: the NDS may capture 95 percent of all loans in State A but may only capture 60 percent of all loans in State B. Furthermore, coverage within any given state varies based upon who participates in the survey.

### Are second liens included in your results?

No, the NDS only reports on one- to four-unit first-lien residential mortgages. Second liens are not included in this survey.

### What measures does the NDS provide?

The NDS provides delinquency and foreclosure measures as percentage rates. The delinquency measures are 30/60/90+ days past due as well as total past due. Our two measures of foreclosure are foreclosure starts rate and foreclosure inventory rate (differences between the two discussed below). The survey also provides the number of loans serviced and the seriously delinquent rate (which is the 90+ delinquency rate plus the foreclosure inventory rate).

## **I'm looking for the count of delinquencies or count of loans in foreclosure.**

### **Can't I just take the number of loans serviced and multiply it by the Total Past Due Rate?**

The NDS does not cover the entire universe of loans serviced. In order to arrive at a number within a delinquency/foreclosure category, you would need to multiply the rate by an estimate of loans outstanding and make an assumption that the NDS coverage is adequate representation for all loans outstanding. Importantly, NDS coverage varies within loan types (i.e. some loan types have higher/lower coverage than others) and also varies (sometimes significantly) by region and state. Due to the variation in coverage in all parts of our survey, we encourage users to utilize the rates instead of trying to estimate a specific count.

In addition, the number of loans serviced is provided to give a general idea of how many loans our survey tracks during any given quarter. Changes in the sample may be due to changes in the market and/or changes in participation rates.

### **Does your survey count and/or track loan modifications?**

Loans in the modification process are included in our results. However, depending on the stage of modification a loan is in, it may be classified differently. Loans undergoing repayment plans or trial modifications are reported as delinquent, based on the term of the original loan contract. Loans with permanent modifications move into current status for as long as the new mortgage payments are current.

For more information on loan workout activity and performance, please consider subscribing to MBA's Monthly Loan Monitoring Survey, a separate survey on loan performance. For more information, go to [mba.org/loanmonitoring](http://mba.org/loanmonitoring).

## **So how does the NDS measure modification activity, whether it is trial or permanent?**

NDS data does not include information on modification activity. The NDS only measures whether a loan is current, delinquent, or starting/in the process of a foreclosure proceeding.

### **What is a seasonal adjustment? Why do you seasonally adjust the data? What seasonal adjustment methodology do you use?**

Most time series data are subject to seasonal variations and data on the housing sector is certainly no exception. It is therefore necessary to remove such seasonal effects from the data so that the underlying economic movements in the series can be better analyzed and clearly interpreted. The NDS uses the US Census Bureau's X-12-ARIMA Seasonal Adjustment Program. See below for more information on the Census website at [census.gov/topics/research/seasonal-adjustment.html](http://census.gov/topics/research/seasonal-adjustment.html).

## **DELINQUENCY/ FORECLOSURE BASICS**

### **How do you define delinquency? Are there other industry views about when a mortgage is past due?**

While the MBA methodology for calculating delinquency is practiced by many, there are other methodologies that differ in what constitutes a late payment, particularly for the 30-day delinquency bucket. MBA's method is to determine delinquency based on month-end while other methods involve reporting delinquency based on the beginning of the month. This different methodology may lead to different results, but MBA has been consistent in its own methodology since 1979.

### **What would cause a loan to move into a foreclosure category (Foreclosure Starts Rate/Foreclosure Inventory)?**

The foreclosure measures in the NDS capture loans that have either just entered or that are currently in the foreclosure process. In the quarter in which a loan has been referred to foreclosure, it is reported as a foreclosure start. Once foreclosure has been initiated, a loan remains in the foreclosure

inventory until it either cures, enters a permanent loan workout solution such as a modification, or terminates through a sale of the property, potentially a short sale, a deed-in-lieu, or a foreclosure sale.

### **At what points does a loan drop out of the foreclosure category?**

If a borrower cures the delinquency by paying back the arrears, or enters a permanent modification, the loan returns to current status exiting foreclosure. On the other hand, if a foreclosure sale is completed whereby the home enters a servicer's REO inventory, or if it goes to a short sale, there is no longer a lien against that property, and no longer a loan to track — therefore for the purposes of the NDS, REOs, and short sales are not included in any of the foreclosure (or delinquency) measures.

### **Do the delinquency/foreclosure categories include bankruptcies?**

Sometimes. Foreclosure and bankruptcy are separate and distinct actions. Borrowers file for bankruptcy to discharge unsecured debts. The foreclosure process transfers title in the property from the borrower to the lender as a result of the borrower's defaulting on their mortgage debt, a secured loan.

Within the NDS, loans in the bankruptcy process are reported in the category the loan was in prior to bankruptcy notification. For example, if a loan is delinquent and bankruptcy is filed, the loan would continue to be reported through various stages of delinquency until bankruptcy is resolved.

### **Does the foreclosure category include REOs and CWCOTs?**

No, since REO properties and Claims without Conveyance of Title are an end result of foreclosure proceedings and there is no longer a mortgage serviced, they are not tracked or counted in the NDS.

### **What is the difference between a Foreclosure Start and Foreclosure Inventory?**

The difference between loans in the foreclosure starts bucket and those in the foreclosure inventory bucket is prior status. Loans upon which foreclosure

proceedings were initiated after either being current, 30 days, 60 days, or 90+ days delinquent are considered foreclosure starts. After a loan becomes a foreclosure start (moving from delinquent to foreclosure initiation), it is considered part of the foreclosure inventory (stock of loans already in foreclosure proceedings) in any subsequent quarter in which it remains in the foreclosure process.

### **Describe a typical foreclosure process**

A foreclosure begins differently based on differing investor guidelines. Specific rules established by investors, such as Fannie Mae, Freddie Mac, or insurers/guarantors such as Federal Housing Administration and Veterans Administration clearly spell out how these guidelines, including specific timelines, in which foreclosures must be completed or penalties are assessed. We ask survey participants to note a foreclosure start according to their internal procedures for initiating a foreclosure proceeding. Typically, this is when a referral is sent to a foreclosure attorney.

The length of a foreclosure can vary significantly based on who is processing the foreclosure and the state where it is being processed. Foreclosure timelines can also vary significantly by firm and by state, particularly if the state has a judicial versus a non-judicial foreclosure regime.

The foreclosure process ends when the loan cures, the home is sold (perhaps through a sale), or when the servicer obtains title to the property either through a deed-in-lieu or a foreclosure sale. If the home is sold or the borrower loses title to the property, the loan is extinguished, and there is no longer a loan to track, so it drops out of our survey.

### **What primary factors could affect the rate at which a loan moves through the foreclosure process? Why do some states seem to take longer processing foreclosures?**

State foreclosure laws are a primary factor in the length of time it takes to foreclose. States with judicial foreclosure systems typically take longer to complete the foreclosure process than those with non-judicial systems. This means that two states with the same foreclosure starts rates can have different foreclosure inventory rates.

## What other surveys or studies relating to loan performance does MBA conduct?

MBA conducts a separate Monthly Loan Monitoring Survey, formerly the Weekly Forbearance and Call Volume Survey that started in March 2020. It includes information on forbearance, post-forbearance workouts, performance on loans serviced, and workouts, as well as call volume statistics. For more information, go to [mba.org/loanmonitoring](https://mba.org/loanmonitoring). For in-house mortgage servicers, MBA also conducts a detailed Servicing Operations Study and Forum annually, with revenue, expense, productivity, operations, and portfolio metrics. For more information, go to [mba.org/sosf](https://mba.org/sosf).

## DATA DEFINITIONS

### Number of Loans Serviced

Includes all first mortgage loans secured by one- to four-unit residences that are serviced by participating companies. Loans that are not serviced by participants themselves are excluded.

### Number of Loans Delinquent

As of the close of business on the last day of the quarter, the number of loans delinquent is reported using the following due date ranges, with 3/31/2024 as an example of the last day of the first quarter:

- Due between 2/02/2024 and 3/01/2024: Report as “1 month” delinquent
- Due between 1/02/2024 and 2/01/2024: Report as “2 months” delinquent
- Due 1/01/2024 or before: Report as “3 or more months” delinquent

The delinquency measure DOES NOT include loans placed in foreclosure; they are reported separately.

### Foreclosures Started

The number of loans for which foreclosure proceedings were started in the current quarter. INCLUDES deeds received “in lieu” of foreclosure and loans assigned directly to FHA, VA or other insurers, or investors.

## Foreclosure Inventory

The number of loans in the process of foreclosure as of the last day of the quarter, regardless of the date the foreclosure procedure was initiated. Loans are classified “in foreclosure” according to investors’ or local requirements. INCLUDES loans where the servicing has been suspended in accordance with any investor’s foreclosure requirements. EXCLUDES loans where the foreclosure has been completed to the extent that the investor has acquired any of the following: title to the real estate, an entitling certificate, title subject to redemption, or title awaiting transfer to FHA or VA.

### VA One- to Four-Unit Loans

Report all one- to four-unit residential first mortgage loans that are guaranteed by the VA.

### FHA One- to Four-Unit Loans

Report all one- to four -unit residential first mortgage loans that are guaranteed by the FHA. Fixed versus ARM detail is available for FHA loans.

### Conventional One- to Four-Unit Loans

In this survey, Conventional loans are any non-government (FHA or VA) loans. Fixed versus ARM detail is available for Conventional loans.

#### Illustrative Chart for First Quarter (March 31)

DELINQUENCY CATEGORY	# OF DAYS DELINQUENT	DUE DATE
30 days	30-59	2/2-3/1
60 days	60-89	1/2-2/1
90+ days	90+	1/1 or before

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