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4.7M Homeowners Now in Forbearance, But Pace is Slowing Considerably

Black Knight

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4.7M HOMEOWNERS NOW IN FORBEARANCE, BUT PACE IS SLOWING CONSIDERABLY

May 15, 2020 | [Data & Analytics](#)

[Black Knight](#) has been tracking loan-level forbearance data via our [McDash Flash daily data set and suite of solutions](#) to provide the timeliest view of the impact of COVID-19 on the U.S. mortgage market.

We have enhanced our ability to identify even those loans in COVID-19-related forbearance that were not specifically coded as such by individual McDash contributors, giving us even greater visibility into the scope of the situation. This week's numbers reflect this enhanced visibility.

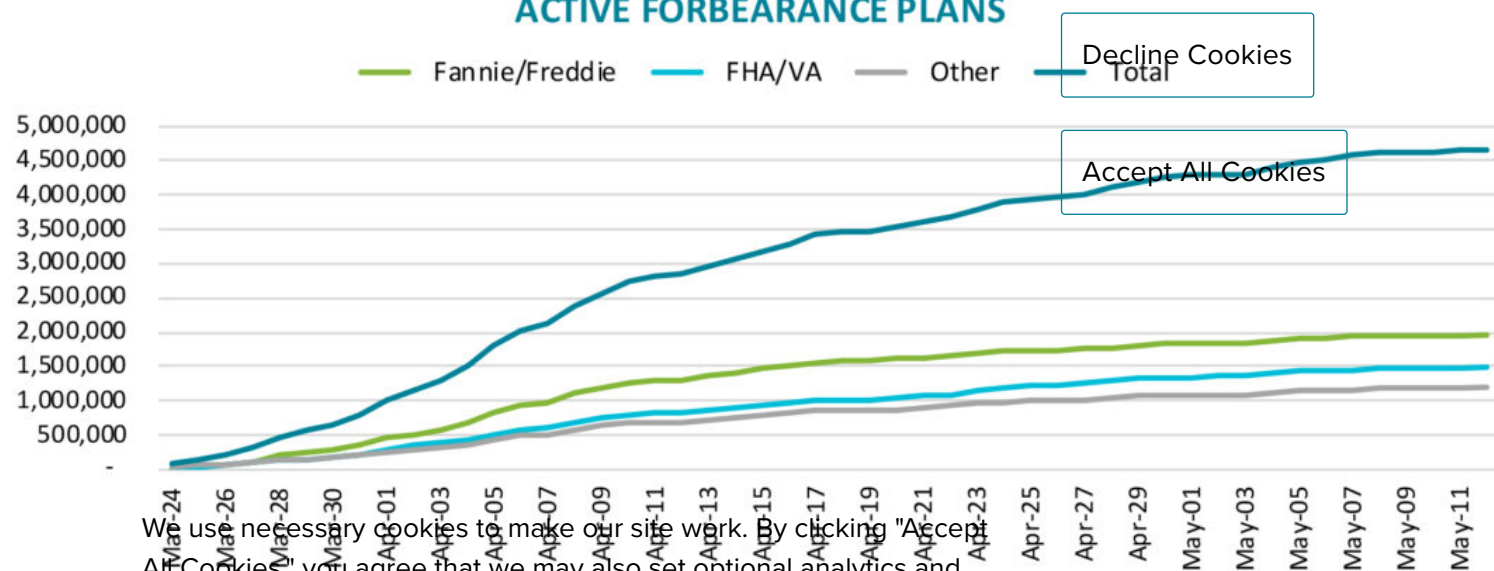
The latest data from the McDash Flash Forbearance Tracker shows that as of May 12, approximately 4.7 million homeowners are in forbearance programs with their servicers, up from a revised 4.5 million one week prior.

Together, they represent 8.8% of the entire active mortgage universe, just over \$1 trillion in unpaid principal, and account for 7% of all GSE-backed loans and 12.4% of FHA/VA loans.

	Fannie & Freddie	FHA & VA	Other**	Total
Loans in Forbearance*	1,964,000	1,495,000	1,202,000	4,661,000
UPB of Loans in Forbearance (\$Bil)*	\$414	\$256	\$355	\$1026
Share of Loans in Forbearance*	7.0%	12.4%	9.2%	8.8%
Active Loan Count (Mil)*	27.9	12.1	13.0	53.0

However, the pace of growth in new forbearance plans has slowed considerably – there was an average net increase of just under 26,000 per day over the past week. That's a reduction of more than 85% of the rate we saw back in early April.

ACTIVE FORBEARANCE PLANS

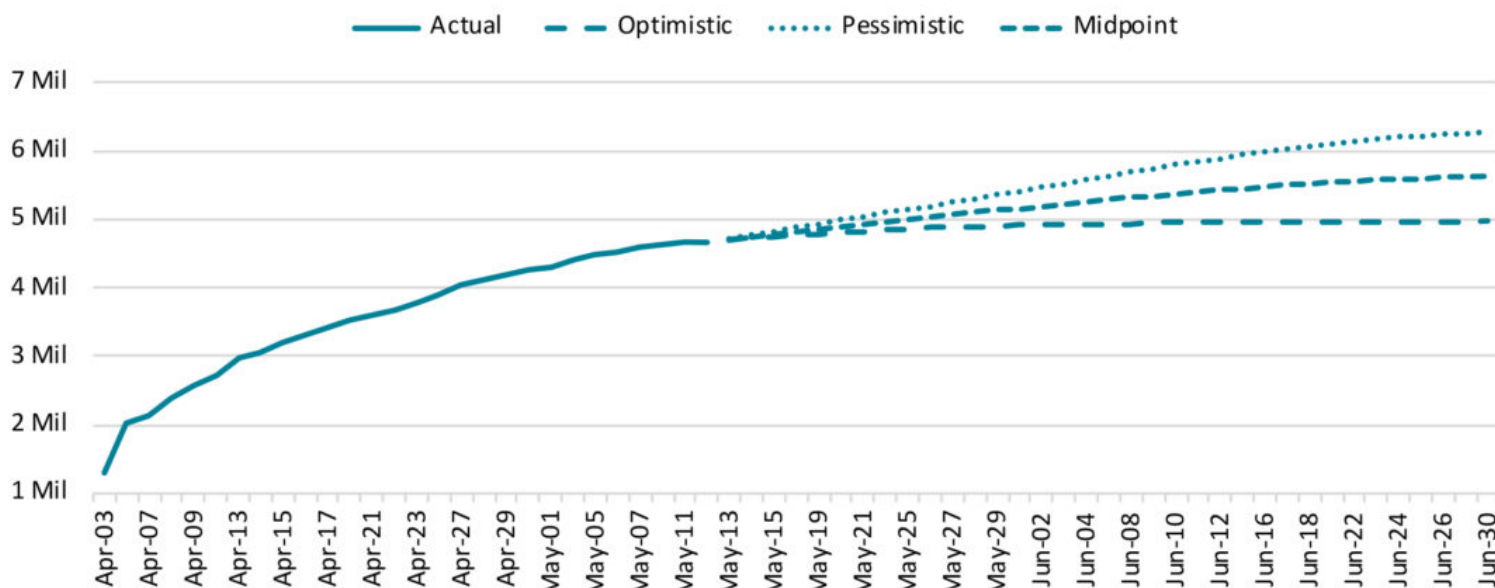


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Using a momentum-based approach, the one-week average and assuming an optimistic 10% daily decline moving forward, we used series 9 with loans in forbearance by the end of May (9.2% of active mortgages) and just under 5 million loans in forbearance by the end of May.

A more pessimistic scenario, in which the two-week average rolls forward and the 10% daily decline doesn't manifest until June 15th, could result in as many as 5.4 million loans (10.1%) in forbearance by the end of the month, and nearly 6.3 million (11.8%) by the end of June.

ACTIVE FORBEARANCE PLANS – EXAMPLE SCENARIOS



*Figures in this report are based on observations from Black Knight's McDash Flash data set and are extrapolated to estimate the full mortgage market
 (1) Optimistic scenario rolls forward the 5-day average daily increase in forbearance plans with a 10% daily decline moving forward
 (2) Midpoint is the average of the Optimistic and Pessimistic scenarios
 (3) Pessimistic scenario rolls forward the 10-day average daily increase in forbearance plans with a 10% daily decline beginning on June 15th
 Future scenarios assume relaxation of COVID-19 related shelter in place orders by June 15th

Regardless of a borrower's forbearance status, servicers of loans in government-backed securities must make advance principal and interest (P&I) payments as well as tax and insurance (T&I) payments each month for these loans.

At today's level, mortgage servicers need to advance a combined \$3.6 billion per month to holders of government-backed mortgage securities on COVID-19-related forbearances. That's on top of the \$1.5 billion in T&I payments they must make on behalf of borrowers each month. Another \$2.1 billion in lost P&I will be faced each month by servicers of portfolio-held or privately securitized mortgages, as more than 9% of these loans are in forbearance as well.

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ESTIMATED MONTHLY ADVANCES ON ACTIVE FORBEARANCE PLANS

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	Fannie & Freddie	FHA & VA	Other**	Total
Average Monthly P&I Payment*	\$1,115	\$903	\$1,726	\$1,216
Average Monthly T&I Payment*	\$440	\$384	\$557	\$447
Aggregate Monthly P&I Payment*	\$31.1B	\$10.9B	\$22.3B	\$64.9B
Aggregate Monthly T&I Payment*	\$12.3B	\$4.6B	\$7.2B	\$23.7B
Est. Monthly P&I Advances on Active Forbearance Plans	\$2.2B	\$1.4B	\$2.1B	\$5.7B
Est. Monthly T&I Advances on Active Forbearance Plans	\$0.9B	\$0.6B	\$0.7B	\$2.1B

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**Other categories include loans that are not in the Fannie, Freddie, FHA, VA, or Other categories. For more information on how these cookies work, please see our Privacy Notice.

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The FHFA has said that P&I advance payments will be capped at four months for servicers of GSE-backed mortgages. Given today's number of loans in forbearance, servicers of GSE-backed loans still face \$8.8 billion in advances over that four-month period.

Black Knight will continue to provide weekly McDash Flash Forbearance Tracker updates via this blog. Those interested in staying up-to-date on industry developments are encouraged to visit the blog for more information in the coming days and weeks.

Tags: [COVID-19](#), [Forbearance](#), [Market Insight](#), [McDash](#), [Servicing](#)

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