COVID-19 IMPACT

First Look:
Effects of Shelter-In-Place on Mortgage and Auto Loan Performance

For more information on methodology and underlying data sources, contact us.

One might expect to see a direct correlation between states leading in reported COVID-19 cases and those experiencing the greatest mortgage and auto loan financial distress, but our data shows otherwise.

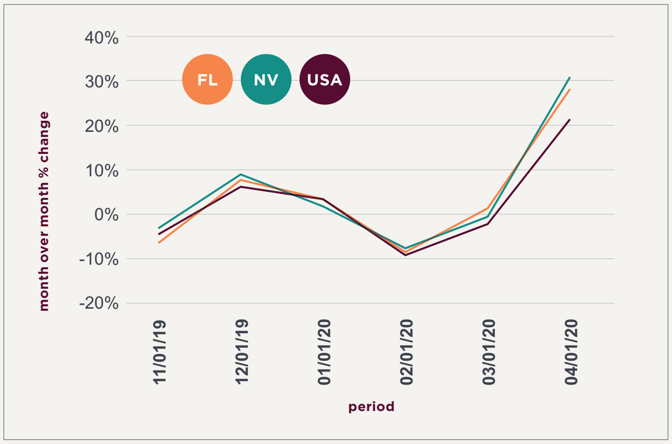
Based on preliminary data, the economic impact of widespread shelter-in-place protocols can begin to be assessed. In particular, loan-level delinquency and forbearance reporting over the past month for securitized residential mortgage loans and auto loans can be found in 1010data's hosted eMBS (for agency MBS) and Auto ABS Insights (for RegAB-reported auto loan ABS).

Early data indicates the largest performance deterioration across mortgage and auto loan performance is occurring in states which don't necessarily lead the country in reported COVID-19 cases. Instead, borrowers in two states whose economies depend on travel, tourism and leisure are feeling the biggest early impact.

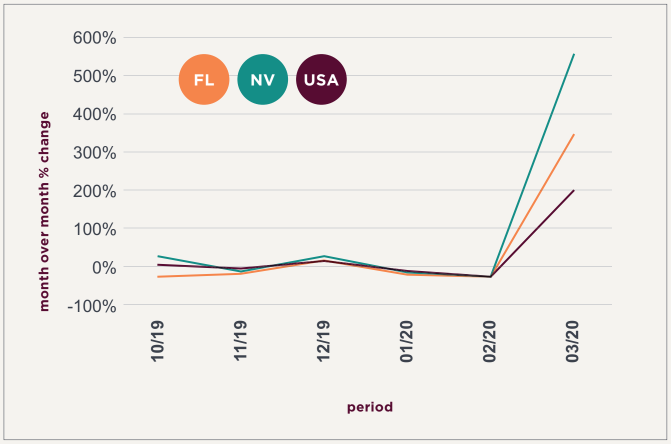
To gain insight into relative early-impact credit deterioration amongst states, we rank-ordered all 50 states by the most recent month's percentage increase from prior month for two types of distress metrics: 30-day late delinquency status for GNMA residential mortgages, and forbearance modifications for securitized auto loans.

The charts below illustrates our findings for Florida, Nevada, and the country as a whole across both GNMA mortgages and securitized auto loans.

PERCENTAGE CHANGE FROM PRIOR MONTH FOR 30 DAY DELINQUENT LOANS



PERCENTAGE CHANGE FROM PRIOR MONTH FOR AUTO LOAN EXTENSION MODIFICATIONS



Not surprisingly, we saw immediate increasing signs of distress across both mortgage and auto loans for almost all states. Somewhat surprisingly, however, neither of the only two states which rank in our top 5 for both mortgage and auto loan payment distress — Florida and Nevada — rank within the top 5 states for confirmed COVID-19 cases. However, both states' economies rely heavily on travel, tourism and leisure industries which have effectively been shut for the past two months. As a result, borrowers in these two states are on the leading edge of an approaching wave of delinquencies and forbearance.

Over the next few monthly remittance cycles, further performance data will emerge. This data will coincide with a number of external factors including: gradual state-specific re-openings, lagged supply chain effects with outsized state-specific impacts (ie, meat processing), and increased forbearance and modification activity driven by both evolving federal regulations and private enterprises.

As further data rolls in over the coming months, we'll keep an eye on the evolution of state-by-state, as well as originator and/or servicer-parsed, delinquency and modification trends.