Late-payment rate on mortgages drops in third quarter

By Alex Veiga
Associated Press

LOS ANGELES — Fewer U.S. homeowners are falling behind on their mortgage payments, aided by rising home values, low interest rates and stable job gains.

The trend brought down the national late-payment rate on home loans in the third quarter to a five-year low, credit reporting agency TransUnion said Tuesday.

The percentage of mortgage holders at least two months behind on their payments fell in the July-September quarter to 4.09 percent from a revised 5.33 percent a year earlier, according to the firm, whose data go back to 1992.

The latest rate also declined from 4.32 percent in the second quarter.

The last time the mortgage delinquency rate was lower was the third quarter of 2008.

Soon after setting that mark, foreclosures began to mount as home values tumbled from housing-boom highs, leaving many homeowners in negative equity — owing more on their mortgage than the value of their home. The dynamic drove mortgage delinquencies higher, peaking at nearly 7 percent in the fourth quarter of 2009.