Late payments on mortgages hit 3-year low

By Alex Veiga
Associated Press

LOS ANGELES — U.S. homeowners are getting better about keeping up with their mortgage payments, driving the percentage of borrowers who have fallen behind to a three-year low, according to a new report.

Still, the rate of decline remains slow, credit reporting agency TransUnion said Wednesday. The percentage of mortgages going unpaid is unlikely to return anytime soon to where it was before the housing market crashed.

The agency said 5.49 percent of the nation's mortgage holders were behind on their payments by 60 days or more in the April-to-June period. That's the lowest level since the first quarter of 2009.

The second-quarter delinquency rate is down from 5.82 percent in the same period last year, and below the 5.78 percent rate for the first three months of 2012.

The positive second-quarter trend coincided with an improving outlook for the U.S. housing market.

A measure of national home prices rose 2.2 percent from April to May, the second increase after seven months of flat or declining readings.

Sales of new homes fell in June after reaching a two-year high in May. Sales of previously occupied homes also declined in June, but were higher than a year earlier.

Home refinancing surged in the second quarter, as interest rates sank to historic lows. And more borrowers with underwater mortgages — or home loans that exceed the value of the home — refinanced through the government's Home Affordable Refinance Program than ever before.

"More people are making their payments, and that's great," said Tim Martin, group vice president of U.S. housing for TransUnion. "I expected a little bit better, but maybe we'll see some more of that pick up in (the third quarter)."