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Press Release

Milliman analysis: Mortgage default risk in Q1 2025 inches up to 2.13% due to rising borrower and economic risk

SEATTLE – AUGUST 4, 2025 – [Milliman, Inc.](#), a premier global consulting and actuarial firm, today announced the first quarter (Q1) 2025 results of the Milliman Mortgage Default Index (MMDI), which shows a slight increase in the lifetime serious delinquency rate (for homes 180+ days delinquent) for U.S.-backed mortgages. The Q1 2025 MMDI climbed to 2.13%, compared to 2.05% in Q4 2024.

During Q1 2025, default risk for GSE loans inched up due to both an increase in economic risk (from 0.64% to 0.68%) and borrower risk (1.40% to 1.43%). In the context of the MMDI, borrower risk is the risk of a loan becoming seriously delinquent due to borrower credit quality, initial equity position, and debt-to-income (DTI) ratio. Economic risk is measured by looking at historical and forecasted home prices.

“In early 2025, GSE acquisitions had slightly higher DTI and loan-to-value (LTV) ratios compared to the prior quarter, and a slightly lower average FICO score, meaning borrowers were taking on more debt compared to prior quarters,” said Jonathan Glowacki, a principal at Milliman and co-author of the MMDI. “While the quality of purchase loans continues to be strong, we’ll be monitoring how economic turbulence may impact borrower risk for government-sponsored loans.”

In reviewing Q1 2025 data, note that Q4 2024 MMDI values have been restated to account for higher-than-forecasted home price appreciation. The MMDI relies on a baseline forecast of future home prices, and as projections and real-world conditions change, the values in subsequent publications adjust accordingly.

Read the full [Q1 2025](#) report. For organizations interested in accessing additional mortgage market thought leadership, analytics, and technology, learn about [Milliman M-PIRe](#) Valuation & Securitization Software.

About Milliman

Milliman leverages deep expertise, actuarial rigor, and advanced technology to develop solutions for a world at risk. We help clients in the public and private sectors navigate urgent, complex challenges—from extreme weather and market volatility to financial insecurity and rising health costs—so they can meet their business, financial, and social objectives. Our solutions encompass insurance, financial services, healthcare, life sciences, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. Visit us at milliman.com.

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