BLACK KNIGHT

**Press Release**

For more information:

Michelle Kersch
904.854.5043
michelle.kersch@bkfs.com

Mitch Cohen
704.890.8158
mitch.cohen@bkfs.com

# Black Knight: 474,000 Mortgaged Properties in FEMA-Declared Disaster Areas Resulting from Hurricane Florence; VA Loans Disproportionately Represented

- The 34 counties FEMA has declared disaster areas as a result of Hurricane Florence contain 20 percent of all mortgaged properties in North Carolina and 10 percent of those in South Carolina
- Homes in these areas tend to be more heavily leveraged than the national average, with average combined loan-to-value ratios of 63 percent as compared to the national average of 51 percent
- Just prior to Hurricane Florence, these areas also had a higher-than-average delinquency rate of 4.4 percent, as compared to the national average of 3.5 percent
- While Veterans Administration (VA) loans account for approximately 5 percent of the national market, VA loans make up 20 percent of mortgages in areas impacted by Hurricane Florence
- In the wake of Hurricanes Harvey and Irma last year, the increase in delinquency rates among VA mortgages was more than 40 percent higher than the increase among conventional loans
- If the per capita impact matches that of last year's storms, more than 5,400 homeowners with VA loans would be among the nearly 25,000 borrowers who could become past due over the next three months, as a result of the hurricane

JACKSONVILLE, Fla. – Oct. 8, 2018 – Today, the Data & Analytics division of Black Knight, Inc. (NYSE:BKI) released its latest Mortgage Monitor Report, based on data as of the end of August 2018. This month, in light of the devastating flooding experienced in North and South Carolina as a result of Hurricane Florence, Black Knight examined the potential mortgage-related impact that could follow. Looking at the 34 counties in those states declared disaster areas by the Federal Emergency Management Agency (FEMA) as of Sept. 28, and using last year's hurricanes as a model, Black Knight's analysis shows approximately 474,000 mortgaged properties in the impacted zone. As Ben Graboske, executive vice president of Black Knight's Data & Analytics division explained, if the post-storm trajectory follows that of Hurricanes Harvey and Irma, thousands of Americans affected by Hurricane Florence could become past-due in the coming months.

"Although the situation in the Carolinas continues to evolve as we speak, we are beginning to get a sense of the potential scope of the storm's impact from a mortgage performance aspect," said Graboske. "As those affected by the storm begin recovery efforts, recent history suggests many will have some difficulty remaining current on their mortgages. Of the nearly 1.2 million properties in the 34 counties in the Carolinas thus far declared disaster areas by FEMA, approximately 474,000 have at least one mortgage. The majority – 80 percent – of these properties are in North Carolina, and account for more than 20 percent of the homes in that state. The remainder are in South Carolina. In general, while average home prices in these areas run $100,000 below the national average, they tend to be more heavily leveraged. Nationally, the average combined loan-to-value (CLTV) ratio is 51 percent, while in these FEMA-declared areas the average is 63 percent. As a whole, the area also had a higher-than-average delinquency rate of 4.4 percent going into the storm, as compared to the national average of 3.5 percent.

"While negative equity in the affected area is limited, at just over 3.0 percent of the population, higher leverage is certainly something to monitor, particularly for borrowers who are financially impacted by the storm. That becomes even more of an issue when you consider the area's disproportionate concentration of VA mortgages – which offer borrowers the option of up to 100 percent LTV loans and may be skewing the average CLTV higher. Nationally, VA loans make up approximately 5 percent of the market, but in this area – home to Fort Bragg, Camp Lejeune and a heavy veteran population – VA lending accounts for more than 20 percent of all mortgages. In some counties, that number surpasses 40 percent. In the wake of Hurricanes Harvey and Irma last year, the data showed the increase in the VA delinquency rate in affected areas was 40 percent higher than among conventional mortgages. If the per capita impact of Florence matches last year's storms, more than 5,400 veteran homeowners with VA loans would be among the nearly 25,000 borrowers who could become past due over the next three months."

As the total impact of Hurricane Florence remains to be seen, it's important to note that one year after 2017's hurricanes wreaked havoc on Texas, Florida and Puerto Rico, recovery is still underway. Serious hurricane-related delinquencies – those 90 or more days past due – have fallen by more than 80 percent from their peak at the start of 2018. This includes an 84 percent decline in affected areas of Florida and a 78 percent reduction in Texas. Improvement continues in Puerto Rico as well, albeit at a slower pace. Overall hurricane-related delinquencies on the island are down 85 percent from their peak, while serious delinquencies have fallen by 74 percent. Approximately 18,000 hurricane-related serious delinquencies still remain in Puerto Rico and just over 25,000 on the mainland.

As was reported in Black Knight's most recent First Look news release, other key results include:

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| Total U.S. loan delinquency rate: | 3.52% |
| Month-over-month change in delinquency rate: | -2.43% |
| Total U.S. foreclosure pre-sale inventory rate: | 0.54% |
| Month-over-month change in foreclosure pre-sale inventory rate: | -4.41% |
| States with highest percentage of non-current* loans: | MS, LA, AL, WV, AR |
| States with lowest percentage of non-current* loans: | ND, WA, CA, OR, CO |
| States with highest percentage of seriously delinquent** loans: | MS, LA, AL, AR, FL |

*Non-current totals combine foreclosures and delinquencies as a percent of active loans in that state.
**Seriously delinquent loans are those past-due 90 days or more.
Totals are extrapolated based on Black Knight's loan-level database of mortgage assets.

**About the Mortgage Monitor**
The Data & Analytics division of Black Knight manages the nation's leading repository of loan-level residential mortgage data and performance information on the majority of the overall market, including tens of millions of loans across the spectrum of credit products and more than 160 million historical records. The company's research experts carefully analyze this data to produce a summary supplemented by dozens of charts and graphs that reflect trend and point-in-time observations for the monthly Mortgage Monitor Report. To review the full report, visit: https://www.blackknightinc.com/data-reports/

**About Black Knight**
Black Knight (NYSE:BKI) is a leading provider of integrated software, data and analytics solutions that facilitate and automate many of the business processes across the homeownership lifecycle.

As a leading fintech, Black Knight is committed to being a premier business partner that clients rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class software, services and insights with a relentless commitment to excellence, innovation, integrity and leadership. For more information on Black Knight, please visit http://www.blackknightinc.com/.

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