

For more information:

Michelle Kersch  
904.854.5043  
[michelle.kersch@bkfs.com](mailto:michelle.kersch@bkfs.com)

Mitch Cohen  
704.890.8158  
[mitch.cohen@bkfs.com](mailto:mitch.cohen@bkfs.com)

## **Black Knight: Inflow of New COVID-19 Forbearance Plans Declines Following 15<sup>th</sup> of April; Additional Surge Likely as May Payments Approach**

- As of April 30, more than 3.8 million homeowners were in forbearance plans, representing 7.3% of all mortgages
- Following April 15 – the point at which late fees are traditionally charged for past-due payments – the daily number of new forbearance requests began to taper off
- New forbearance requests have ranged from 53,000 and 102,000 over the past nine days, but as May 1 mortgage payment due dates approach, Black Knight will continue to monitor any potential second wave
- The slowdown in new forbearance requests has the mortgage market proceeding on pace with Black Knight’s most optimistic scenario forecast, but there is a risk of May-related forbearance activity changing that trajectory
- Despite 30-year mortgage rates returning to near-record lows in mid-April, refinance locks were nearly 80% below their early-March peaks
- The seven-day average of purchase rate locks fell nearly 70% from its peak in early March through mid-April before beginning to rebound over the past week, in a time when seasonal purchase lending is typically ramping up
- With April rate locks likely to close in May, a somewhat conservative 50% COVID-19-related headwind would result in \$70 billion in lost purchase closings in May alone

JACKSONVILLE, Fla. – May 4, 2020 – Today, the [Data & Analytics](#) division of [Black Knight, Inc.](#) (NYSE:BKI) released its latest [Mortgage Monitor Report](#), based upon the company’s industry-leading mortgage performance, housing and public records datasets. As the economic impact of COVID-19 continues, Black Knight looked this month at key indicators of mortgage performance and daily forbearance activity, as well as the effects of the pandemic on interest rates and the housing market. As Black Knight Data & Analytics President Ben Graboske explained, the rate at which American homeowners have been seeking mortgage forbearances began to slow from the middle of April forward, and Black Knight will monitor this trend to see if it continues.

“After surging at the beginning of April and then rising again near the 15<sup>th</sup> – when most mortgages become past due and late fees are charged – the number of new forbearance requests has declined in recent weeks,” said Graboske. “While total forbearance volumes continue to mount, daily inflow has begun to taper off. Between 53,000 and 102,000 new plans have been put into place over each of the last nine days, and even the largest single-day volume was less than a quarter of what we saw at the start of April – and may see again next week. What remains an open question at this point is to what degree forbearance requests will look like at the beginning of May – when the next round of mortgage payments become due, and with nearly 30 million Americans newly unemployed in the last month. Once we have a sense for whether there is a similar spike in forbearance requests around the beginning of May, we’ll be in a much better position to more accurately forecast possible scenarios.

“As it is, in an optimistic scenario in which daily forbearance volumes continue to decline by 10% per day, the

number of forbearances could peak at approximately 4.5 million in the coming months. Should current forbearance volumes hold steady through mid-June, more than 8 million homeowners could enter into forbearance plans, representing 16% or more of all mortgages. If that adverse scenario holds true, servicers would be required to advance \$4 billion in monthly principal and interest (P&I) payments on GSE mortgages alone. Even under the FHFA's recent four-month limit on P&I advances, servicers would still be bound to make \$16 billion in advance payments over that time span."

The month's Mortgage Monitor report also looked at March prepayment activity, which surged to a near seven-year high. However, that was prior to the fallout from COVID-19 and the associated rise in unemployment and economic uncertainty. After rising in late March, 30-year interest rates fell back near record lows by mid-April. Rate lock data – a leading indicator of refinance and prepayment activity – suggests a steep decline in demand for refinancing. As of April 13, the average conventional 30-year note rate fell below 3.3% according to Black Knight's Compass Analytics data – roughly equivalent to where it was in early March – but refinance-related rate locks saw little movement. In fact, refi locks were nearly 80% below their early-March peaks.

Likewise, the seven-day average of purchase rate locks fell nearly 70% from its peak in early March through mid-April, and in a time when seasonal purchase lending is typically ramping up. Volumes have since begun to rebound over the past week and are now back to within ~50% of their March peak, suggesting that activity in the housing market is beginning to pick back up. Still, with April locks likely to close in May, a somewhat conservative 50% COVID-19-related headwind would result in \$70 billion in lost purchase closings in May alone.

Much more detail can be found in Black Knight's March 2020 [Mortgage Monitor Report](#).

#### **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 covering 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 Black Knight HPI is one of the most complete, accurate and timely measures of home prices available, providing essential micro-level valuation data by covering nearly 90 percent of U.S. residential properties at the ZIP-code level. In addition, the company maintains one of the most robust public property records databases available, covering 99.9% of the U.S. population and households from more than 3,100 counties.

Black Knight'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/>.

###

SOURCE: BLACK KNIGHT, INC.