BLACK KNIGHT

Press Release

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Black Knight's Mortgage Monitor: "Hurricane Effect" Aside, Mortgage Performance Continued to Improve in 2017; Foreclosure Starts, Completions at 17-Year Lows

- Though mortgage delinquencies ended 2017 at a 23-month high (up 164K from 2016 year-end), in non-hurricane-impacted areas – representing 90 percent of the total market – delinquency rates declined
- The national delinquency rate in non-hurricane-affected areas was 11 percent below long-term norms
- The total number of mortgages either past due or in foreclosure fell by more than 140K in non-hurricane-affected areas, pushing the non-current rate in these areas down to 10 percent below long-term norms
- A total of 649K foreclosure starts were initiated in 2017, the fewest of any year since 2000
- 2017 saw the fewest first-time foreclosure starts on record, which were both 15 percent below 2016 levels and roughly half their pre-crisis annual average
- While foreclosure inventory is on track to normalize in 2018, more than 125K active foreclosures remain in which no payment has been made in more than two years; 63K have not had a payment in five years or more
- The 232K total foreclosure sales (completions) in 2017 marked the lowest single-year total since the turn of the century

JACKSONVILLE, Fla. -- Feb. 5, 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 December 2017. This month, Black Knight's examination of year-end trends in mortgage performance found that – as expected – the year's multiple major hurricanes have left lasting effects. However, as Black Knight Data & Analytics Executive Vice President Ben Graboske explained, when taking the storms' impacts into consideration, 2017 continued a long-term trend of improvement for the market.

"Hurricanes Harvey and Irma significantly impacted 2017 mortgage performance metrics," said Graboske. "Overall, there were approximately 164,000 more past-due loans at the end of 2017 than the year before, pushing the national delinquency rate to a 23-month high. When Black Knight isolated non-hurricane-impacted areas – which represent 90 percent of the entire active U.S. mortgage universe – we see the national delinquency rate actually fell to 11 percent below long-term norms. Likewise, the 90-day delinquency rate was also up six percent from last year, with roughly a third more seriously delinquent loans than we'd expect in a healthy market. Excluding the hurricane impact, though, we see that there were 84,000 fewer loans 90 or more days past due than last year; a 14 percent reduction. The national non-current rate – which tracks all loans 30 or more days past due or in active foreclosure – edged down slightly from 2016, even including the effects of the storms. Isolating those non-hurricane areas, though, we see that the total number of past-due mortgages fell by more than 140,000 – which brought the non-current rate in these areas down 10 percent below long-term norms.

"Due to the various foreclosure moratoria put into place after the storms, there was no hurricane impact to speak of in that regard. In fact, the improvement in foreclosure inventory – which continued unabated in 2017 – may have actually received a short-term boost from the moratoria. In any case, it was a record-setting year in terms of foreclosure activity. Just 649,000 foreclosure starts were initiated in 2017, which was the fewest of any year since 2000, with the lowest number of first-time starts on record. In fact, first-time foreclosure starts were 15 percent below 2016 levels and roughly half the annual average seen from 2000-2005. Likewise, the year saw the lowest single-year total for foreclosure completions since the turn of the century. All in all, the inventory of loans in active foreclosure is on track to normalize in 2018. That said, there are still issues with aged inventory; more than 125,000 active foreclosures have had no payments made in more than two years. Of those, some 63,000 have gone unpaid for five years or more."

Black Knight also observed evidence of the "hurricane effect" at work in the home equity market. Similar to the first lien market, nearly 10 percent of active home equity loans and lines of credit – over 1 million in total – are located in areas impacted by the year's major hurricanes, primarily in Florida. Noticeable jumps were seen in the number of past-due loans and lines, although the overall impact has been muted as compared to the first lien market. In Irma-impacted areas, the share of past-due second lien lines of credit increased from July to November by 117 basis points (from 3.2 to 4.4 percent) and second lien loans by 349 basis points (7.2 to 10.7 percent). Increases were also seen in Harvey-affected areas of Texas, with the non-current rate on lines increasing by 79 basis points to 1.9 percent, and by 378 basis points on loans to 11.8 percent. An estimated 17,200 second liens became delinquent as a result of the storm, with 5,000 resulting serious delinquencies. In a market where delinquency rates are relatively low, the rise has been noticeable.

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

Total U.S. loan delinquency rate:	4.71%
Month-over-month change in delinquency rate:	3.47%
Total U.S. foreclosure pre-sale inventory rate:	0.65%
Month-over-month change in foreclosure pre-sale inventory rate:	-2.22%
States with highest percentage of non-current* loans:	MS, FL, LA, AL, WV
States with lowest percentage of non-current* loans:	ID, WA, OR, ND, CO
States with highest percentage of seriously delinquent** loans:	FL, MS, LA, TX, AL

*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: http://www.BKFS.com/CorporateInformation/NewsRoom/Pages/Mortgage-Monitor.aspx

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