

Black Knight Mortgage Monitor

Mortgage Market Performance Observations

Data as of February, 2014 Month-end

Focus Points

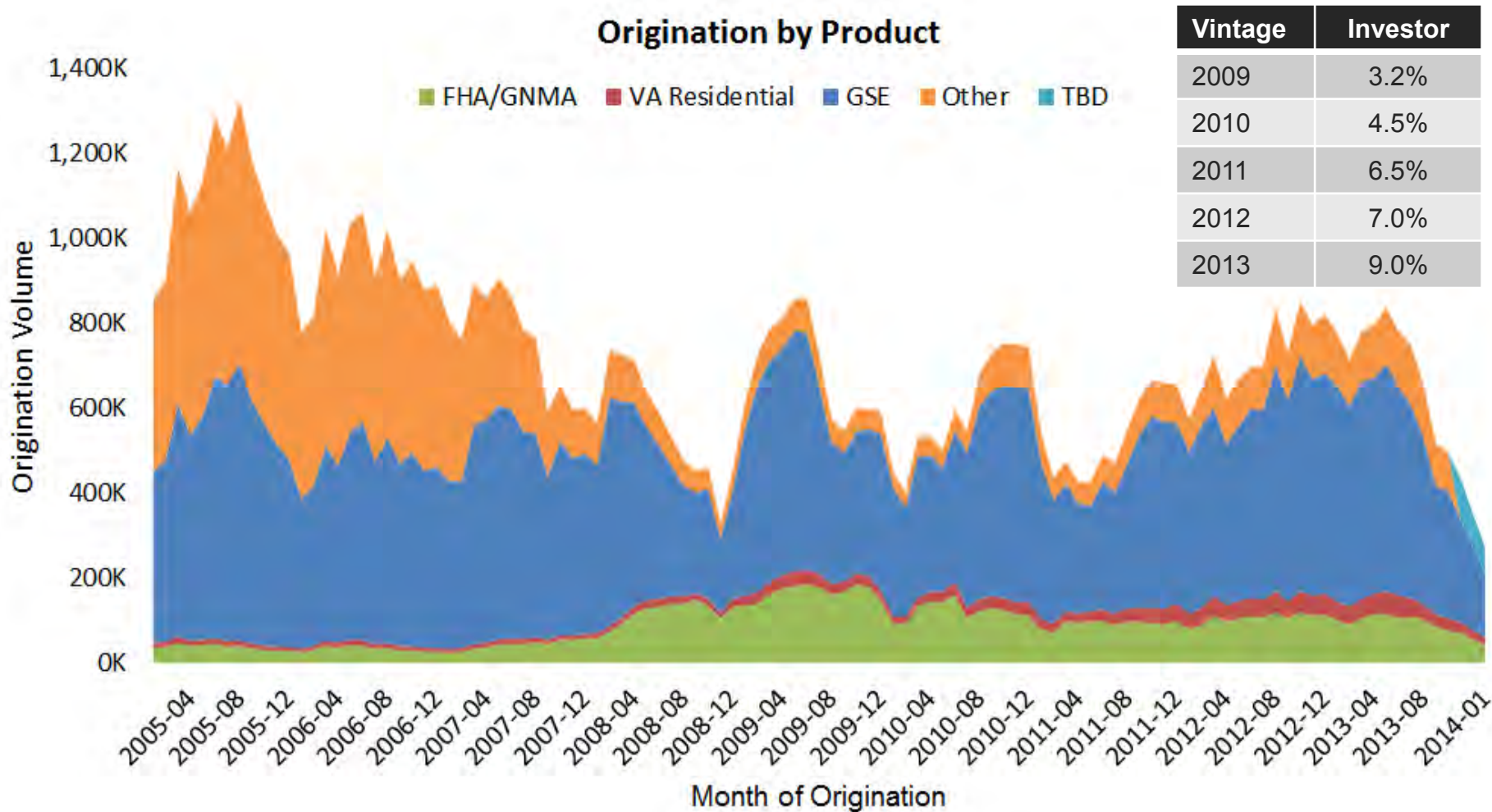
- Focus 1: Loan originations, property sales and underwriting criteria
- Focus 2: Modification volumes, performance and risks
- Focus 3: Impact of CFPB regulations on foreclosure process
- Focus 4: High level mortgage market stats and home price update



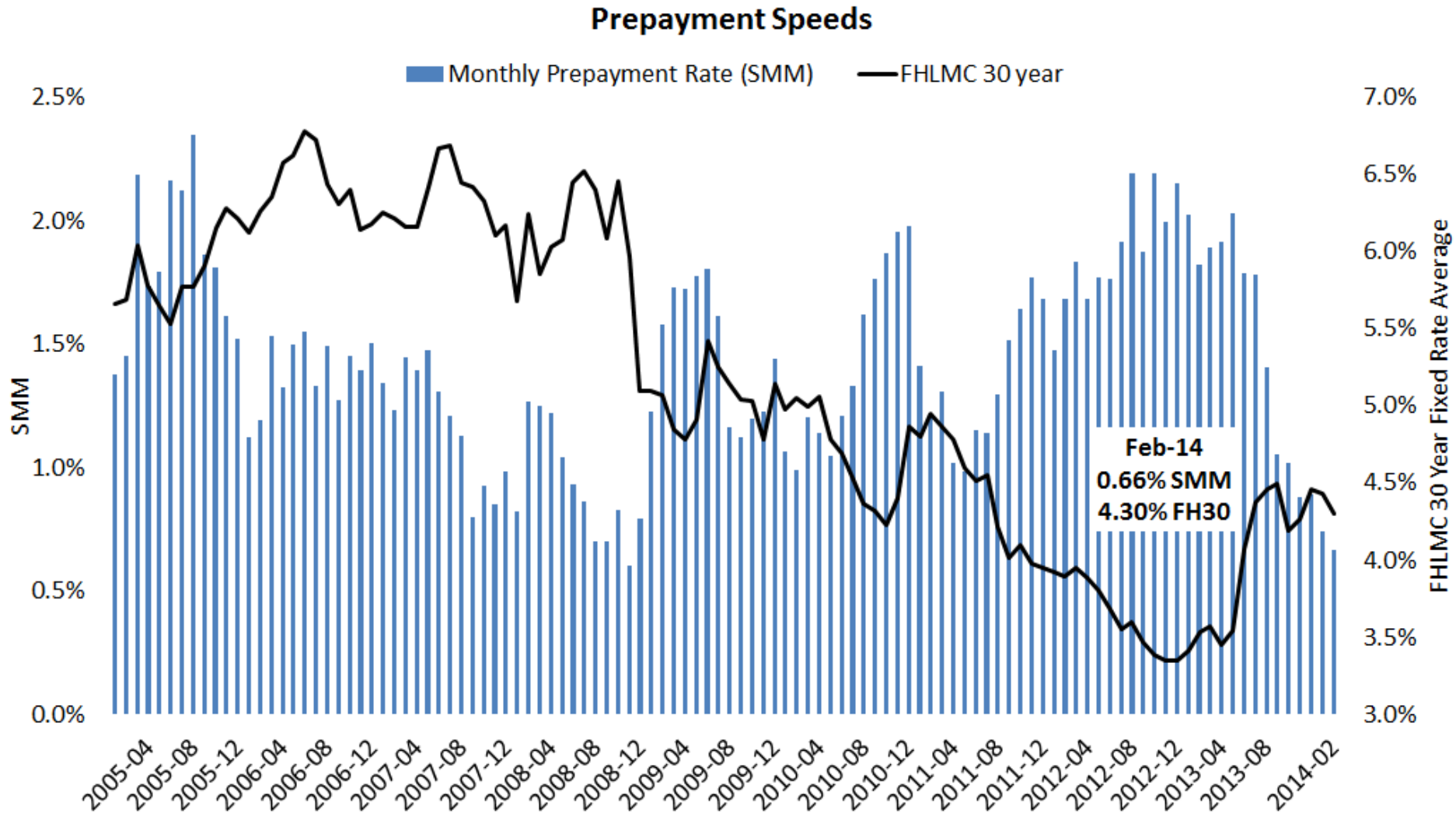
Focus Point 1: Originations, property sales and underwriting criteria

- Origination volume is the lowest on record with prepay speeds signaling more drops in refi originations
- Monthly sales were essentially flat year over year, but traditional sales were up almost 15%
- The government share of originations has decreased, led by a sharp drop in HARP originations
- Credit standards have shown few signs of loosening, with very little origination activity in the lowest credit score buckets

Monthly origination volume is the lowest on record



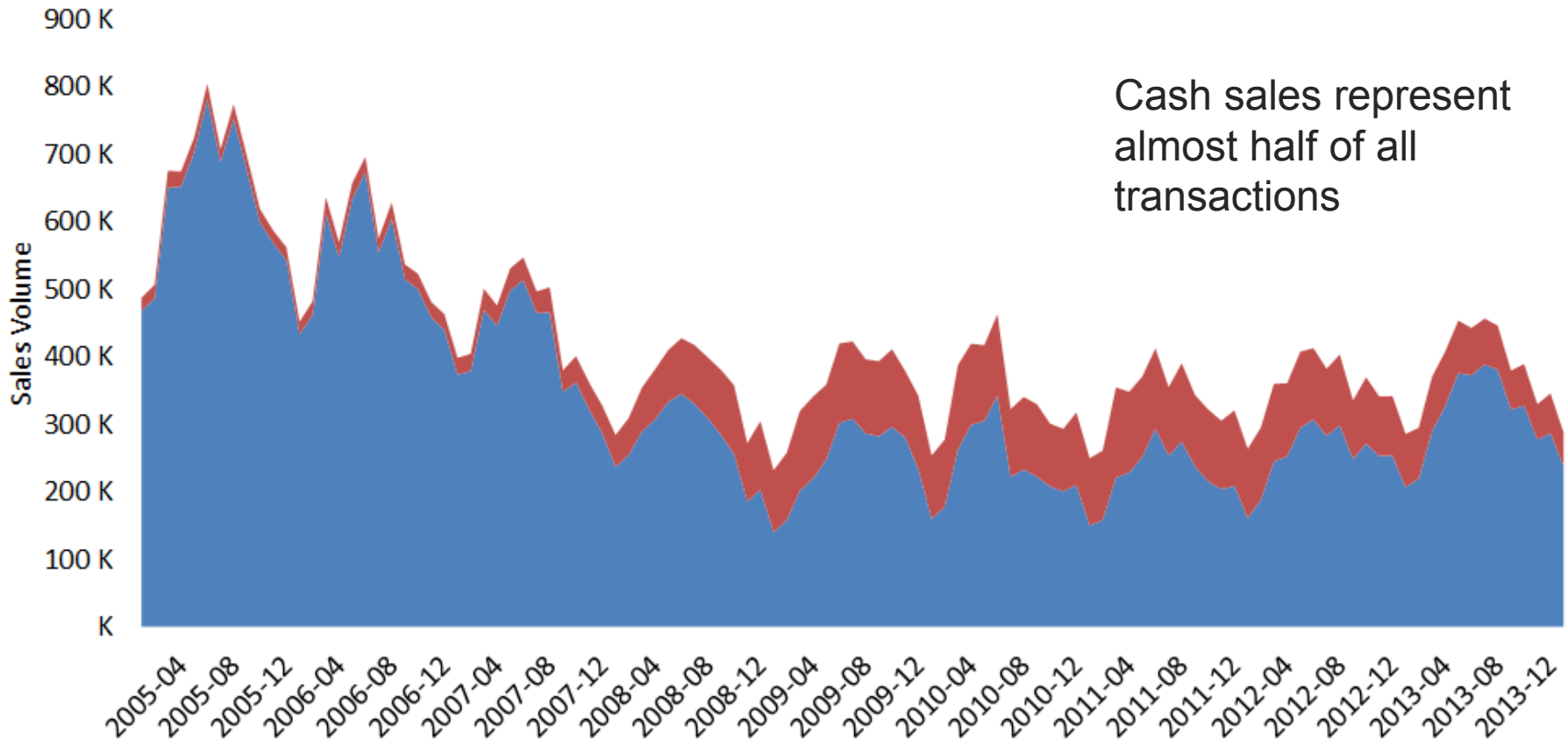
Prepayment speeds signal more drops in refinance related originations



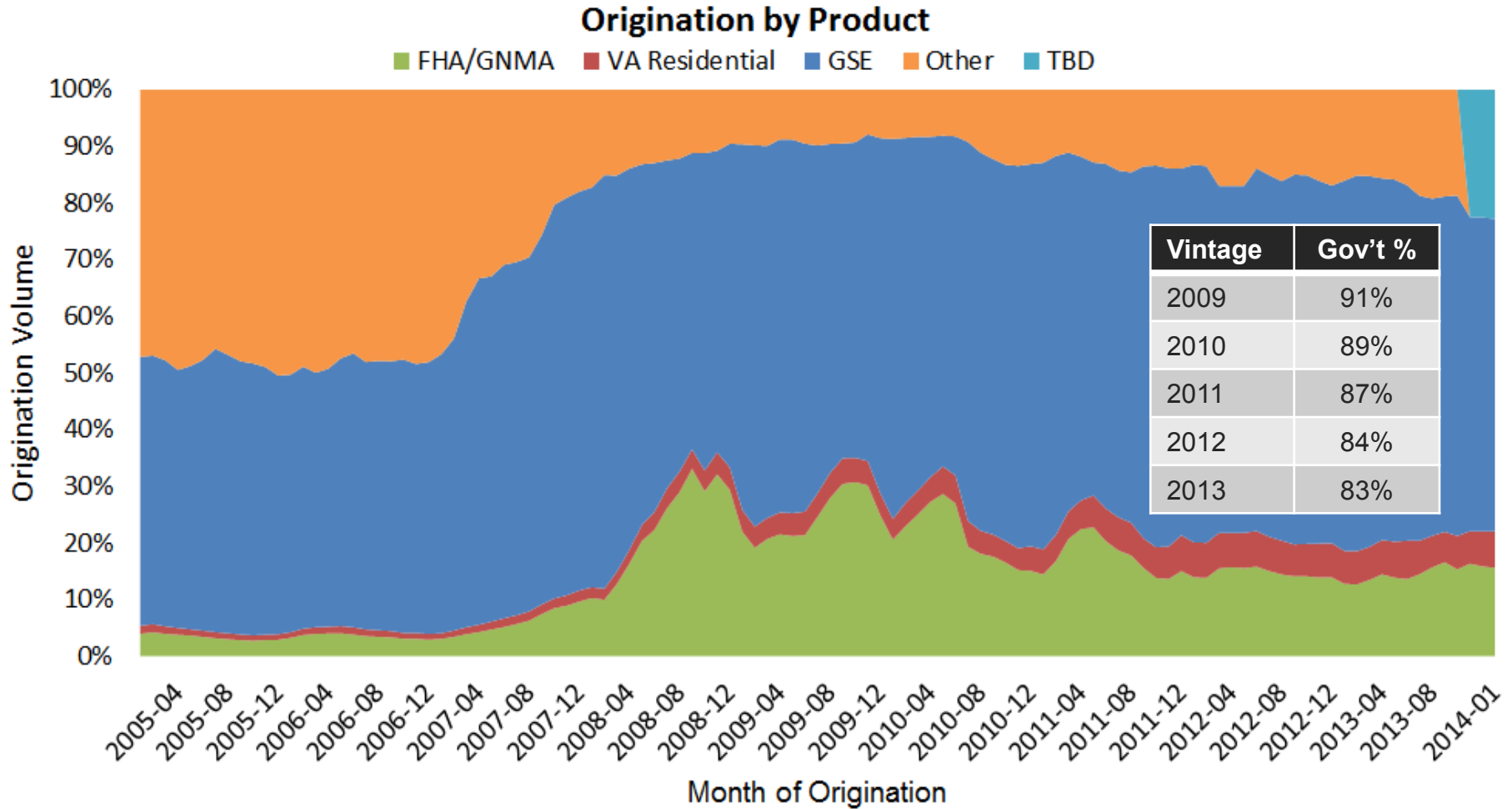
January sales were essentially flat vs. 2013, but traditional sales were up almost 15%

Traditional and Distressed Sales Volumes

■ Traditional Sales ■ Distressed Sales



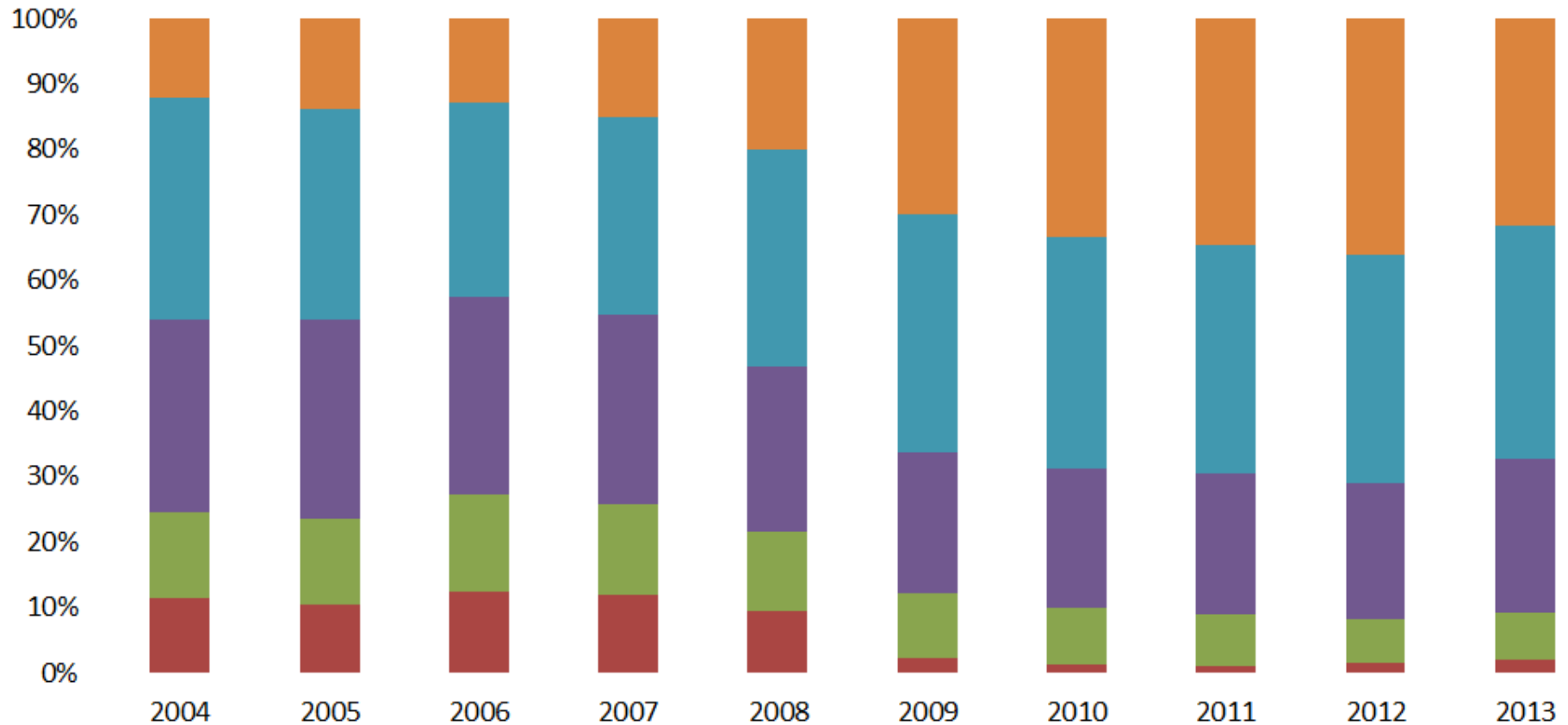
The government share of originations has decreased, led by a sharp drop in HARP originations



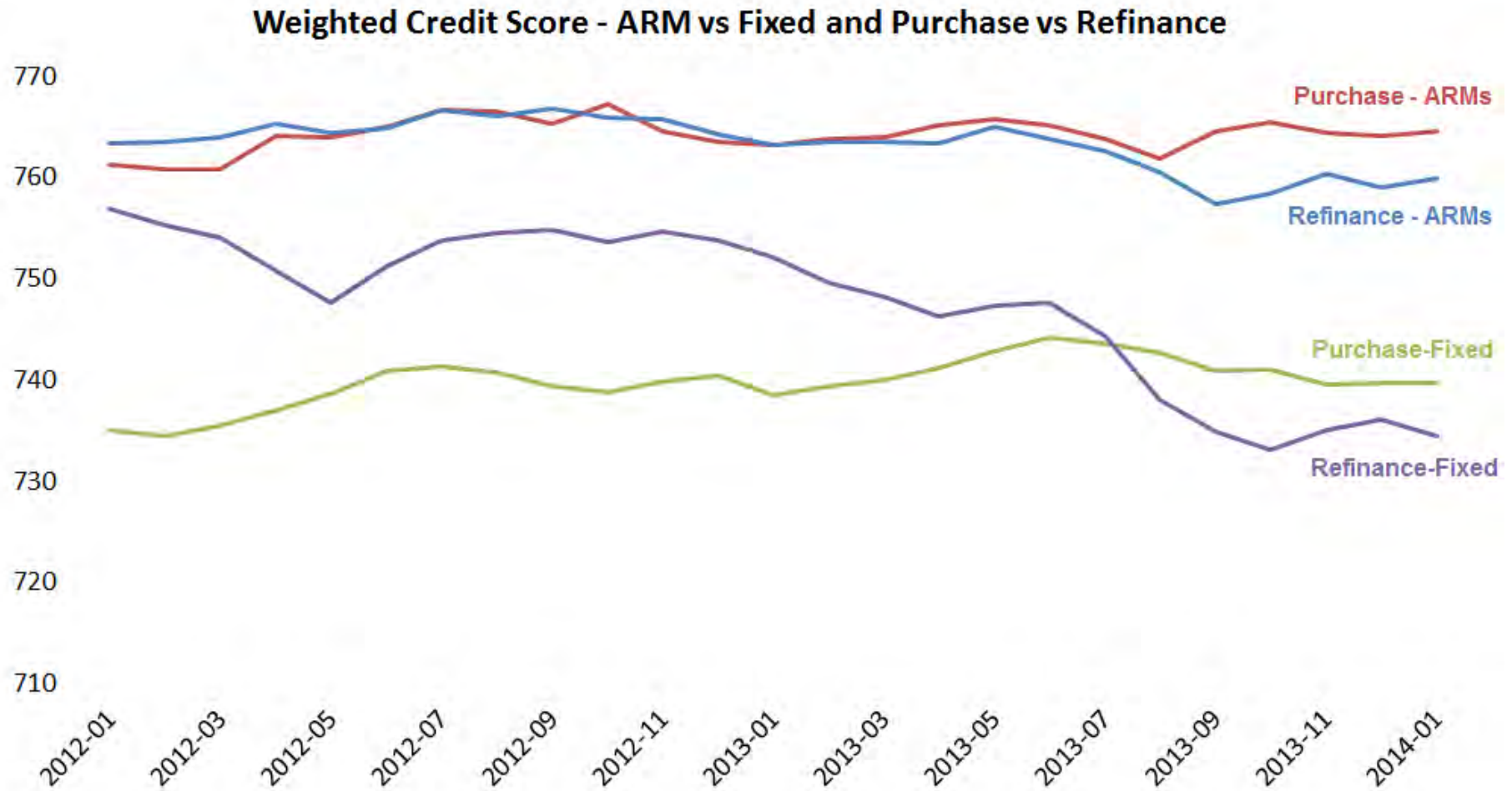
There is very little origination activity in the lowest credit score buckets

Credit Score Distribution - All Originations

less than 620 620 - 659 660 - 719 720 - 779 780 or more



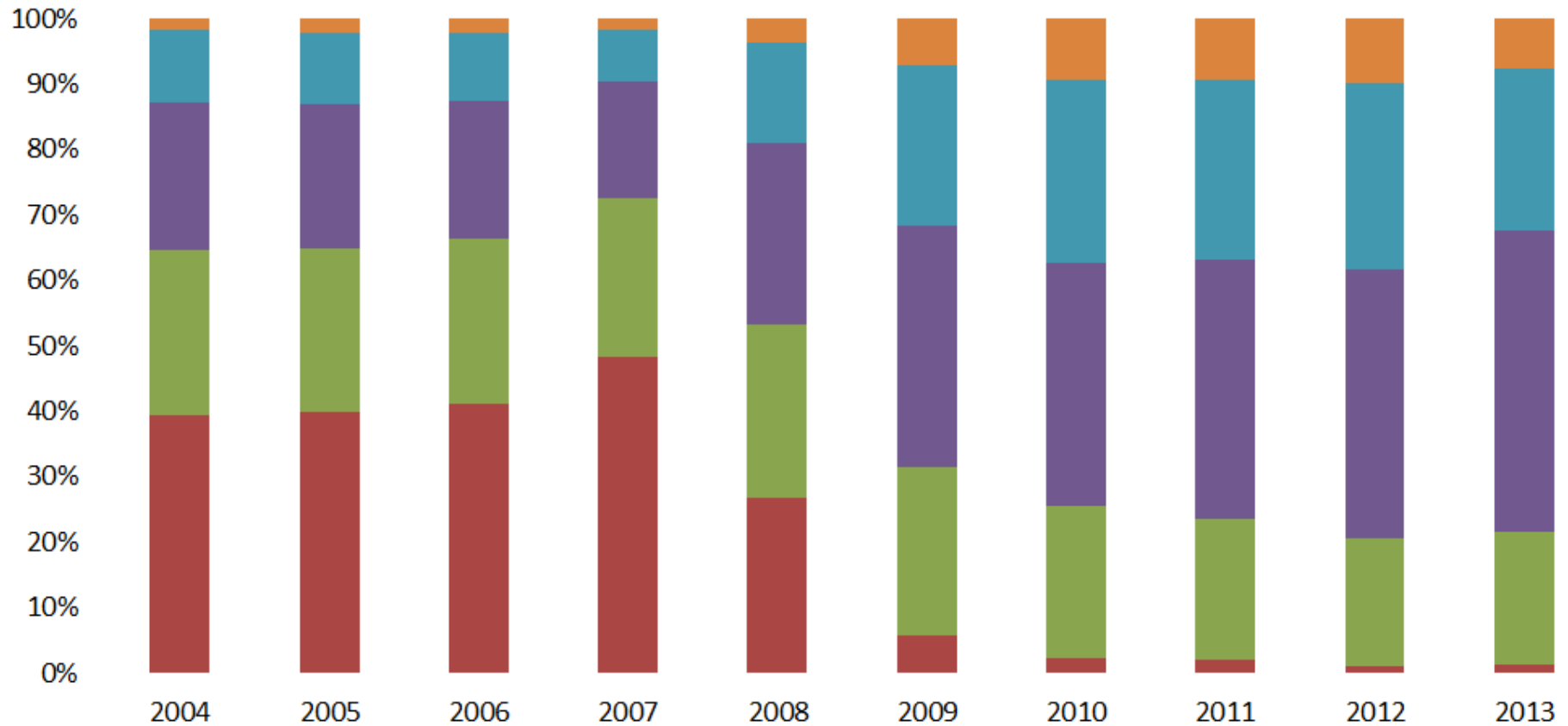
Credit standards have shown few signs of loosening



FHA seeking to increase lending to borrowers with lower credit scores

Credit Score Distribution - FHA Originations

■ less than 620 ■ 620 - 659 ■ 660 - 719 ■ 720 - 779 ■ 780 or more

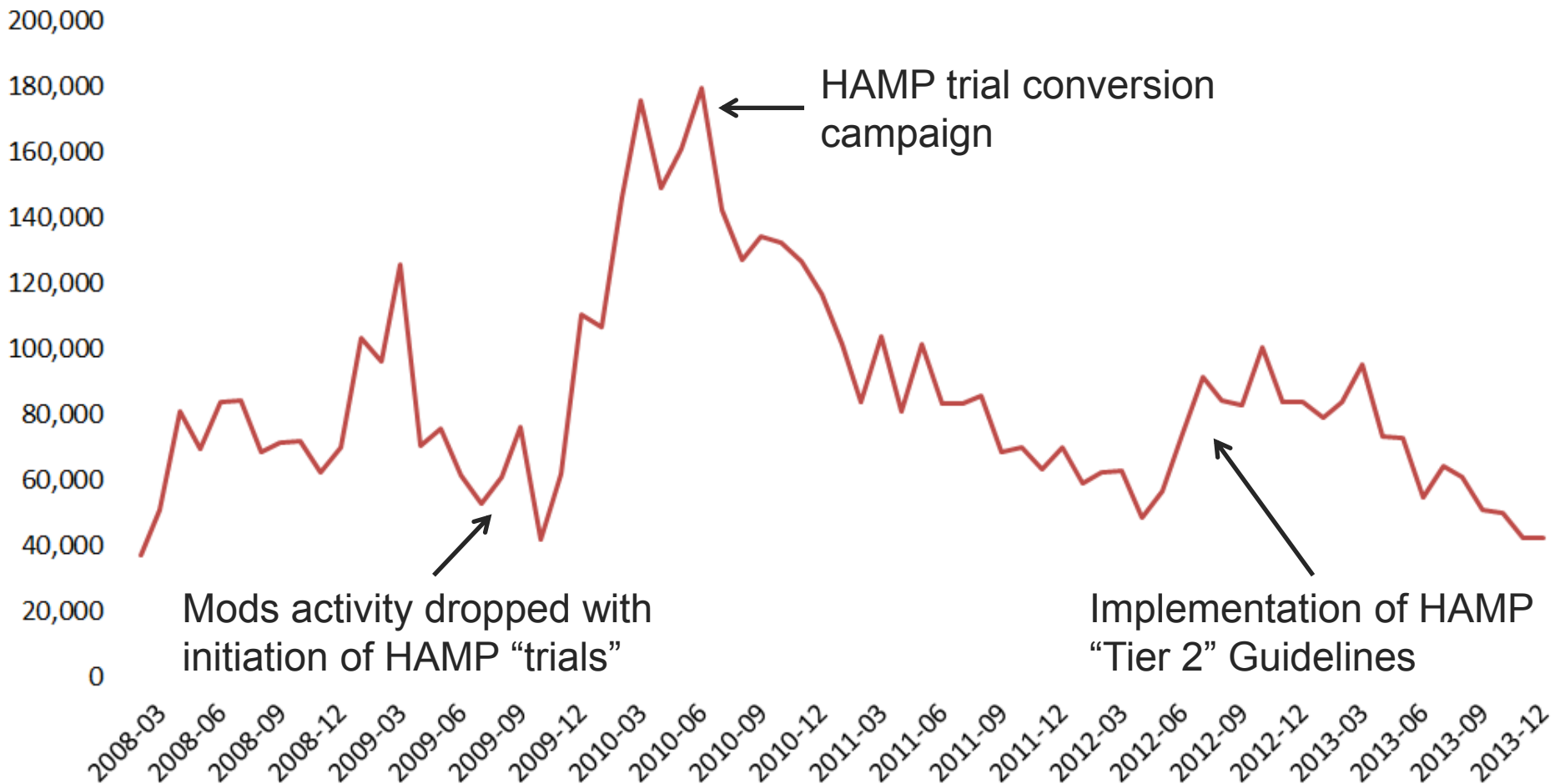


Focus Point 2: Modification volumes, performance and risks

- Modification activity ended 2013 near post-crisis lows
- New HAMP regulations for FHA loans is driving increased modification activity in early 2014
- Re-default rates for underwater borrowers are ~30% higher than borrowers with equity
- Over 95% of rate reduction modifications are facing resets

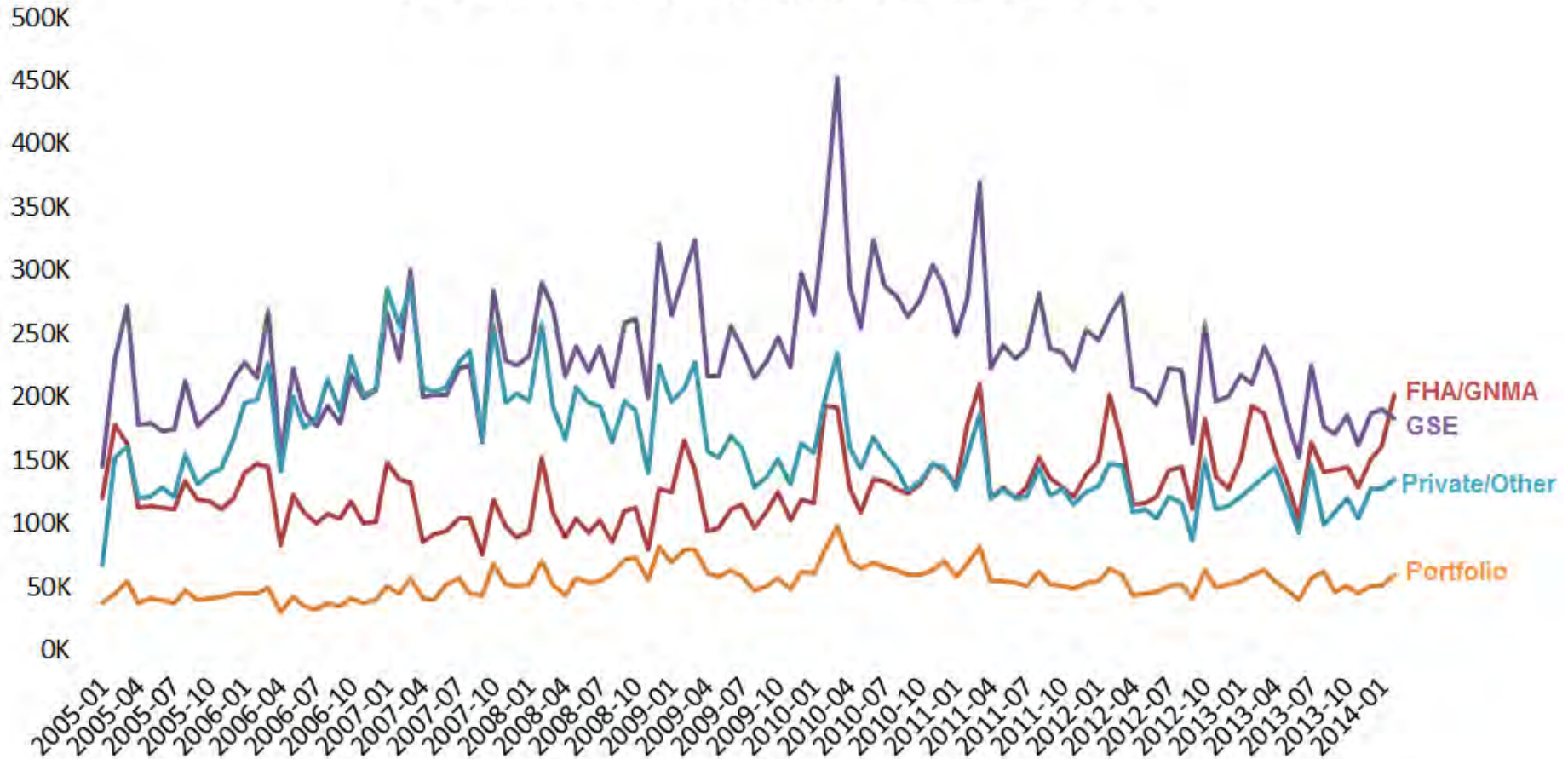
Modification activity ended 2013 near post-crisis low

Modification Volume



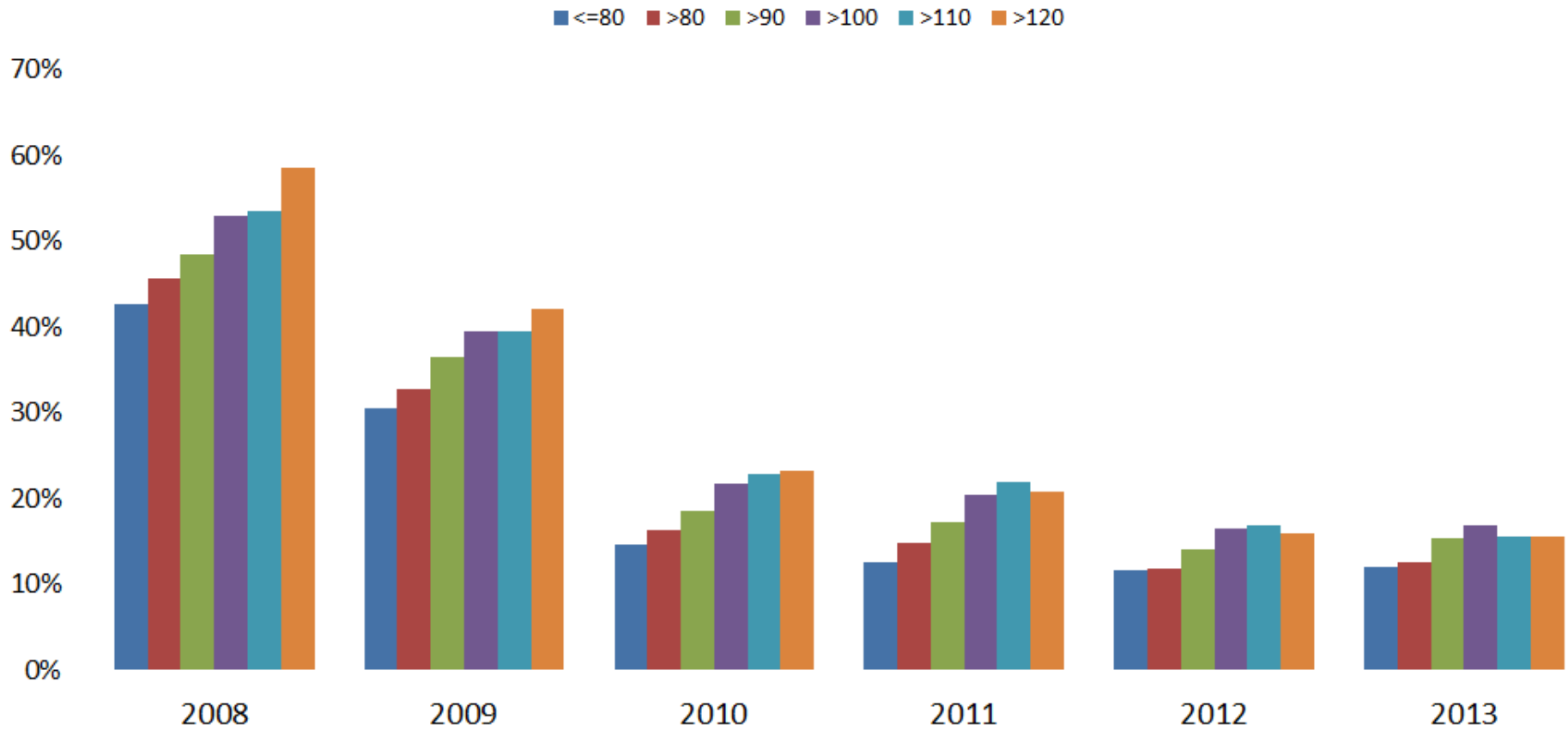
New HAMP regulations for FHA loans driving increased modification activity in early 2014

Cures from 30+ and Foreclosure status by Investor



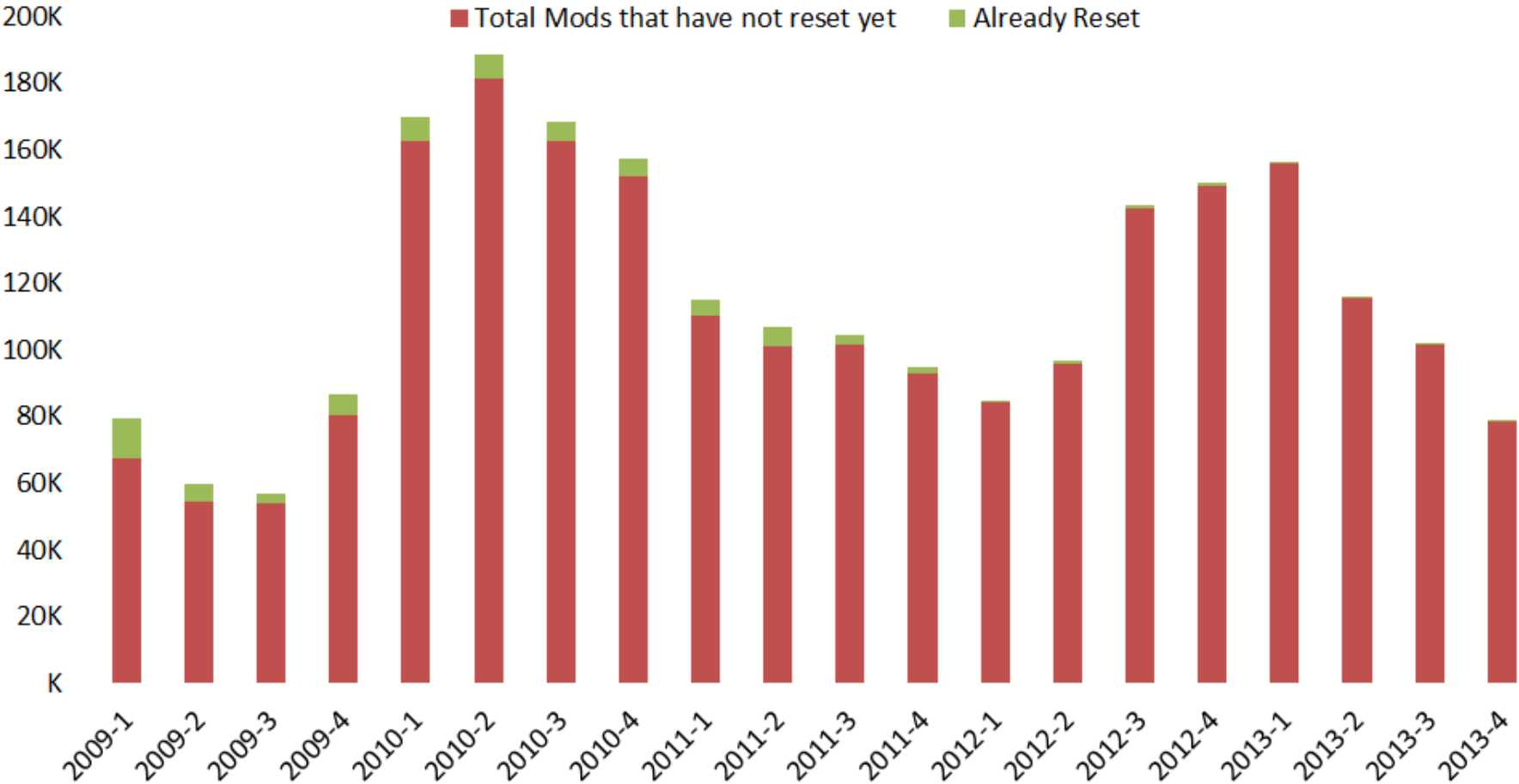
Re-default rates for underwater borrowers are ~30% higher on average

60+ Redefault Rate at 9th payment by Year of Modification and CLTV at Modification



Over 95% of rate reduction modifications are facing resets

Interest Rate Reduction Modifications by Quarter Modified

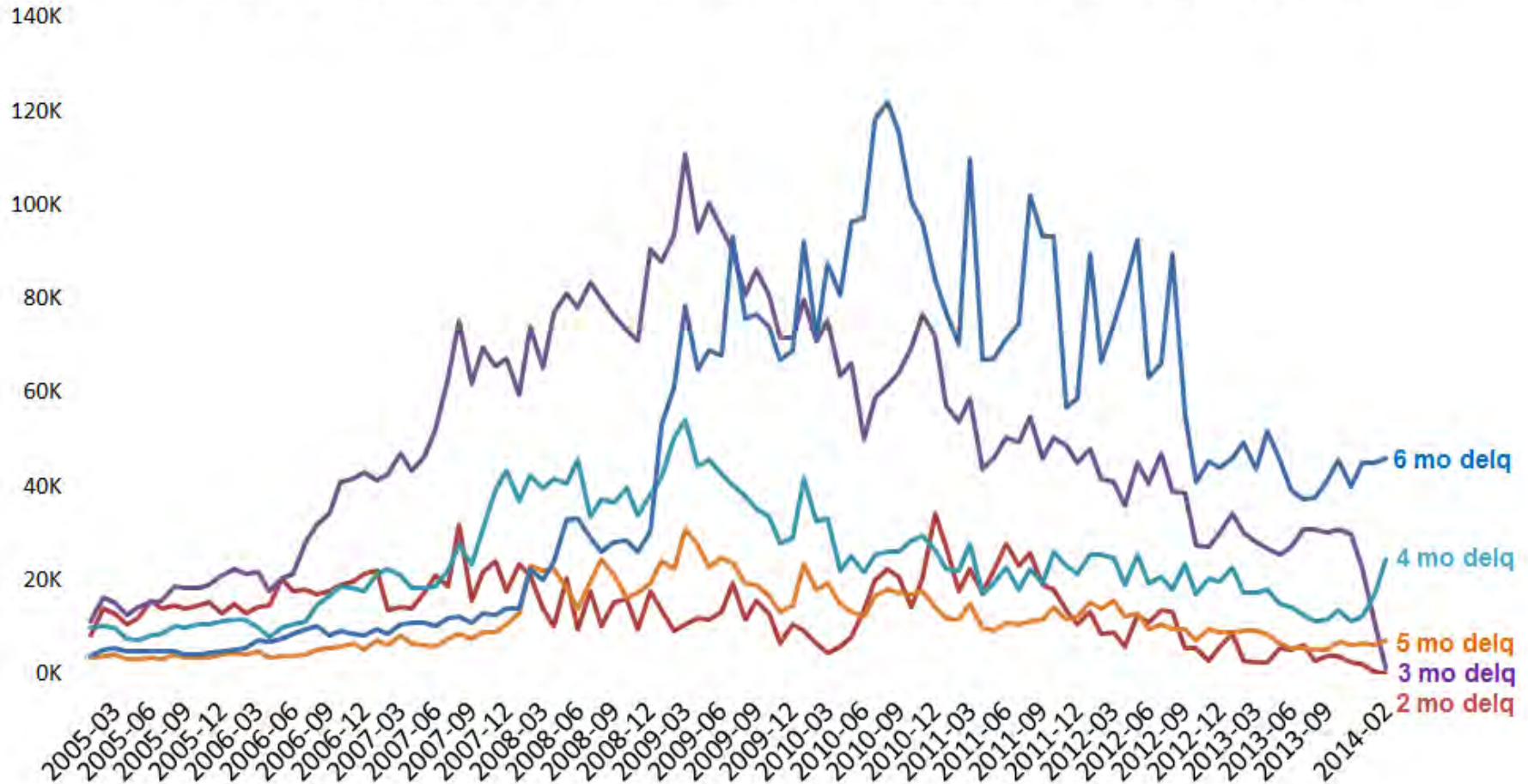


Focus Point 3: Impact of CFPB regulations on foreclosure process

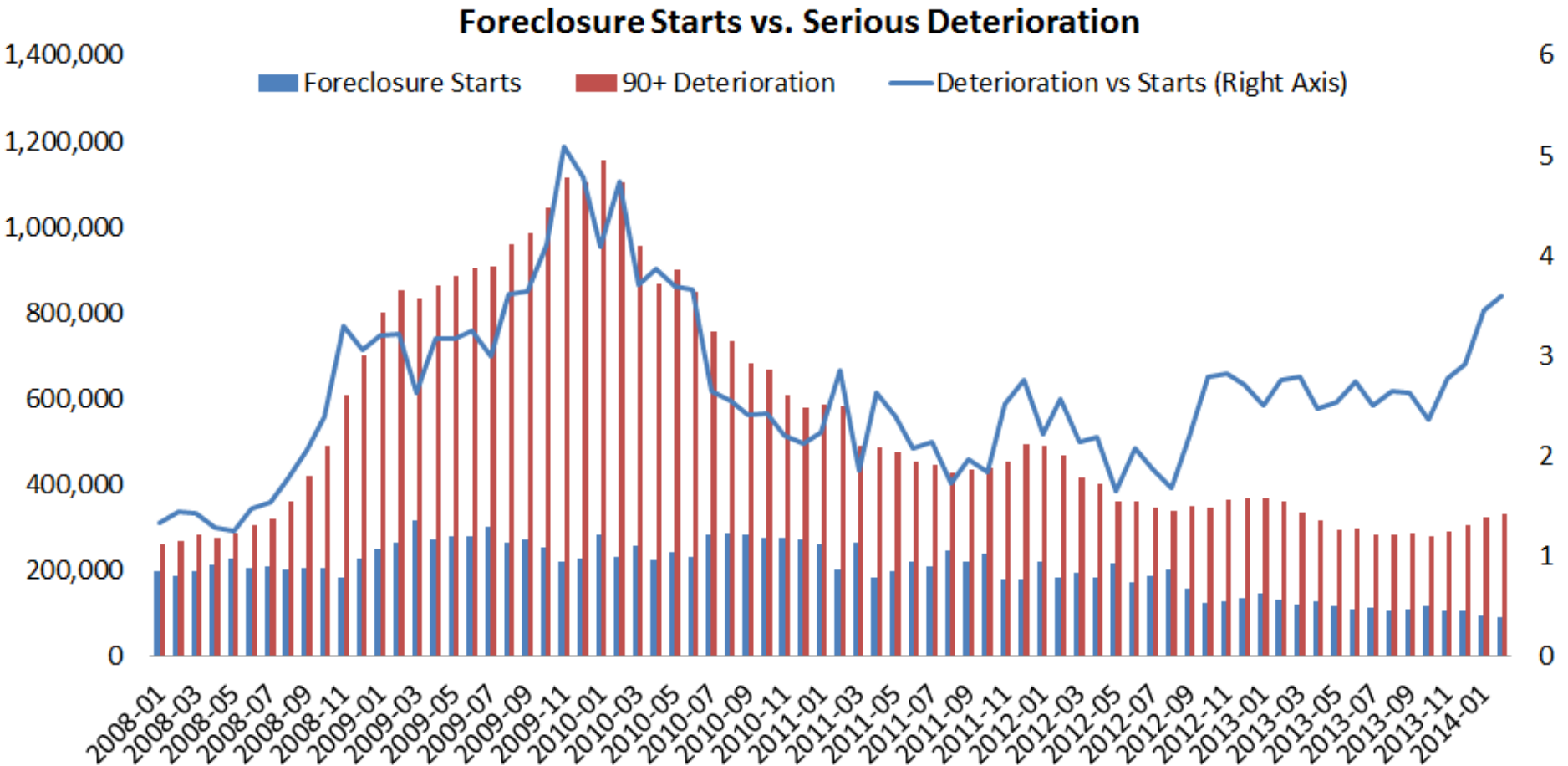
- Implementation of CFPB rules caused a sharp shift in the timing of foreclosure starts
- The ratio of serious deterioration to foreclosure starts is at the highest level since 2010
- Foreclosure sales hit the lowest levels since 2007, pushing pipeline ratios back up
- The average loan in foreclosure is now 2.6 years past due (vs. 0.7 years in 2008)

Implementation of CFPB rules caused a sharp shift in the timing of foreclosure starts

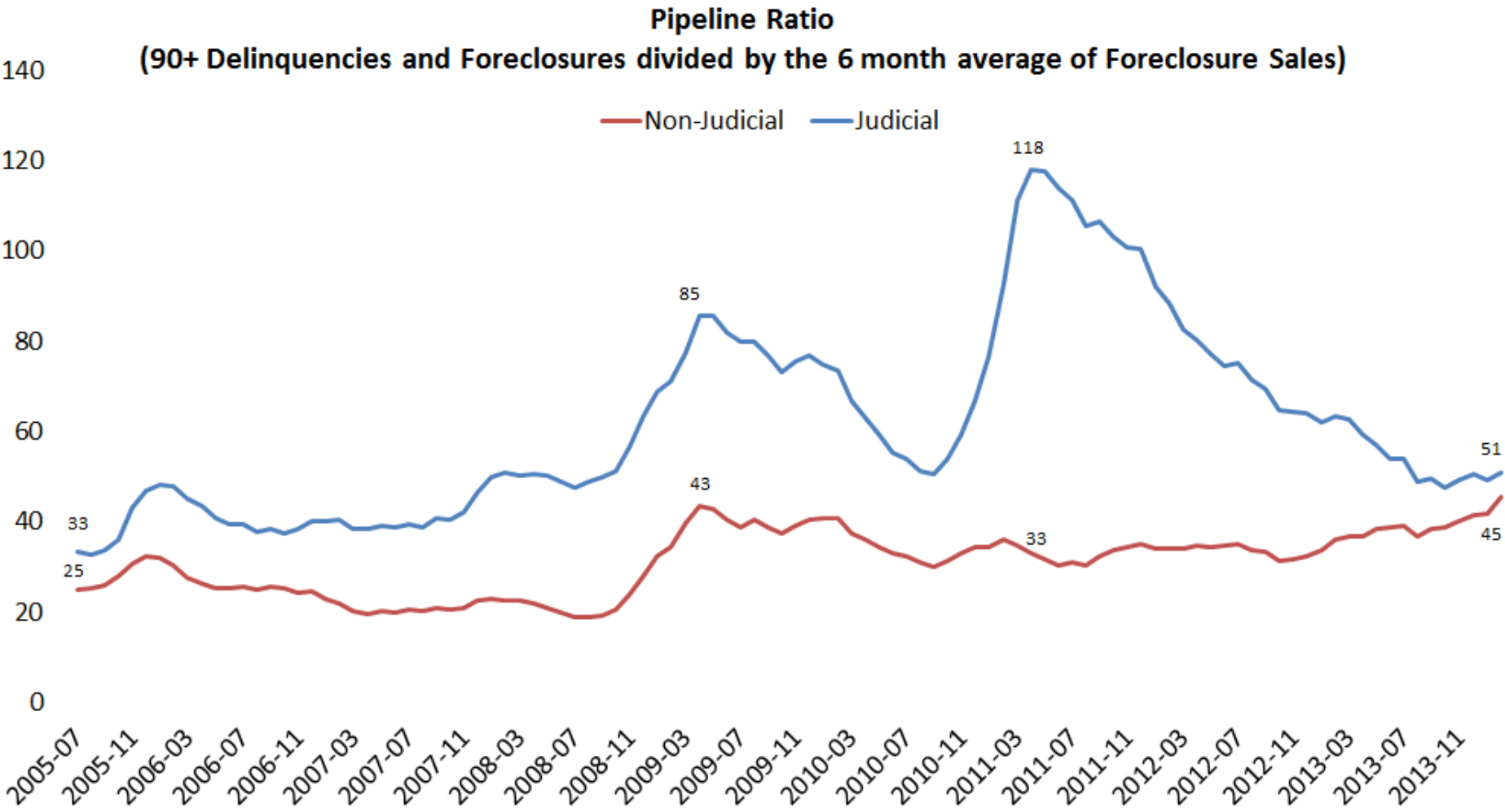
Count of Loans rolling into Foreclosure by prior month's delinquency status



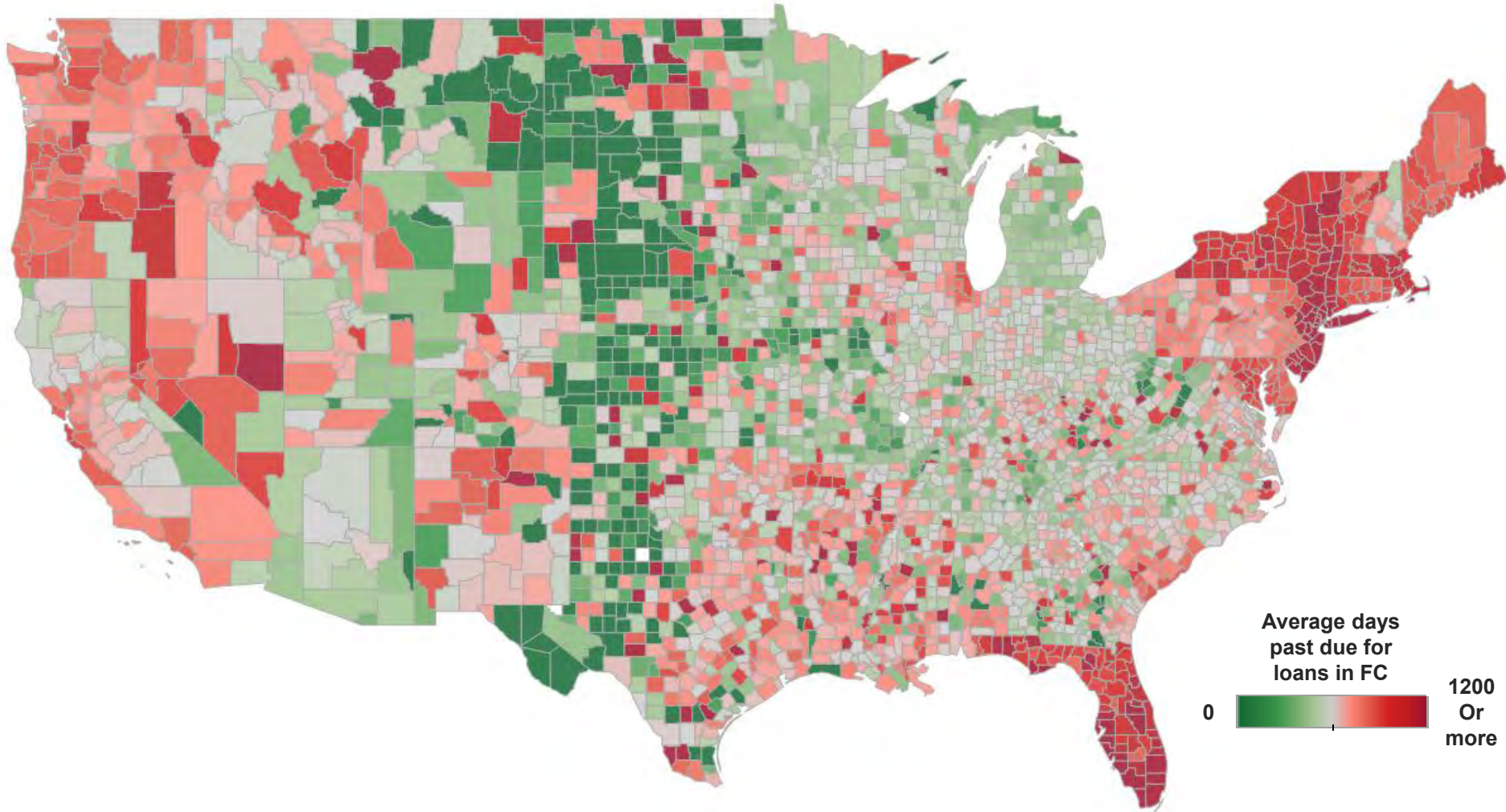
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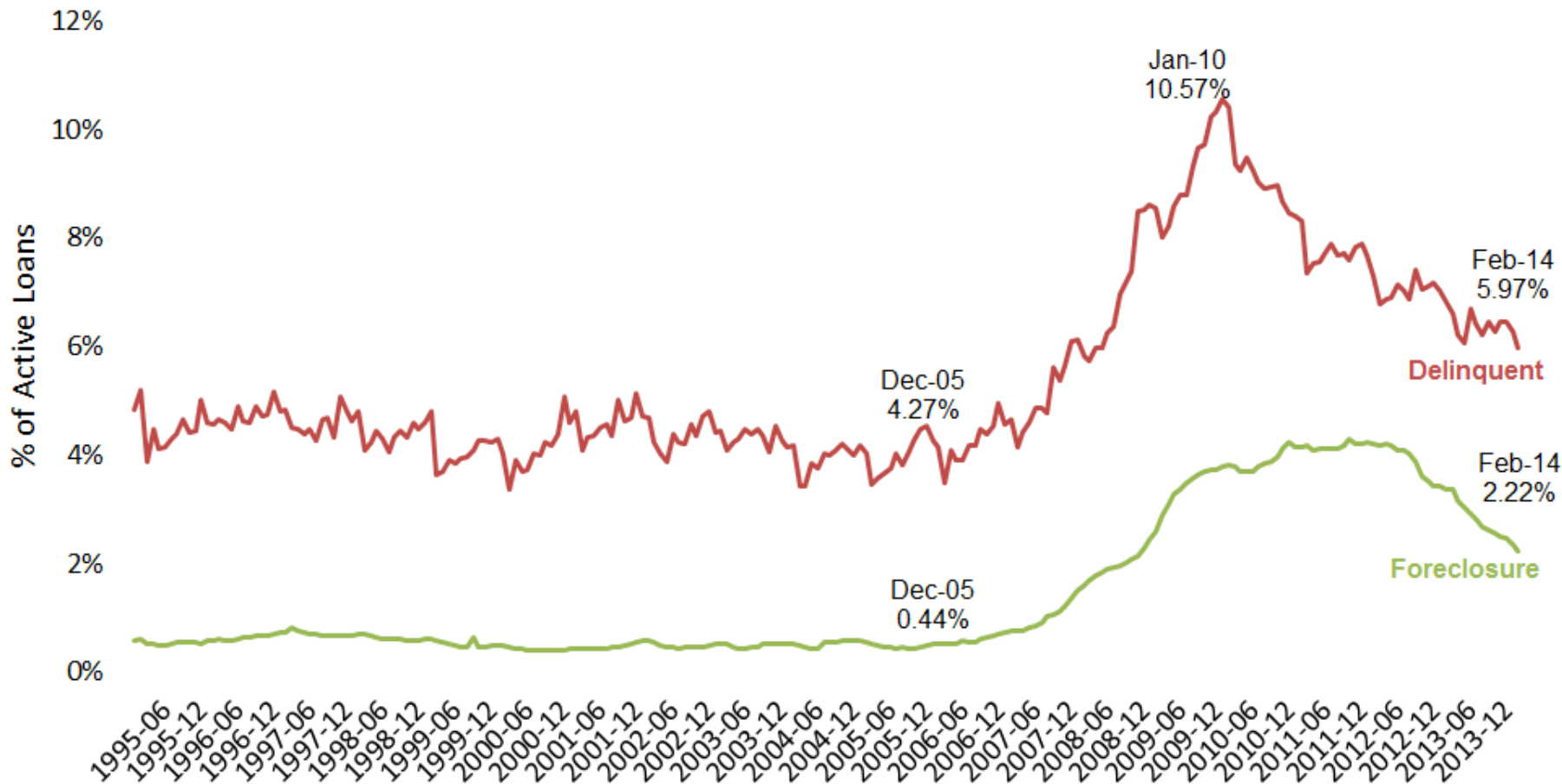


Focus Point 4: High level mortgage market stats and home price update

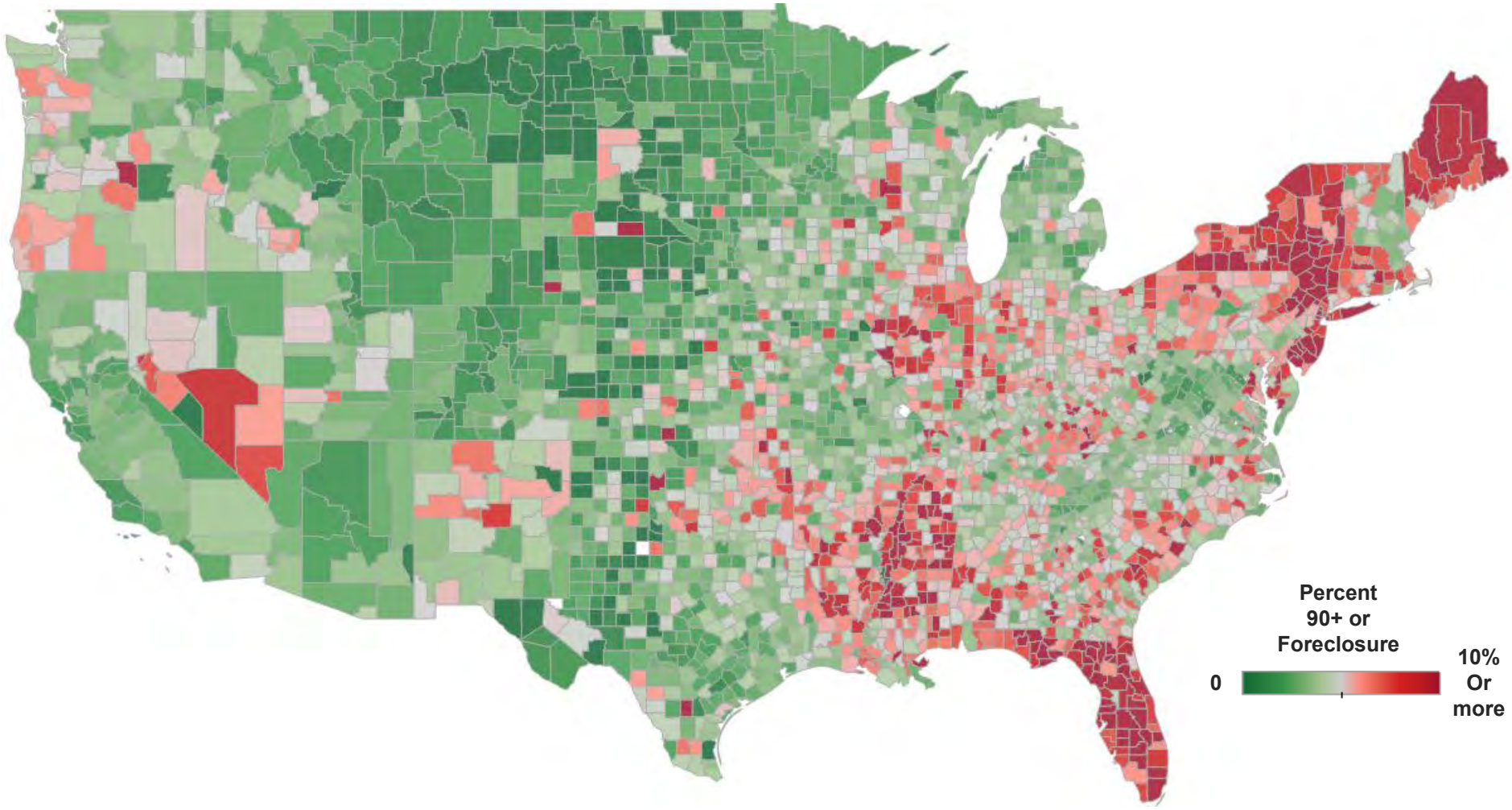
- Delinquencies are below 6% for the first time since '08; foreclosures down 34% in the last year
- New York, New Jersey and Florida have the highest rates of seriously delinquent (90+ or FC) loans
- National home prices have flattened out over the last several months
- With distressed inventory resolution and annual price increases, “underwater” rates continue to improve

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Total Delinquent and Foreclosure Percent by Month

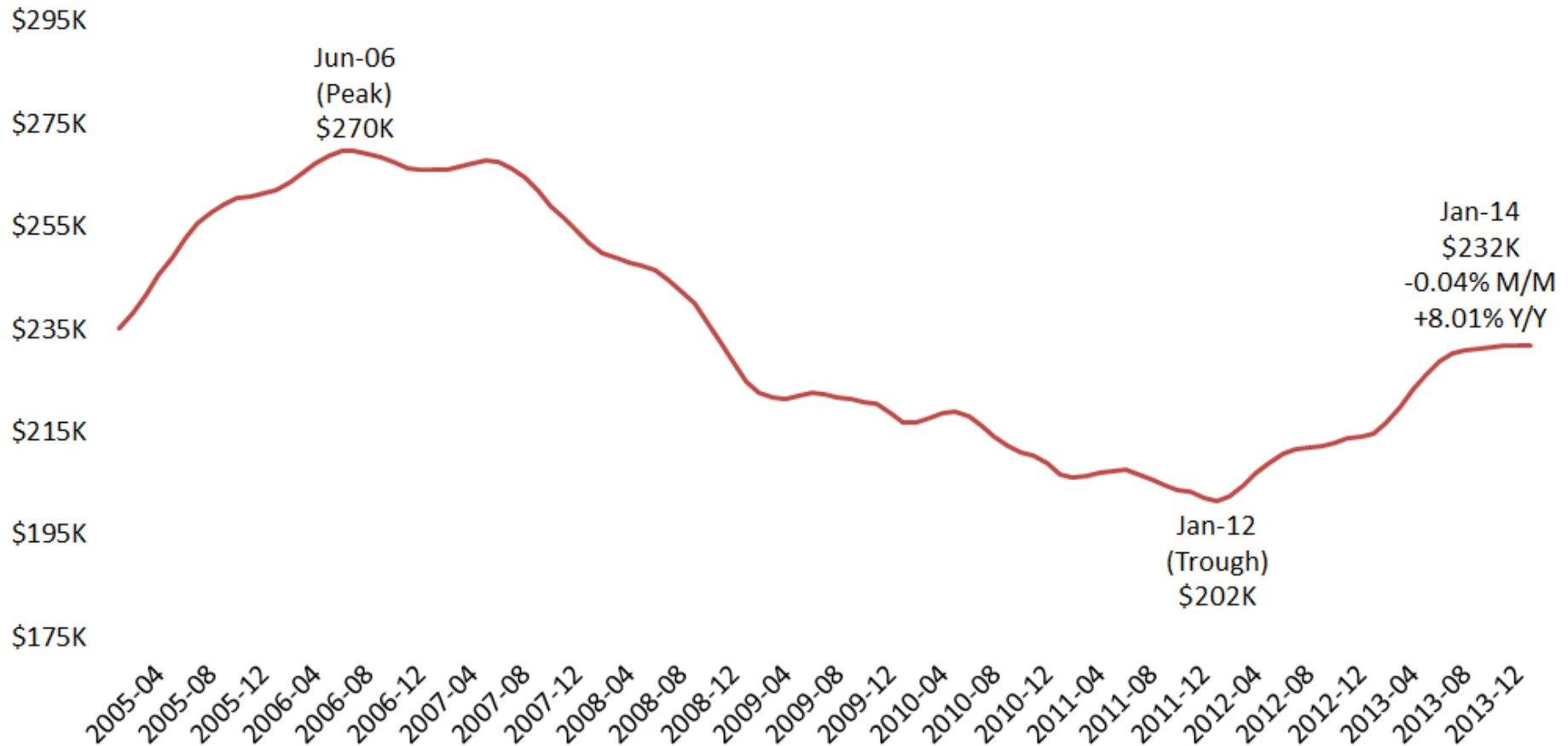


New York, New Jersey and Florida have the highest rates of seriously delinquent (90+ or FC) loans



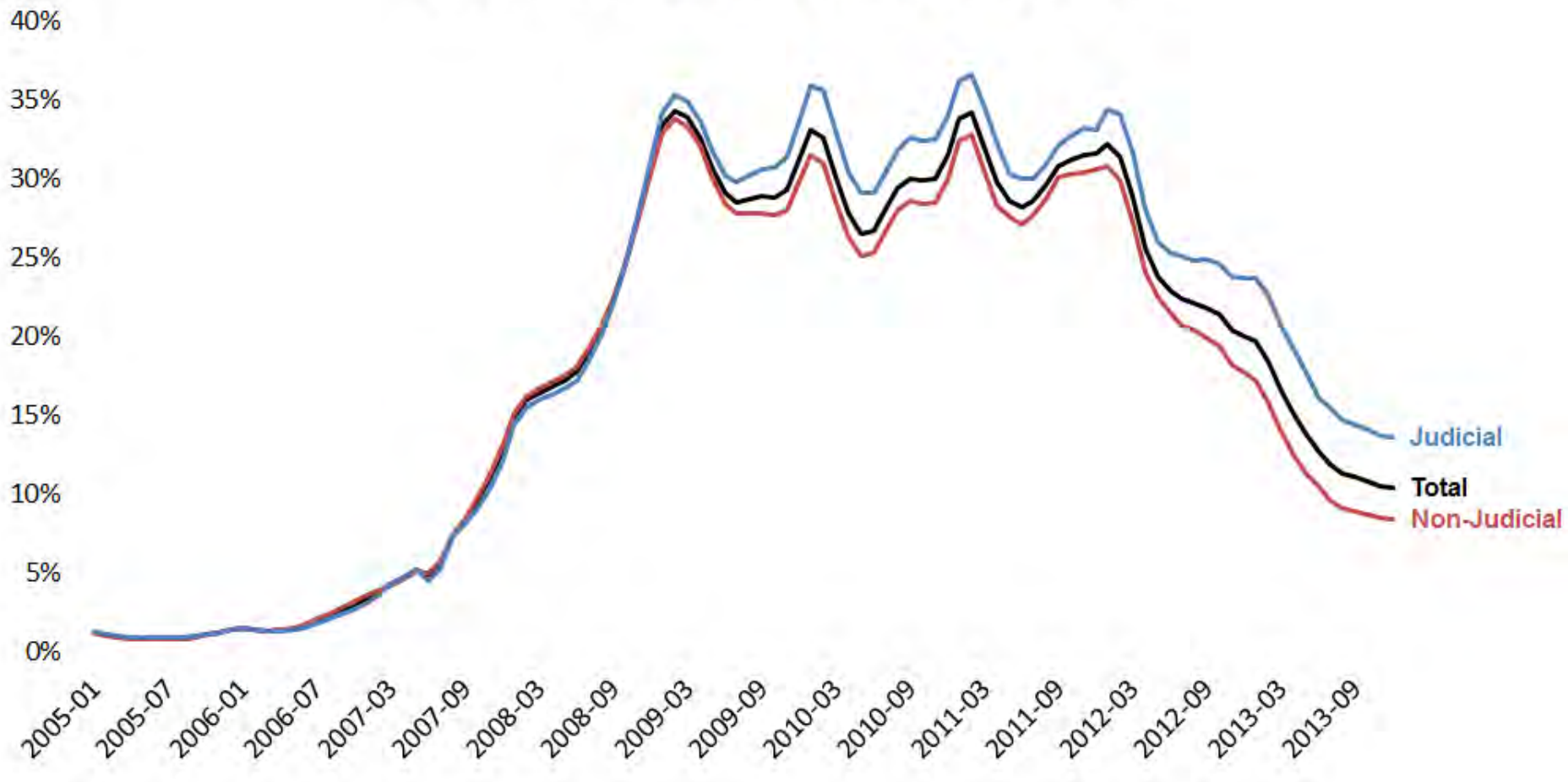
National home prices have flattened out over the last several months

Black Knight Financial Services Home Price Index



With distressed inventory resolution and price increases, “underwater” rates continue to improve

Percentage of Borrowers with Negative Equity



BKFS Mortgage Monitor

Appendix

Data as of February, 2014 Month-end

February 2014 Data Summary

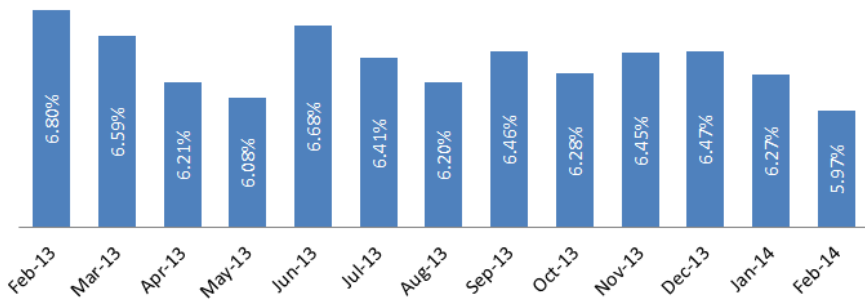
February Summary Statistics

	Feb-14	Monthly Change	YTD Change	Yearly Change
Delinquencies	5.97%	↓ -4.87%	↓ -7.68%	↓ -12.28%
Foreclosure	2.22%	↓ -5.29%	↓ -10.32%	↓ -34.16%
Foreclosure Starts	91,993	↓ -2.21%	↓ -12.19%	↓ -30.22%
Seriously Delinquent (90+) or in Foreclosure	4.70%	↓ -4.49%	↓ -6.57%	↓ -25.81%
New Originations (data as of Jan-14)	273K	↓ -22.27%	↓ -47.13%	↓ -64.86%

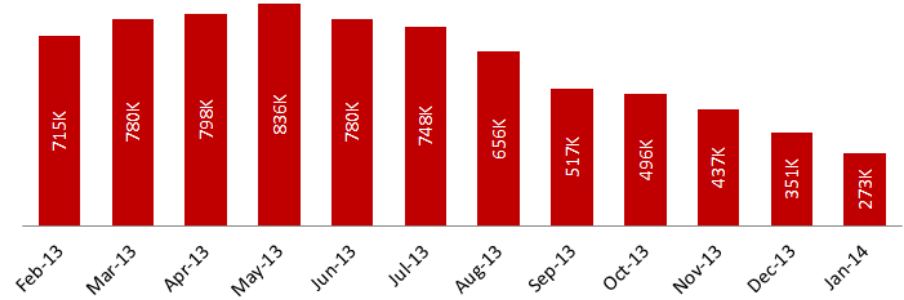
12 Month History

	Feb-14	Jan-14	Dec-13	Nov-13	Oct-13	Sep-13	Aug-13	Jul-13	Jun-13	May-13	Apr-13	Mar-13	Feb-13
Delinquencies	5.97%	6.27%	6.47%	6.45%	6.28%	6.46%	6.20%	6.41%	6.68%	6.08%	6.21%	6.59%	6.80%
Foreclosure	2.22%	2.35%	2.48%	2.50%	2.54%	2.63%	2.66%	2.82%	2.93%	3.05%	3.17%	3.37%	3.38%
Foreclosure Starts	91,993	94,075	104,759	104,939	118,837	108,953	107,552	112,849	109,042	116,812	127,496	121,012	131,826
Seriously Delinquent (90+) or in Foreclosure	4.70%	4.92%	5.03%	5.05%	5.10%	5.26%	5.22%	5.53%	5.62%	5.71%	5.95%	6.29%	6.34%
New Originations		273K	351K	437K	496K	517K	656K	748K	780K	836K	798K	780K	715K

Total Delinquencies



New Originations



Seven of the top 10 states for total non-current are judicial

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
National	6.0%	2.2%	8.2%	-19.5%
MS	12.2%	1.9%	14.1%	-11.7%
NJ *	6.9%	6.7%	13.6%	-16.3%
FL *	6.4%	6.5%	12.9%	-30.2%
NY *	6.4%	5.3%	11.8%	-12.9%
LA *	9.2%	2.1%	11.3%	-8.1%
ME *	6.7%	4.5%	11.2%	-12.3%
RI	8.5%	2.6%	11.1%	-10.6%
CT *	6.6%	3.7%	10.2%	-16.9%
AL	8.9%	1.3%	10.2%	-7.7%
MD *	7.2%	2.8%	10.0%	-18.8%
PA *	7.2%	2.6%	9.8%	-11.3%
DE *	7.1%	2.4%	9.6%	-13.4%
IN *	7.3%	2.3%	9.5%	-15.8%
NV	6.6%	2.9%	9.5%	-32.3%
AR	7.8%	1.6%	9.4%	-16.8%
HI *	4.5%	4.9%	9.4%	-14.8%
OH *	6.8%	2.5%	9.2%	-16.8%

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
National	6.0%	2.2%	8.2%	-19.5%
GA	8.0%	1.2%	9.2%	-17.8%
SC *	6.9%	2.2%	9.1%	-16.2%
IL *	5.8%	3.2%	9.0%	-25.2%
WV	7.8%	1.3%	9.0%	-10.4%
TN	8.0%	1.0%	9.0%	-12.1%
MA	7.2%	1.7%	8.9%	-10.0%
OK *	6.2%	2.3%	8.5%	-10.0%
VT *	5.3%	2.9%	8.2%	-11.0%
NC	6.7%	1.2%	7.9%	-18.4%
KY *	6.0%	1.8%	7.8%	-13.4%
NM *	5.2%	2.5%	7.7%	-13.4%
TX	6.6%	0.8%	7.5%	-10.1%
DC	5.3%	2.1%	7.4%	-15.8%
MO	6.4%	0.9%	7.3%	-10.7%
NH	6.1%	1.1%	7.2%	-12.8%
WI *	5.5%	1.7%	7.2%	-18.1%
MI	6.1%	0.9%	7.0%	-17.9%

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
National	6.0%	2.2%	8.2%	-19.5%
KS *	5.6%	1.2%	6.9%	-11.9%
IA *	4.6%	1.8%	6.4%	-14.9%
OR	3.8%	2.4%	6.2%	-18.8%
WA	4.3%	1.8%	6.1%	-28.5%
UT	4.9%	0.9%	5.8%	-21.8%
VA	5.0%	0.7%	5.7%	-15.3%
ID	3.8%	1.6%	5.4%	-22.9%
NE *	4.5%	0.7%	5.2%	-12.5%
CA	4.3%	0.8%	5.1%	-29.9%
AZ	4.2%	0.7%	4.9%	-26.4%
WY	3.9%	0.6%	4.4%	-4.7%
MN	3.7%	0.7%	4.4%	-18.0%
CO	3.6%	0.6%	4.2%	-18.3%
MT	3.2%	1.0%	4.2%	-13.8%
AK	3.5%	0.5%	4.1%	-12.5%
SD *	2.9%	0.8%	3.7%	-15.2%
ND *	2.0%	0.7%	2.7%	-16.3%

* - Indicates Judicial State



Loan counts and average days delinquent

Month	TOTAL ACTIVE COUNT	30 DAYS	60 DAYS	90+ DAYS	FC	Total Non-Current	FC Starts	Average Days Delinquent for 90+	Average Days Delinquent for FC
1/31/2008	54,094,282	1,701,163	664,956	940,832	817,948	4,124,899	197,210	189	255
1/31/2009	54,267,187	1,945,997	909,744	1,817,809	1,318,840	5,992,391	249,655	191	321
1/31/2010	53,476,523	1,897,603	882,089	2,870,204	2,031,020	7,680,916	282,601	252	417
1/31/2011	52,138,710	1,682,266	715,350	1,988,781	2,162,601	6,548,999	261,272	332	528
1/31/2012	51,111,780	1,531,458	627,874	1,758,894	2,163,659	6,081,884	219,750	397	668
1/31/2013	49,896,142	1,407,343	567,022	1,531,216	1,702,715	5,208,297	147,593	468	814
2/28/2013	50,123,564	1,400,311	526,649	1,483,423	1,693,699	5,104,081	131,826	473	824
3/31/2013	50,186,364	1,346,310	495,352	1,465,953	1,688,809	4,996,424	121,012	492	834
4/30/2013	50,117,188	1,252,302	464,676	1,394,132	1,588,138	4,699,249	127,496	503	843
5/31/2013	50,076,535	1,243,193	465,129	1,334,699	1,524,837	4,567,859	116,812	511	852
6/30/2013	49,823,992	1,471,134	511,731	1,344,818	1,457,699	4,785,382	109,042	512	860
7/31/2013	49,784,184	1,335,498	510,585	1,347,161	1,406,121	4,599,365	112,849	517	876
8/31/2013	50,370,772	1,344,657	491,283	1,287,867	1,340,955	4,464,763	107,552	505	895
9/30/2013	50,521,857	1,397,119	537,260	1,331,344	1,327,608	4,593,332	108,953	513	895
10/31/2013	50,161,457	1,345,175	523,729	1,282,783	1,275,579	4,427,266	118,837	512	900
11/30/2013	50,264,345	1,424,197	534,167	1,282,938	1,256,170	4,497,471	104,939	500	905
12/31/2013	50,163,956	1,411,348	551,473	1,280,336	1,244,436	4,487,591	104,759	490	920
1/31/2014	50,044,899	1,318,673	532,548	1,288,573	1,175,470	4,315,263	94,075	481	943
2/28/2014	50,118,665	1,267,410	482,140	1,241,878	1,114,985	4,106,413	91,993	481	956



BKFS Mortgage Monitor

Disclosures: Product / Metric Definitions and Market Sizing

Disclosure Page: Product Definitions

Product Waterfall	English
Seconds (excluded from Mortgage Monitor Statistics)	Mortgage Type is "Second Lien"
Government	Product Type is "FHA" or "VA" or Investor is "GNMA"
Agency Prime	Mortgage Type is "First Grade A" and Investor is "Fannie Mae" or "Freddie Mac"
Option ARM	Negative Amortization is "Allowed"

Credit score for the following products is at time of origination - if no credit score is available, products are categorized based on the interest type and spread at origination matrix below

Subprime	Mortgage Type is "First Grade BC" or Credit Score is less than 620
Alt A	Credit score is between 620 and 719 and the loan is not a full documentation loan or credit score is between 620 and 679 with full documentation
Jumbo Prime	Original loan amount is above the conforming limit and credit score is greater than or equal to 680 with full documentation or greater than or equal to 720 otherwise.
Non-Agency Conforming Prime	Original loan amount is below the conforming limit and credit score is greater than or equal to 680 for full documentation or greater than or equal to 720 otherwise.

	Fixed Rate	ARMs
Prime	< 100 bps	< 270 bps
Alt-A	100 - 249 bps	270-369 bps
Subprime	>= 250 bps	>= 370 bps

*Conforming limits do not account for temporary or high-cost area increases.



Disclosure Page: Metrics Definitions

- **Total Active Count:** All active loans as of month-end including loans in any state of delinquency or foreclosure. Post-sale loans and loans in REO are excluded from the total active count.
- **Delinquency Statuses (30, 60, 90+, etc):** All delinquency statuses are calculated using the MBA methodology based on the payment due date provided by the servicer. Loans in foreclosure are reported separately and are not included in the MBA days delinquent.
- **90 Day Defaults:** Loans that were less than 90 days delinquent in the prior month and were 90 days delinquent, but not in foreclosure, in the current month.
- **Foreclosure Inventory:** The servicer has referred the loan to an attorney for foreclosure. Loans remain in foreclosure inventory from referral to sale.
- **Foreclosure Starts** – Any active loan that was not in foreclosure in the prior month that moves into foreclosure inventory in the current month.
- **Non-Current:** Loans in any stage of delinquency or foreclosure.
- **Foreclosure Sale / New REO:** Any loan that was in foreclosure in the prior month that moves into post-sale status or is flagged as a foreclosure liquidation.
- **REO:** The loan is in post-sale foreclosure status. Listing status is not a consideration, this includes all properties on and off the market.
- **Deterioration Ratio:** The ratio of the percentage of loans deteriorating in delinquency status vs. those improving.



Disclosure Page: Extrapolation Methodology

Mortgage statistics are scaled to estimate the total market performance based on coverage within the McDash database.

The following table contains information on market coverage by product as of June 2012; extrapolations also include adjustments for vintage and as of date. Additional information is available upon request.

Grade	New Scaling
Agency Prime	71%
Alt A	60%
FHA/VA	86%
Non-Agency Conforming Prime	53%
Non-Agency Jumbo Prime	56%
Option ARM	52%
Subprime	69%
Grand Total	71%

