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Foreclosures, Inventories Move Higher as Hurricane Moratorium Ends

The effects of last summer's hurricanes, while fading from their early impact on loan performance stats, are still being felt. Black Knight reports, in its "First Look" at January data, that **past due mortgages nationwide declined by 8.6 percent** or 210,000 loans when compared to December but are still 1.3 percent higher than in January 2017. The U.S. delinquency rate in January was 4.41 percent including all past due loans not yet in foreclosure.

Hurricanes **Harvey and Irma are blamed** for 146,000 loans that remain delinquent in Texas and Florida. Of those, 132,000 are now seriously delinquent, that is 90 or more days past due

Puerto Rico is not usually included in national delinquency statistics, but Black Knight says 57,000 loans remain delinquent in the territory because of Hurricane Maria. Forty-nine thousand of them are seriously so.

Nationwide there were 2,2 million loans that were 30 or more days past due but not in foreclosure, with 707,000 of them considered seriously delinquent. The year-over-year decline was 40,000. The number of seriously delinquent loans was 19,000 fewer than in December and represented a drop of 43,000 from a year earlier.

Active foreclosures **predating the hurricanes**, but put on hold after the storms, have begun to revert to that status as **post-hurricane foreclosure moratoria become set to expire**. As a result, foreclosure starts rose sharply in January, hitting a 12-month high at 62,300 for the month. This also caused a surge in the foreclosure inventory of 6,000 loans, only the second month-over-month increase in the last five years. That brought the number of loans in the foreclosure inventory to 337,000 or 0.66 percent of active loans. Despite the influx, there are still 144,000 fewer loans in the process of foreclosure than in the previous January.

Foreclosures themselves rose during the month by 42.25 percent to 1.74 percent of seriously overdue loans. The year-over-year changes was -21.75 percent.

The two states most impacted by the hurricanes also sustained the largest deterioration in the non-current percentage of loan. Florida's rate was up by nearly 60 percent and Texas's rose 22 percent. Two other states that received glancing blows from the storms, Louisiana and Georgia, also saw their delinquency rates increase by 6.55 percent and 5.85 percent respectively. The

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

state with the fifth highest rate of deterioration was Alaska where delinquency rates have been increasing steadily.

Non-current loan rates remain highest in Mississippi and Louisiana at 10.95 and 9.34 percent respectively. Florida was third at 8.34 percent followed by Alabama (7.47 percent) and West Virginia (7.17 percent.)

The company also reports that the **mortgage prepayment rate**, an indication of refinancing activity, declined by 14.73 percent from December and was down 16.80 percent from the previous January. The January rate was 0.79 percent.

The company will provide a more in-depth review of this data in its monthly Mortgage Monitor report. It will be published March 5, 2018.