BLACK KNIGHT

Press Release

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Black Knight's Mortgage Monitor: Despite Record-Setting Tappable Equity Growth, Share of Total Equity Withdrawn Hits Four-Year Low in Q1 2018

- Tappable equity grew by more than $380 billion in Q1 2018, the largest single-quarter growth since Black Knight began tracking the metric in 2005
- The $5.8 trillion in total tappable equity held by U.S. homeowners with mortgages is the most ever recorded, and 16 percent above the mid-2006 peak
- The average mortgage holder gained $14,700 in tappable equity over the past year and has $113,900 in total
- Despite the increase in available equity, the amount withdrawn in Q1 2018 fell nearly 7.0 percent from Q4 2017
- Just 1.17 percent of available equity was tapped in Q1 2018, the lowest share since Q1 2014, and the second lowest quarterly share since the beginning of the housing recovery
- $35 billion withdrawn via home equity lines of credit (HELOCs) in Q1 2018 marked a two-year low, likely driven by the increasing interest rate spread between first-lien mortgages and HELOCs

JACKSONVILLE, Fla. -- July 9, 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 May 2018. This month, the company looks again at tappable equity, or the share of equity available for homeowners with mortgages to borrow against before reaching a maximum total combined loan-to-value (LTV) ratio of 80 percent. Despite the record-setting growth in such equity seen in the first quarter of 2018, homeowners are withdrawing equity at a lower rate than in the past. As Ben Graboske, executive vice president of Black Knight's Data & Analytics division explained, although total equity withdrawn by dollar amount has increased slightly since the same time last year, the rate of growth pales in comparison to that of tappable equity.

"In Q1 2018, homeowners with mortgages withdrew $63 billion in equity via cash-out refinances or HELOCs," said Graboske. "That represents a slight one percent increase from the same time last year, despite the fact that the amount of equity available for homeowners to borrow against increased by 16 percent over the same time period. Collectively, American homeowners now have $5.8 trillion in tappable equity available, yet only 1.17 percent of that total was withdrawn in the first quarter of the year. That's the lowest quarterly share in four years, and the second lowest since the housing recovery began six years ago. Somewhat surprisingly, even though rising first-lien interest rates normally produce an increase in HELOC lending, the volume of equity withdrawn via lines of credit dropped to a two-year low as well.

"One driving factor in the decline of HELOC equity utilization is likely the increasing spread between first-lien mortgage interest rates – which are tied most closely to 10-year Treasury yields – and those of HELOCs – which are more closely tied to the federal funds rate. As of late last year, the difference between a HELOC rate and a first-lien rate had widened to 1.5 percent, the widest spread we've seen since we began comparing the two rates 10 years ago. The distance between the two has closed somewhat in Q2 as 30-year mortgage rates have been on the rise, which does suggest the market remains ripe for relatively low-risk HELOC lending expansion. Still, increasing costs in the form of higher interest rates do appear to have impacted homeowners' borrowing decisions in Q1 2018. We should also remember that the Federal Reserve raised its target interest rate again at its June meeting, which will likely further increase the standard interest rate on HELOCs in Q3 2018. Black Knight will continue to monitor the situation moving forward."

The data also showed that tappable equity increased by more than $380 billion in Q1 2018, the largest single-quarter growth since Black Knight began tracking the metric in 2005. On an annual basis, total tappable equity increased $820 billion, a 16.5 percent increase over the prior 12 months. The $5.8 trillion in total available tappable equity is 16 percent higher than the peak seen during the pre-recession peak in 2006. Nearly 80 percent of the nation's tappable equity is held by homeowners with first-lien interest rates at or below 4.5 percent, with 60 percent of the total being held by those with current rates below 4.0 percent. The average mortgage holder gained $14,700 in tappable equity over the past year and has $113,900 in total available equity to borrow against.

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

Total U.S. loan delinquency rate:	3.64%
Month-over-month change in delinquency rate:	-0.84%
Total U.S. foreclosure pre-sale inventory rate:	0.59%
Month-over-month change in foreclosure pre-sale inventory rate:	-3.30%
States with highest percentage of non-current* loans:	MS, LA, AL, WV, FL
States with lowest percentage of non-current* loans:	MN, WA, ND, OR, CO
States with highest percentage of seriously delinquent** loans:	MS, FL, LA, AL, TX

*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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