



## Press Release

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### **Black Knight Launches AFT Multifamily Model to Support Accuracy in Quantifying Prepayment and Credit Risk in Agency Commercial Mortgage-Backed Securities (CMBS)**

*Captures Key Drivers of Multifamily Performance and Interaction With Macroeconomic Variables Over Time*

- The new AFT Multifamily Model builds upon the proven, industry-leading forecasting accuracy of Black Knight's AFT Single-Family behavioral models
- Captures key multifamily sensitivities, drivers and their interaction over time to provide a unified method of forecasting mortgage behavior across all multifamily property types
- Forecasts help users to more accurately assess prepayment, credit risk and exposure to loss associated with multifamily assets across a variety of scenarios
- Provides deeper visibility into borrower behavior to support better decision-making and reduced risk
- Covers a variety of multifamily loan types including: Fannie Mae DUS, Freddie Mac K-Series and Ginnie Mae Project Loan Securities

JACKSONVILLE, Fla. – Feb. 24, 2020 –Today, [Black Knight, Inc.](https://www.blackknight.com) (NYSE:BKI) announced the launch of the AFT Multifamily Model, designed to assist fixed-income capital market analysts, investors, and insurers in measuring the prepayment and credit risk of multifamily mortgage assets. Using fundamental methodology elements of Black Knight's industry-leading AFT Single-Family Model, the new AFT Multifamily Model forecasts mortgage behavior at the loan- or pool-level for apartment buildings, senior housing, low-income housing and other multifamily properties.

“Given the significant size of investments involved, it's essential that those tasked with bond pricing, valuation and hedging have access to a model that can best capture the unique and dynamic aspects of the multifamily market,” said Ben Graboske, president of Black Knight Data & Analytics. “Our new AFT Multifamily Model provides deeper visibility into loan behavior to support better decision-making and reduced risk.”

With multifamily deals, lenders want to verify that rental income potential – net of expenses – meets or exceeds the mortgage obligation. The Black Knight AFT Multifamily Model captures the most

critical performance drivers, sensitivities and key macroeconomic factors to provide insight into rental income potential and a unified method of forecasting mortgage behavior for the wide range of multifamily properties. Some of the new model's capabilities include:

- **Prepayment Provision.** Converts prepayment penalties (such as yield maintenance and scaling down) into adjustments to the refinance incentive calculation to comprehensively measure the prepay penalty impact on prepayments.
- **Updated Debt Service Coverage Ratio (DSCR).** Measures a borrower's ability to successfully generate enough cash flow to cover mortgage payments based on key macroeconomic and loan characteristics.
- **Multifamily Price Index (MFPI).** Developed based on the multifamily data from Black Knight's property record database and the Black Knight Home Price Index (HPI), this critical macroeconomic driver enables more accurate mark-to-market valuation by incorporating data down to the ZIP-code level.
- **Current Loan-to-Value Ratio (CLTV).** Driven by the Black Knight Multifamily Price Index, the CLTV estimate provides greater accuracy to better evaluate equity and valuation, crucial drivers in forecasting both rate/term and cash-out refinance and turnover, as well as default and loss projection.
- **Other Factors.** Incorporates the impact of unemployment rates, current occupancy rate and projection, payment shock for hybrid, adjustable rates and balloon terms.

"Our AFT Single-Family prepayment and credit models are well-known in the market for their accuracy and consistency," Graboske continued. "By bringing that kind of quality to the world of multifamily mortgage assets, Black Knight is providing essential – and unmatched – risk assessment capabilities to investors and other participants in the multifamily mortgage space."

The AFT Multifamily Model is available via Black Knight's Rapid Analytics Platform (RAP), API or in combination with third-party platforms for bond pricing, valuation, cash flow projection, hedging and asset-liability management. For more information on the AFT Multifamily Model, contact Black Knight at [AskBlackKnight@bkfs.com](mailto:AskBlackKnight@bkfs.com).

### **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 [www.blackknightinc.com](http://www.blackknightinc.com).

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