For more information:

Michelle Kersch
904.854.5043
michelle.kersch@bkfs.com

Mitch Cohen
646.546.5103
mitch@mprg.com

Black Knight Enhances AFT Prepayment and Credit Model to Support Growth in Reverse Mortgages and Home Equity Lines of Credit

- The latest version of the AFT Prepayment and Credit Model includes Black Knight's first available commercial Home Equity Conversion Mortgage (HECM) borrower behavioral model for investors, lenders and servicers
- Demographic and economic changes suggest continued expansion of HECM market; Ginnie Mae HECM securities market share likely to experience continued growth as well
- Increased levels of equity among homeowners present opportunity for home equity lines of credit (HELOC) lending
- Newest AFT model version includes expanded mortgage product-type coverage, while maintaining industry-leading accuracy and flexibility

JACKSONVILLE, Fla. – March 21, 2017 -- Today, the Data & Analytics division of Black Knight Financial Services, Inc. (NYSE: BKFS) updated its AFT Prepayment and Credit Model (AFT), a comprehensive competing risk model that calculates prepayment, default and loss probabilities for a holistic view of mortgage performance. The latest updates to AFT expand the borrower behavioral model to include coverage of Home Equity Conversion Mortgage (HECM) and Home Equity Line of Credit (HELOC) asset types. As Black Knight Data & Analytics Executive Vice President Ben Graboske explained, conditions are favorable to market expansion in both segments, and investors, lenders and servicers need to have the proper tools for making accurate value decisions and risk management for all asset types.

"Recently, Harvard University's Joint Center for Housing Studies reported that less than 30 percent of homeowners nearing retirement had a traditional pension, while nearly that many have more than one source of long-term debt. This signals an increased need among America's growing senior population to tap home equity for various financial needs, which could lead to the potential expansion of the HECM market," said Graboske. "As it is, the share of Ginnie Mae securitizations backed by HECMs has been steadily growing, making this a more significant segment of many investor portfolios. Likewise, Black Knight has been reporting in our monthly Mortgage Monitor Report for quite some time on increasing levels of lendable equity among mortgage holders, with approximately $4.7 trillion available to be tapped today. With over half of all first liens below current conforming 30-year rates, the likelihood of these borrowers turning to HELOCs to tap that equity will only increase along with rising interest rates. As the HECM and HELOC markets are both poised for potential growth in 2017 and beyond, we felt it was important that AFT expand to support modeling the performance of both."

AFT generates projections of default, prepayment and loss probabilities by establishing relationships between borrower behavior and future interest rates and home prices. Fully integrated with major third-party analytic systems,

AFT enables investors, risk managers, mortgage originators and servicers to accurately model probabilities, helping them increase profitability, meet regulatory guidelines and make more informed business decisions. Designed with maximum flexibility, AFT allows advanced users to build upon the foundations of the model's basic framework while fine-tuning the model to meet their specific needs, and provides "out-of-the-box" accuracy with less custom requirements.

"With the Financial Accounting Standards Board's (FASB) required shift to a current expected credit loss (CECL) model on the horizon, enterprise risk and modeling frameworks are being revisited across the industry," explained Ned Myers, Black Knight's senior vice president and market leader for capital markets and government. "While HELOCs and HECMs may seem to be less of a credit story than traditional mortgages, the need to review external data and models for both prepayment and credit behavior across the entire mortgage spectrum is critical. Black Knight's unique, comprehensive AFT model gives our clients the accurate, flexible and complete models they need, as well as the customization to meet their complex, specific requirements for model coverage of their mortgage and mortgage-backed portfolios."

About Black Knight Financial Services, Inc.

Black Knight Financial Services, Inc. (NYSE: BKFS) is a leading provider of integrated technology, data and analytics solutions that facilitate and automate many of the business processes across the mortgage lifecycle.

Black Knight Financial Services is committed to being a premier business partner that lenders and servicers rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class technology, services and insight with a relentless commitment to excellence, innovation, integrity and leadership. For more information on Black Knight Financial Services, please visit www.BKFS.com.

SOURCE: BLACK KNIGHT FINANCIAL SERVICES, INC.

# # #