Press Release

For more information:

Michelle Kersch
904.854.5043
michelle.kersch@bkfs.com

Mitch Cohen
646.546.5103
mitch@mprg.com

Black Knight's Mortgage Monitor: 42 Percent of Q2 2016 Refinances Were Cash-Out Transactions, Largest Quarterly Sum of Equity Tapped Since 2009

- $22.6 billion in equity tapped via cash-out refinances in Q2 2016; largest sum since Q2 2009, but still nearly 80 percent lower equity draw than at the peak in Q3 2005
- Q2 2016 marked the ninth consecutive quarterly increase in cash-out lending by both loan count and sum of equity draw
- At 748, average credit score of cash-out refinance borrowers is nearly 60 points higher than the overall 2005-2007 average
- 40 percent of rate/term refinances involved the borrower reducing the term of their original loan (e.g., 30-year to 20-year, etc.)
- 73 percent of 2016 mortgage refinances went to borrowers whose prior mortgages were originated in 2009 or later

JACKSONVILLE, Fla. -- Oct. 3, 2016 -- Today, the Data & Analytics division of Black Knight Financial Services, Inc. (NYSE: BKFS) released its latest Mortgage Monitor Report, based on data as of the end of August 2016. This month, Black Knight took a close look at mortgage refinance activity through the first half of 2016. As Black Knight Data & Analytics Executive Vice President Ben Graboske explained, borrowers are continuing the trend of drawing upon growing equity in their homes, though at nowhere near the levels at which they had pre-crisis.

"The roughly 350,000 cash-out refinances in Q2 2016 accounted for 42 percent of all refinances in the quarter, and marked the ninth consecutive quarterly increase in cash-out lending, not only by count, but also by the amount of equity tapped," said Graboske. "At $22.6 billion, that works out to approximately $65,000 in equity tapped per borrower. While that per-borrower number is slightly down from Q1 2016 – but $6,000 higher than one year ago – the $22.6 billion total is the largest equity sum tapped since Q2 2009. Just to put that into perspective, though, it's still a nearly 80 percent lower equity draw than at the peak in Q3 2005. And, given that we saw over $550 billion in tappable equity growth last year alone, this equates to borrowers only tapping into 15 percent of the growth in equity over the past 12 months, without even touching the $4.5 trillion balance in tappable equity available. All in all, it's clear that cash-outs are helping to prop up the refinance market – their 42 percent share is up from only 30 percent in early 2015 when interest rates had also dropped. What's more, refi volumes are down from 2015 – at least through the second quarter – but while overall they're down nine percent from Q1 2015, rate/term refinances are actually down 25 percent over that same period.

"Today's cash-out refinance borrowers continue to present a relatively low risk profile, historically speaking," Graboske continued. "The average credit score of 748 among Q2 2016 cash-out refinance borrowers is 67 points higher than that of the low point recorded in Q3 2006, and is in fact nearly 60 points higher than the overall average credit score from 2005 through 2007. In addition, post-cash-out loan-to-value ratios remain low. At 66 percent, it's slightly higher than in Q1 2016, but it's the second lowest quarterly average recorded in over 11 years. This is nearly six percent below the 2005-2007 average and 10 percent below the highs recorded in late 2008. In addition, while not specific to cash-out refinancing, we continue to see prudent behavior on the part of borrowers. Some 40 percent of Q2 2016 rate/term refinances involved the borrower reducing their loan term, the highest share of term reductions since late 2013/early 2014."

This month, Black Knight also found that the remaining inventory of loans in active foreclosure is declining at the fastest rate since 2014, and the rate of reduction has been accelerating throughout 2016. Together, New York and New Jersey account for more than 25 percent of all active foreclosure inventory in the country. Nationwide foreclosure inventories are down 23 percent year-to-date as compared to 17 and 16 percent in New York and New Jersey, respectively. In New York, where fewer than two percent of active foreclosures are making it to foreclosure sale (or some alternative liquidation) on a monthly basis, the average active foreclosure has been delinquent for 4.6 years. In New Jersey, that number is 4.1 years, while in Florida – which had long been the epicenter of the foreclosure crisis, but has since outpaced the national average in terms of foreclosure inventory reduction – it is 3.5 years; for all other states the average is 2.2 years.

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

Total U.S. loan delinquency rate:	4.24%
Month-over-month change in delinquency rate:	-6.04%
Total U.S. foreclosure pre-sale inventory rate:	1.04%
Month-over-month change in foreclosure pre-sale inventory rate:	-4.25%
States with highest percentage of non-current* loans:	MS, LA, NJ, AL, WV
States with lowest percentage of non-current* loans:	SD, MT, MN, CO, ND
States with highest percentage of seriously delinquent** loans:	MS, LA, AL, AR, TN

*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 Financial Services' loan-level database of mortgage assets.

About the Mortgage Monitor
The Data & Analytics division of Black Knight Financial Services 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: http://www.BKFS.com/CorporateInformation/NewsRoom/Pages/Mortgage-Monitor.aspx

About Black Knight Financial Services, Inc.
Black Knight Financial Services, Inc. (NYSE: BKFS), a Fidelity National Financial (NYSE:FNF) company, 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.

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