BLACK KNIGHT FINANCIAL SERVICES

**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 December 2015 Mortgage Monitor: Home Affordability Still Better than Pre-Bubble Average; $64B in Equity Tapped Via Cash-Out Refis During Past 12 Months

- 21 percent of median income needed to purchase national median-priced home; 2000-2002 average was 26 percent
- At current rate of home price appreciation and 50-basis-point-per-year rise in rates, eight states would surpass pre-bubble affordability levels within 12 months; 22 states would within 24 months
- 42 percent of Q3 2015 first lien refinances were cash-out, highest share since 2008; average cash-out amount over $60,000
- Average post-cash-out refinance loan-to-value (LTV) in Q3 2015 was lowest on record at 67 percent

JACKSONVILLE, Fla. -- Feb. 1, 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 December 2015. This month, in light of 43 consecutive months of year-over-year home price appreciation (HPA), Black Knight revisited the question of home affordability. Using the national median home price and household income levels, Black Knight found the mortgage payment-to-income ratio is still favorable by historical standards. However, as Black Knight Data & Analytics Senior Vice President Ben Graboske explained, the long-term impact of rising interest rates and home prices on affordability varies with geography and warrants close observation moving forward.

"Black Knight's most recent analysis of the data shows that it currently takes 21 percent of the median monthly household income to purchase the national median-priced home using a 30-year fixed rate mortgage," said Graboske. "That's down significantly from 33 percent back at the top of the market in 2006, and is still below the average of 26 percent we saw in the more stable years before the housing bubble. However, when we look at an example scenario using today's rate of home price appreciation and a 50-basis-point-per-year increase in interest rates, we see that in two years home affordability will be pushing the upper bounds of that pre-bubble average. At the state level under that same scenario, eight states would be less affordable than 2000-2002 levels within 12 months and 22 states would be within 24 months. Right now, both Hawaii and Washington D.C. are already less affordable than they were during the pre-bubble era. On the other hand, even after 24 months under this scenario, Michigan -- among other states -- would still be much more affordable at the end of 2017 than it was in the early 2000s.

"We also returned to the subject of cash-out refinances. Nearly 300,000 were originated in Q3 2015 and roughly 1 million over the past 12 months, marking six consecutive quarters of rising cash-out refi volumes. In Q3 2015, 42 percent of all first lien refinances involved a cash-out component, the highest share since 2008. Likewise, the average cash-out amount – over $60,000 – is the highest since 2007. All totaled, there was $64 billion in equity tapped via cash-out refinances over the past 12 months, the highest dollar amount for any equivalent 12-month period since 2008-2009. Even so, this amounted to less than 2 percent of available equity being tapped. This is slightly below the post-crisis norm, and

80 percent less than the total amount of equity extracted from the market in 2005-2006. The resulting LTV and credit score risk of recent cash-out refinances remains low as well – average credit scores on cash-out refinances are 748, and the resulting post-cash-out average LTV of 67 percent is the lowest level on record."

Finally, Black Knight looked at the full year of foreclosure activity in review and found that overall foreclosure starts were down 12 percent from 2014. First-time foreclosure starts -- driven lower by the more pristine performance of recent vintages and reduced inflow of severely delinquent loans from crisis era vintages -- were down 19 percent from last year, marking their lowest volume in over a decade. In fact, there were 30 percent fewer first-time foreclosure starts in 2015 than in 2005 during the run up to the housing crisis. The 377,000 foreclosure sales (completions) over the course of the year represented a 17 percent decline from 2014, and a 70 percent drop from the peak of sale activity in 2010. All totaled, there have now been 7.1 million residential homes lost to foreclosure sale since the beginning of 2007. Active foreclosure inventory ended the year below 700,000 for the first time since 2006, less than a third of what it was at the height of the crisis.

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

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| Total U.S. loan delinquency rate: | 4.78% |
| Month-over-month change in delinquency rate: | -2.99% |
| Total U.S. foreclosure pre-sale inventory rate: | 1.37% |
| Month-over-month change in foreclosure pre-sale inventory rate: | - 1.00% |
| States with highest percentage of non-current* loans: | MS, NJ, LA, ME, NY |
| States with the lowest percentage of non-current* loans: | SD, MN, CO, AK, ND |
| States with highest percentage of seriously delinquent** loans: | MS, LA, AL, ME, AR |

*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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