Press Release

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Black Knight's Mortgage Monitor: Declining Interest Rates Boost Refinanceable Population by 1.5 Million in First Six Weeks of 2016; $20 Billion in Potential Annual Savings

- A 30-basis-point decline in interest rates has increased the population of refinanceable borrowers by 30 percent to 6.7 million
- 3.3 million borrowers could save $200 or more per month by refinancing; nearly 1 million could save $400 or more
- Total potential savings available via refinancing now stands at $20 billion per year; average borrower could save $3,000/year
- Another 15-basis-point drop in rates would result in the most refinanceable borrowers since the mini-boom of 2012-2013

JACKSONVILLE, Fla. -- March 7, 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 January 2016. After mortgage interest rates fell by 30 basis points in the first six weeks of 2016, Black Knight revisited its recent analysis of the population of refinanceable borrowers that could both qualify for and benefit from refinancing their 30-year mortgages. Using broad-based eligibility criteria, Black Knight found this population has grown significantly since the start of the year. As Black Knight Data & Analytics Senior Vice President Ben Graboske explained, millions of mortgage holders could potentially save thousands of dollars per year by refinancing at today's rates.

"When Black Knight last looked at the refinanceable population just two months ago, there were 5.2 million potential candidates, and that number was on the decline," said Graboske. "That analysis was shortly after the Federal Reserve raised its target rate by 25 basis points, at which time the prevailing wisdom was that mortgage interest rates would rise in response. Global economic shocks then sent investors looking for the safety of U.S. Treasuries, driving down yields on benchmark 10-year bonds. Mortgage interest rates began to fall in defiance of prevailing wisdom, and the refinanceable population grew by 30 percent in the first six weeks of 2016. As a result, an additional 1.5 million mortgage holders could now likely both qualify for and benefit from refinancing, bringing the total number of potential refinance candidates to 6.7 million. Given that refinance originations fell by 27 percent from Q1 to Q4 2015, and prepayment rates -- historically a good indicator of refinance activity -- hit their lowest level in two years in January -- this expansion of potential candidates could very well provide a welcome and unexpected lift to the market as we move forward in 2016.

"According to Black Knight's analysis of the data, 3.3 million of those borrowers could save $200 or more each month, and nearly one million could save over $400 per month. The average borrower could save around $3,000 per year. All totaled, potential savings in the market has swelled from $1.28 billion to $1.68 billion per month, or about $20 billion per year. We also looked at an example scenario to see the potential impact if rates continued their downward trend and found that an additional 15-basis-point reduction – taking the 30-year fixed mortgage rate down to 3.5 percent – would bring yet another 2.1 million borrowers into the refinanceable population. At 8.8 million, that would make for the largest refinanceable population since 2012-2013, when rates were at historic lows."

This month, Black Knight also looked at potential risk exposure faced in three states where courts are deliberating the specifics around how statutes of limitations law is applied to foreclosure actions. High-end estimates based solely on loan-level delinquency timelines show that in those states – Florida, New Jersey and New York – up to 98,000 seriously delinquent loans may face some degree of statutes of limitations exposure (mortgages that are more than five years past due in Florida or more than six years past due in New Jersey and New York). Despite a 38 percent reduction over the past 12 months, at roughly 40,000 loans, Florida still has the largest remaining volume of properties with potential statute of limitations exposure. Potential exposure levels in New York and New Jersey have risen over the past 12 months -- currently sitting at 35,300 and 22,000 respectively -- due to limited resolution in severely delinquent loan populations in both states. Without taking into account additional carrying costs and/or fees incurred by mortgage servicers, Black Knight estimates the current potential unpaid principal balance (UPB) risk exposure in these three states at approximately $30 billion, concentrated primarily in private-label securities. As it stands today, roughly $1 out of every $10 of principal in private-label securitizations in these three states is tied to a mortgage that is more than five years delinquent in Florida or more than six years delinquent in New York and New Jersey.

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

Total U.S. loan delinquency rate:	5.09 %
Month-over-month change in delinquency rate:	6.62%
Total U.S. foreclosure pre-sale inventory rate:	1.30%
Month-over-month change in foreclosure pre-sale inventory rate:	- 4.53%
States with highest percentage of non-current* loans:	MS, LA, NJ, AL, WV
States with lowest percentage of non-current* loans:	SD, MN, AK, CO, ND
States with highest percentage of seriously delinquent** loans:	MS, LA, AL, ME, 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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