Press Release

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Black Knight's Mortgage Monitor: Strong Q4 Pushes 2016 Originations to Highest Level in Nine Years; Reperforming Loan Population Sits at Nearly Two Million

- $2.1 trillion in first lien mortgages originated in 2016 represented a 17 percent increase over 2015; refinance lending was up 22 percent, while purchase originations rose 13 percent
- Purchase lending hit its highest level since 2006 at $1.1 trillion; still roughly 28 percent off 2005's peak volume
- Nearly $300 billion in refinance originations in Q4 2016 mark a 58 percent increase over the same period in 2015
- Four percent of performing mortgages have been 120+ days delinquent or in foreclosure at some point in the past
- Nearly 60 percent of reperforming loans (RPLs) have been reperforming for 24 months or more, as compared to compared to 54 percent one year ago and 34 percent at the end of 2012
- The average RPL today has been reperforming for 35 months, up from an average of 12 months at the end of 2010

JACKSONVILLE, Fla. -- Mar. 6, 2017 -- 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 2017. This month, Black Knight examined final Q4 2016 origination data to get a sense of purchase and refinance lending volumes and trends for the year as a whole. In addition, the report also looked at the nation's population of reperforming loans (RPLs), mortgages that had been at least 120 days or more delinquent or in active foreclosure at some point in the past but have now been current for at least four months. As Black Knight Data & Analytics Executive Vice President Ben Graboske explained, 2016 was the best year for overall mortgage originations since 2007.

"A strong fourth quarter finish to the year pushed total 2016 origination volumes to the highest level seen in nine years," said Graboske. "We've now seen nine consecutive quarters of double-digit purchase origination growth, and growth overall in the purchase market in 21 of the past 22 quarters. The $2.1 trillion in first lien mortgages originated throughout the year represented a 17 percent increase over 2015, stemming from a 22 percent jump in refinance lending and a 13 percent increase in purchase loans. This was the second straight year of double-digit growth in purchase lending, which hit its highest yearly total since 2006 at $1.1 trillion. As good of a year as it was for purchase lending, it was still 28 percent off the peak volume seen in 2005.

"The refinance market topped $1 trillion in 2016 as well, driven by a year of historically low rates. In fact, in the last quarter of 2016, refinance origination volumes were up 58 percent over 2015 and were the highest of any quarter since Q2 2013. However, as Black Knight reported in our First Look at January's mortgage performance data, prepayment speeds – historically a good indicator of refinance activity – fell by 30 percent from December to January. When you couple this with the fact that there are 5.7 million, or nearly 70 percent, fewer refinance candidates in the market entering Q1 2017 than there were entering Q4 2016, it becomes very likely that we will see these numbers decline significantly in the first quarter."

Looking at the population of RPLs, Black Knight found that it has grown to nearly two million loans over the last four years. Today, approximately four percent of active performing mortgages have been either 120 days or more past due or in foreclosure at some point in the past. In addition to the population of RPLs increasing in size, it has changed in make-up as well, most noticeably in the length of time the average RPL has been reperforming. Nearly 60 percent of RPLs have now been reperforming for at least 24 months, compared to 54 percent one year ago and 34 percent at the end of 2012. The average RPL today has been reperforming for 35 months, which has been trending upward from an average of 12 months at the end of 2010, when the population increased significantly in the wake of the federal government's Home Affordable Modification Program (HAMP). A record number of modifications in 2010 pushed the population above the one million mark. Today, though, nearly half of the population is made up of loans brought back to performing status via proprietary loan modifications, with 30 percent being HAMP modifications and other forms of cures representing the remaining 23 percent. The data also showed re-default rates within the RPL market as a whole have improved over time as the market has become more seasoned, but significant variations in performance exist depending on how long the loan had been reperforming, how the loan was brought current, and how many prior modifications there had been on the loan among other factors. Finally, RPLs are also much less likely to prepay than non-RPL mortgages, while loans that became reperforming through modification are much less likely to prepay than non-modified RPLs.

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

Total U.S. loan delinquency rate:	4.25%
Month-over-month change in delinquency rate:	-3.85%
Total U.S. foreclosure pre-sale inventory rate:	0.94%
Month-over-month change in foreclosure pre-sale inventory rate:	-0.46%
States with highest percentage of non-current* loans:	MS, LA, AL, WV, NJ
States with lowest percentage of non-current* loans:	ID, 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) 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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