BLACK KNIGHT FINANCIAL SERVICES

Press Release

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Black Knight's Mortgage Monitor: Q2 Originations Hit Three-Year High; Purchase Lending Highest Since 2007, Refinance Volume Still Lags 2015

- $518 billion in first-lien mortgage originations marked highest volume in a single quarter since Q2 2013
- At $297 billion, purchase loan originations saw a 52 percent ($102 billion) seasonal increase from Q1 and hit their highest level in terms of both volume and dollar amount since 2007
- Two-thirds of Q2 purchase lending went to 740+ credit score borrowers, but largest growth (13 percent year-over-year) was seen in moderate credit borrowers (700-739)
- Refinance lending has risen for three consecutive quarters, but year-to-date remains below 2015 levels despite lower interest rates and a larger population of refinance candidates

JACKSONVILLE, Fla. -- Sep. 6, 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 July 2016. This month, Black Knight looked at first-lien mortgage originations through Q2 2016. As Black Knight Data & Analytics Executive Vice President Ben Graboske explained, the data showed significant growth in origination volume; however, refinance volume was not as strong as the current low interest rate environment might suggest.

"Mortgage originations posted their strongest quarter in three years in Q2 2016," said Graboske. "In total, we saw $518 billion in first-lien mortgage originations in Q2, driven by a combination of continued purchase origination growth and refinance activity spurred by low interest rates. Interestingly however, with interest rates 15 basis points lower than in Q1, and even lower than in early 2015, refinance activity wasn't nearly as strong as one might have expected. While purchase originations jumped more than 50 percent from Q1, refinances saw only an eight percent increase over that period, and were actually down from the same time last year, despite the number of potential refinance candidates outpacing 2015 by over one million in every month since March. That said, refinance lending has risen for three consecutive quarters and accounted for $221 billion in originations in Q2.

"It was a particularly strong month for purchase originations, which made up 57 percent of all first-lien lending in the quarter," Graboske continued. "At $297 billion, Q2 purchase originations marked the highest level – in terms of both volume and dollar amount – seen since 2007. Although the purchase lending credit box remains tight, there is increasing participation among 'moderate' credit borrowers as well. Two-thirds of Q2 purchase loans went to borrowers with credit scores of 740 or higher – on par with what we saw during the same period last year – but there was a 13 percent year-over-year increase in lending to borrowers with credit scores between 700 and 739. This segment has seen the highest rate of growth over the last three quarters, and now makes up 19 percent of all purchase originations. On the other end of the spectrum, sub-700 score borrowers now account for only 15 percent of originations, with less than five percent going to borrowers with scores of 660 or below. Both of these mark the lowest share of low credit purchase lending seen dating back to at least 2000."

Black Knight also looked at recent trends in distressed sale activity (REO and short sales), and found that such sales accounted for seven percent of all residential transactions in Q2 2016. Though this represented the lowest such share in nine years, it still remains more than twice the 'normal' market level of just over three percent. The majority of distressed sales taking place in the market today – roughly two-thirds – are REO sales. The average 21 percent discount purchasers are reaping on short sales is on the decline nationally, while the 27 percent REO discount is actually slightly deeper than it was a year ago. The trend toward deepening REO discounts is likely due to the geographic shift in transactions from areas where discounts are lower – such as Florida, with an average REO discount of 23 percent – to areas where they are steeper. The largest REO discounts over the past six months have been seen in the Northeast and Rust Belt states. Ohio leads the nation with a 44 percent average discount on an REO over a traditional sale, followed by New Hampshire and New York with 41 percent discounts. The smallest REO discounts were found in the Southwest, with Texas (14 percent) and Nevada (16 percent) seeing the lowest of all.

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

Total U.S. loan delinquency rate:	4.51%
Month-over-month change in delinquency rate:	4.78%
Total U.S. foreclosure pre-sale inventory rate:	1.09%
Month-over-month change in foreclosure pre-sale inventory rate:	- 1.68%
States with highest percentage of non-current* loans:	MS, LA, NJ, WV, AL
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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