Press Release

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Black Knight's Mortgage Monitor: Home Price Increases Muting Affordability Gains from Low Interest Rates; Refinanceable Population Grows to 7.5 Million

- Early 2016 interest rate declines would have saved $44/month on purchase of median-priced home, but home price appreciation cut savings to just $18/month
- Home price gains in Washington, Colorado and Oregon completely cancel out interest rate savings; now cost more per month than at end of 2015
- Rate drops have increased refinanceable population by 2.3 million borrowers year-to-date, now 7.5 million total
- Overall mortgage delinquency rate now below pre-crisis average; it will still take more than two years at current rate of reduction for seriously delinquent inventory -- including active foreclosures -- to reach "normal" levels

JACKSONVILLE, Fla. -- May 2, 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 March 2016. This month, in light of mortgage interest rates falling by approximately 35 basis points (BPS) since the start of 2016, Black Knight examined how these lower rates have impacted home affordability. Calculating principal and interest payments based on a fixed-rate mortgage with a 30-year term and 80 percent loan-to-value (LTV) ratio, Black Knight examined how much per month it would cost a borrower to purchase the median-priced home at the national and state levels. All else being equal, interest rate declines would save borrowers significant money on such a purchase, but as Black Knight Data & Analytics Senior Vice President Ben Graboske explained, rising home prices are muting – and in some areas, completely cancelling out – the positive impact declining rates would have on home affordability.

"Excluding home price movement, the interest rate decline since the start of the year would save borrowers approximately $44 a month when purchasing the median-priced home nationally," said Graboske. "However, when you factor in estimated home price appreciation (HPA) – the most recent Black Knight Home Price Index Report for February showed annual HPA at 5.3 percent – those monthly savings fall to just $18. The mortgage on a median-priced home is still more affordable than it was in December, despite rising prices, just not as much as one might expect given that rates are as low as they are. This isn't to say that interest rate reductions aren't beneficial to buyers – they almost certainly are. If rates hadn't dropped over the past four months, it would cost an additional $28 to buy the median-priced home today as compared to December 2015. By and large, borrowers are still seeing net reductions in monthly payments across the country heading into the early home buying season. In some areas though, prices are appreciating so quickly that they may have fully offset any savings from rate declines. Assuming the HPA observed in February continues through March and April, it may actually cost home buyers more in monthly principal and interest to purchase the median-priced home in Washington, Colorado and Oregon than it did at the end of 2015, even with a 35 BPS drop in interest rates."

Falling interest rates have also served to increase the population of 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 by 2.3 million in the two months since it last looked at the situation, for a total of 7.5 million borrowers. Approximately 40 percent of these refinance candidates took out their current mortgages from 2009 through 2011, during the downturn of the market, suggesting perhaps a lack of awareness of sufficient equity to qualify for a refinance. Roughly one million have crossed the 20 percent equity threshold over the past 12 months and now have the 80 percent LTV necessary to qualify for a refinance. However, Black Knight's analysis shows that over two-thirds of the total population met eligibility requirements in early 2015 as well, but did not take advantage of refinancing at that time.

Finally, while the overall mortgage delinquency rate is now below the 2000-2005 average, serious delinquencies (90 or more days past due) and active foreclosures remain elevated, standing 45 percent and two times above historical norms, respectively. At the current rate of decline, it will take over two years for seriously delinquent inventory to return to pre-crisis norms, with the 90-day delinquency rate normalizing by mid-2017 and the foreclosure rate by near the end of 2018.

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

Total U.S. loan delinquency rate:	4.08%
Month-over-month change in delinquency rate:	-8.37%
Total U.S. foreclosure pre-sale inventory rate:	1.25%
Month-over-month change in foreclosure pre-sale inventory rate:	-3.69%
States with highest percentage of non-current* loans:	MS, NJ, LA, NY, ME
States with lowest percentage of non-current* loans:	AK, SD, MN, CO, ND
States with highest percentage of seriously delinquent** loans:	MS, LA, AL, AR, RI

*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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