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## **Black Knight's November Mortgage Monitor: Refinanceable Population Shrinks While Tappable Equity Rises; HELOC Originations Continue to Climb**

- 5.2 million borrowers could still benefit from, and likely qualify for refinancing; 2.4 million could save \$200 or more per month
- 50 basis point rise in interest rates would eliminate 2.1 million potential candidates from refinance eligibility; 1.0 percent eliminates 3.1 million
- Tappable equity at \$4.2 trillion, up \$600 billion over last 12 months
- HELOC originations up 35 percent year-to-date; average line amount highest on record while resulting CLTVs and utilization levels near historic lows

JACKSONVILLE, Fla. -- Jan. 11, 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 November 2015. This month, Black Knight revisited the population of refinanceable borrowers and found that approximately 5.2 million borrowers could likely both qualify for and benefit from refinancing at today's interest rates. However, as Black Knight Data & Analytics Senior Vice President Ben Graboske explained, this population is diminishing, and as mortgage interest rates rise, it will only continue to shrink further.

"Looking at current interest rates on existing 30-year mortgages and applying a set of broad-based underwriting criteria, we found that there are still approximately 5.2 million borrowers that make good candidates for traditional refinancing," said Graboske. "Of course, that's down from over 7 million as recently as April 2015, when interest rates were below 3.7 percent. If rates go up 50 basis points from where they are now, 2.1 million borrowers will fall out of the running; a 100-basis-point increase would eliminate another million, leaving only 2 million potential refinance candidates, the lowest population of refinance candidates in recent history. That said, of those that could likely qualify for and benefit from refinancing today, some 2.4 million are looking at potentially saving \$200 or more on their monthly mortgage payments post-refinancing. Again, this is a very rate-sensitive population: after a 50-basis-point rise in rates, a million borrowers would lose out on those savings.

"We also looked again at the amount of tappable equity available on each home with a mortgage – by using an upper limit of 80 percent current combined loan-to-value (CLTV), including first and second liens. In total, we're looking at over 37 million borrowers with current CLTVs below 80 percent that have an average of \$112,000 equity available to tap in their homes, an increase of 3.1 million from just a year ago. Roughly half of that tappable equity belongs to borrowers whose first-lien mortgages have current interest rates higher than today's 30-year rate – making them potential candidates for cash-out refis – but the other half are under 4 percent. While it's not a hard and fast rule that borrowers won't refinance into a higher rate in order to tap available equity – 23 percent of cash-out refi borrowers over the past six

months did just that – for the most part, as rates rise, HELOCs will continue to become more popular to homeowners looking to tap available equity.”

Indeed, Black Knight’s data showed that HELOC originations have continued to rise, with total line amounts originated climbing 35 percent year-to-date over 2014 levels. Average HELOC line amounts are now the highest they’ve been since Black Knight began tracking this data back in 2005. However, while HELOC line amounts may be at 10-year highs, initial utilization rates – a key HELOC risk factor – are near 10-year lows. In addition, the average resulting CLTV for borrowers with second-lien HELOCs is 66 percent, well below the 75-76 percent range seen during the bubble era. Finally, in another sign of the market segment’s relatively low risk level, average credit scores on HELOC originations remain near record highs (780), with nearly 70 percent of lines going to borrowers with 760 credit scores or higher.

As was reported in Black Knight’s most recent [First Look](#) release, other key results include:

|   |                    |
|---|--------------------|
| Total U.S. loan delinquency rate:                               | 4.92%              |
| Month-over-month change in delinquency rate:                    | 3.18%              |
| Total U.S. foreclosure pre-sale inventory rate:                 | 1.38%              |
| Month-over-month change in foreclosure pre-sale inventory rate: | - 3.24%            |
| States with highest percentage of non-current* loans:           | MS, NJ, LA, NY, ME |
| 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, RI, ME |

\*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](http://www.bkfs.com).

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