Press Release

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Black Knight's Mortgage Monitor: 2.2 Million Homeowners in Negative Equity, Fewest Since Early 2007; $4.6 Trillion in Tappable Equity is Within Six Percent of Peak

- One million homes returned to positive equity positions over the first three quarters of 2016; national negative equity rate is now 4.4 percent
- Homes in the bottom 20 percent by price are nine times more likely to be underwater than those in top 20 percent
- There are now over 39 million borrowers with tappable equity, meaning they have current combined loan-to-value (CLTV) ratios of less than 80 percent
- $4.6 trillion in total tappable equity equates to an average of nearly $118,000 available per borrower, marking the highest market total and highest average per borrower since 2006
- The top 10 metropolitan areas contain 50 percent of the nation's tappable equity, with California accounting for nearly 40 percent

JACKSONVILLE, Fla. -- Jan. 9, 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 November 2016. In the first three quarters of 2016, as home prices continued to appreciate, one million previously underwater homeowners returned to positive equity positions, while tappable equity totals continued to rise. This month, Black Knight looked at the extent and impact of these changes on the market. As Black Knight Data & Analytics Executive Vice President Ben Graboske explained, there is a distinct geographical component at work, with regard to both the negative and tappable equity sides of the equation.

"The negative equity situation has improved substantially since the height of the great recession," said Graboske. "There are now just 2.2 million homeowners left in negative equity positions, a full one million fewer than at the start of 2016. Whereas negative home equity was once a widespread national problem – with roughly 30 percent of all homeowners being underwater on their mortgages at the end of 2010 – it has now become much more of a localized issue. By and large, the majority of states have negative equity rates below the national average of 4.4 percent. There are, though, some pockets where homeowners continue to struggle. Three states in particular stand out: Nevada, Missouri and New Jersey, all of which have negative equity rates more than twice the national average. Atlantic City leads the nation, with 23 percent of its borrowers underwater, followed by St. Louis at 20 percent. We also see that lower-priced homes – those in the bottom 20 percent of prices in their communities – are nine times more likely to be underwater than those in the top 20 percent.

"On the other hand, we've also seen a steady increase in the number of borrowers with tappable equity in their homes, meaning they have current combined loan-to-value (CLTV) ratios of less than 80 percent. There are now some 39 million such borrowers, with a total of $4.6 trillion in available, lendable equity. That works out to an average of about

$118,000 per borrower, making for the highest market total and highest average per borrower we've seen since 2006. Even though the total equity tapped via first lien refinances hit a seven-year high of more than $70 billion over the first three quarters of 2016, that means less than two percent of available equity has been tapped so far this year. That equity also continues to be accessed safely, with the resulting average post-cash out LTV of 66 percent at near 10-year lows and the average credit score above 750. Much like the negative equity situation, tappable equity is geographically concentrated as well, although in different areas. The top 10 metropolitan areas contain half of all available lendable equity, and California alone accounts for nearly 40 percent, despite having only 16 percent of the nation's mortgages."

Black Knight also looked at the impact of the rising interest rate environment on how – and if – borrowers tap into their available equity. The share of tappable equity held by borrowers with a first lien interest rate above the average 30-year fixed rate dropped from 73 percent in October to just 33 percent as of Dec. 29, 2016. Historically, borrowers with interest rates above par have been both more likely to tap into equity and more likely to refinance their entire first lien to do so (and getting a better first lien interest rate in the process). Likewise, borrowers with interest rates below par have been less likely to tap into equity, and more likely to use a second lien when they do. This suggests that HELOC lending may become a more attractive vehicle for tapping equity for the borrowers holding two-thirds of the nation's tappable equity with interest rates below par.

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

Total U.S. loan delinquency rate:	4.46%
Month-over-month change in delinquency rate:	2.55%
Total U.S. foreclosure pre-sale inventory rate:	0.98%
Month-over-month change in foreclosure pre-sale inventory rate:	-1.35%
States with highest percentage of non-current* loans:	MS, LA, NJ, AL, WV
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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