



ORIGINATIONS MARKET MONITOR



AUGUST 2021 REPORT



ORIGINATIONS MARKET MONITOR

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AUGUST 2021 OVERVIEW

Each month, the Black Knight Originations Market Monitor reviews a series of key market indicators to help provide clarity on mortgage lending activity. By drawing information directly from origination pipelines, we can provide a more comprehensive and timely sense of monthly market trends than has previously been available publicly.

August's pipeline data showed overall rate locks were up 1.3% from July, driven by a 7.6% increase in cash-out activity, which is now up more than 41% over the last three months. The increase in cash-out lending was enough to push the overall refinance share of the market mix back above 50% for the first time since February, even with rate/term lending remaining essentially flat (-0.5%). Locks on purchase loans stayed roughly flat as well, ticking down 0.8% from July as rising home prices and constrained for-sale inventory continue to put downward pressure on purchase lending volumes. Much more detail on the month's numbers can be found in the following pages.

In producing the Originations Monitor, Black Knight aggregates and reports the latest available monthly rate lock data drawn from the company's [Optimal Blue PPE](#) – the most widely used product and pricing engine in the industry. The company's Secondary Marketing Technologies group provides additional market insight by way of dual market-leading hedging platforms. For more information on gaining access to Black Knight's secondary-focused solutions and data assets, please call 844-474-2537 or email AskBlackKnight@bkfs.com.



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AUGUST 2021 NATIONAL RATE LOCK METRICS

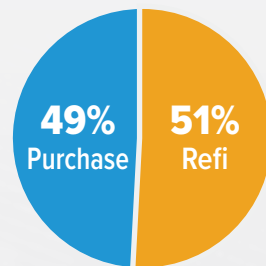
Here, we look at August's national origination numbers to give a high-level overview of the month's activity. This information is drawn from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.

AUGUST NATIONAL STATS



RATE LOCK VOLUME

Slight movements in purchase (-0.8%) and rate/term refinance (+0.5%) locks essentially canceled each other out, but strong growth was seen among cash-out (+7.6%) refinance locks



MARKET MIX

August's increase in cash-outs was enough to bring the refinance share of the market above 50% for the first time since February



AVERAGE CREDIT SCORE

Average credit scores rose, as higher-credit borrowers took advantage of sub-3% interest rates early in the month



MONTH-END CONFORMING RATE

Black Knight's [OBMMI daily interest rate tracker](#) showed August's month-end conforming 30-year rate up 6-basis points over the month, matching the rise of the 10-year treasury yield

After starting the month below 3%, interest rates spent much of August hovering just above that point. However, that sub-3% period seems to have been enough to spur some high-credit and high-balance borrowers to refinance, as average credit scores rose along with the nonconforming share of the market.





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AUGUST 2021 TOP 20 METROPOLITAN AREAS

Here, we look at August's top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data from Black Knight's [Optimal Blue PPE](#). Click on the chart to see its contents in high resolution.

Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	1.3%	326,498	3.004	731	76	49%	51%
1 Los Angeles-Long Beach-Anaheim, CA	5.2%	0.3%	568,703	2.950	746	64	36%	64%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	4.1%	-4.1%	445,906	2.855	742	76	47%	53%
3 New York-Newark-Jersey City, NY-NJ-PA	4.0%	-5.1%	443,463	2.951	740	71	50%	50%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.4%	-3.1%	289,247	2.964	737	77	50%	50%
5 Phoenix-Mesa-Scottsdale, AZ	3.1%	9.7%	337,078	3.078	729	72	41%	59%
6 San Francisco-Oakland-Hayward, CA	2.8%	0.6%	675,035	2.900	759	60	40%	60%
7 Seattle-Tacoma-Bellevue, WA	2.7%	5.4%	482,965	2.985	745	70	48%	52%
8 Dallas-Fort Worth-Arlington, TX	2.6%	-2.7%	320,070	2.996	730	76	51%	49%
9 Denver-Aurora-Lakewood, CO	2.4%	5.3%	405,264	2.958	742	71	43%	57%
10 Boston-Cambridge-Newton, MA-NH	2.4%	-1.5%	445,264	2.884	747	68	42%	58%





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AUGUST 2021 TOP 20 METROPOLITAN AREAS

Here, we look at August's top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data from Black Knight's [Optimal Blue PPE](#). Click on the chart to see its contents in high resolution.

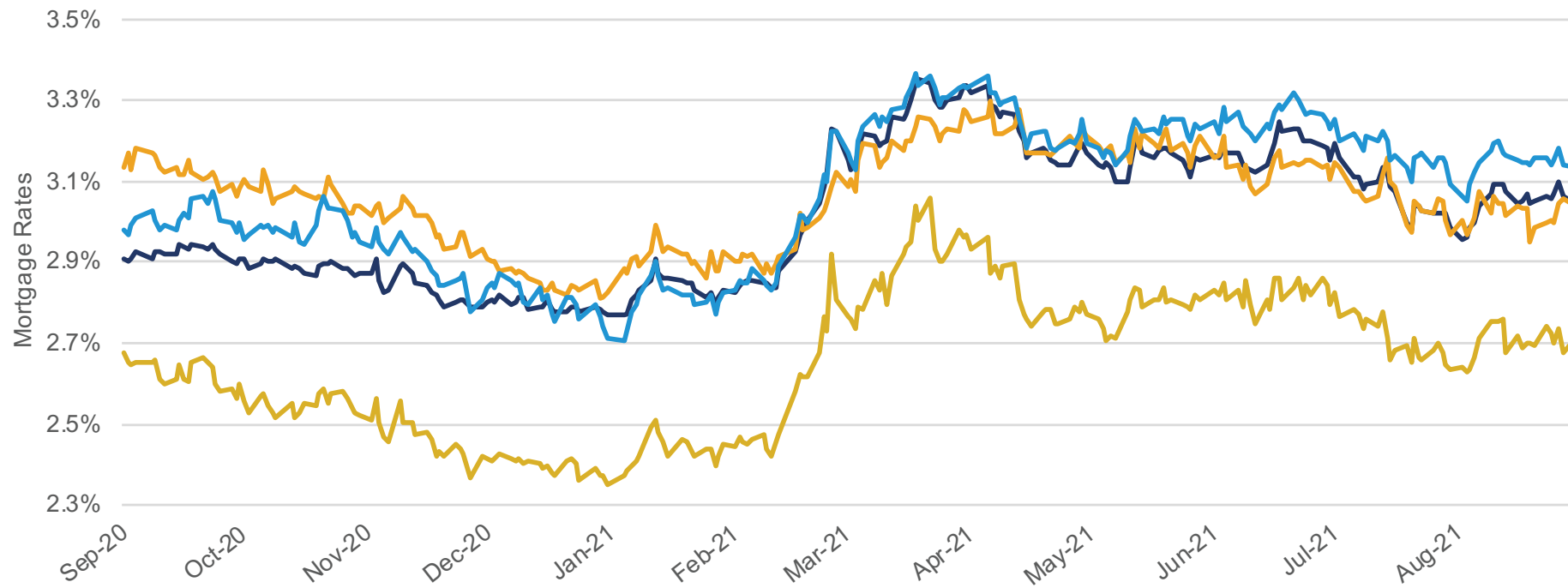
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
11 Riverside-San Bernardino-Ontario, CA	2.1%	0.7%	374,044	2.995	723	72	38%	62%
12 Atlanta-Sandy Springs-Roswell, GA	2.1%	4.0%	297,708	3.015	724	77	49%	51%
13 San Diego-Carlsbad, CA	2.0%	5.1%	553,469	2.868	750	66	37%	63%
14 Houston-The Woodlands-Sugar Land, TX	1.9%	-3.6%	285,391	3.028	725	79	60%	40%
15 Miami-Fort Lauderdale-West Palm Beach, FL	1.8%	5.1%	384,648	3.109	727	75	53%	47%
16 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	1.4%	293,235	2.967	731	77	51%	49%
17 Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	3.3%	310,483	2.954	744	77	54%	46%
18 Austin-Round Rock, TX	1.4%	0.4%	375,747	2.958	744	71	53%	47%
19 Sacramento-Roseville-Arden-Arcade, CA	1.4%	4.4%	403,483	2.951	740	68	38%	62%
20 Portland-Vancouver-Hillsboro, OR-WA	1.3%	3.0%	392,950	2.989	744	72	50%	50%







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AUGUST 2021 MARKET RATE INDICES

Pulling data from Black Knight's [Optimal Blue Mortgage Market Indices \(OBMMI\)](#), the chart below shows average 30-year rates across various loan products. Click on each chart to see its contents in high resolution.



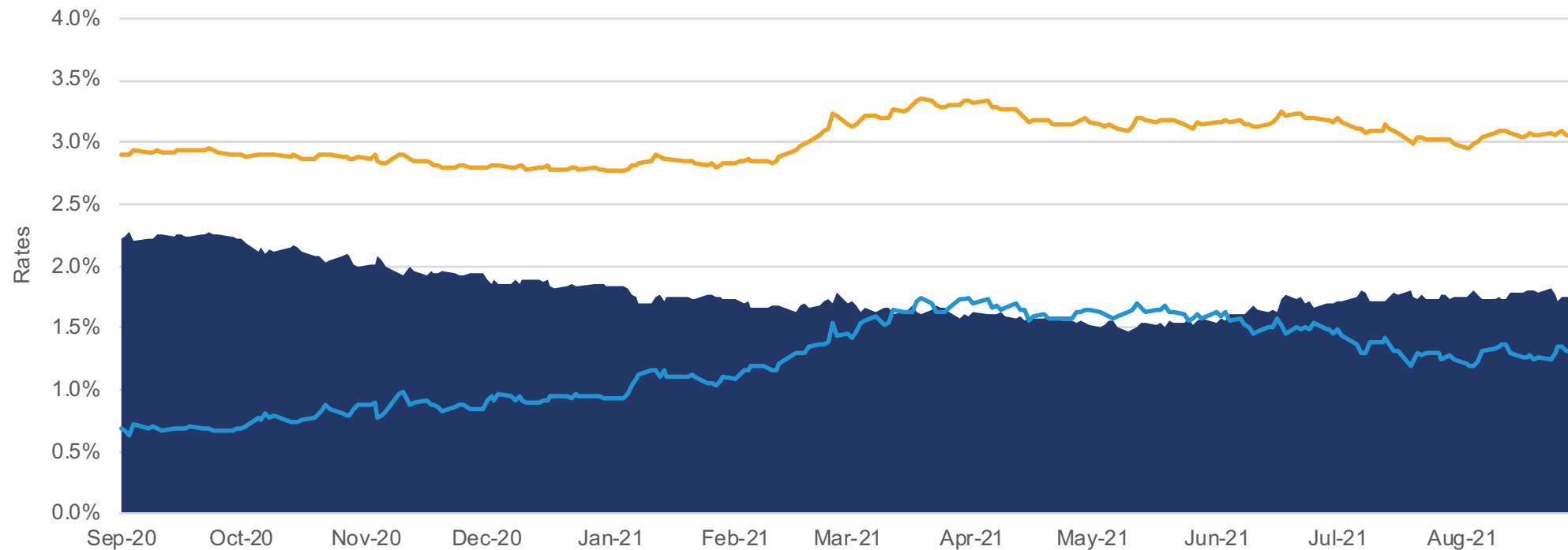
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	3.05%	6 BPS	(10 BPS)	12 BPS
	30-Year Jumbo	3.02%	5 BPS	(20 BPS)	(16 BPS)
	30-Year FHA	3.13%	4 BPS	(10 BPS)	13 BPS
	30-Year VA	2.73%	9 BPS	(8 BPS)	2 BPS






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AUGUST 2021 30-YEAR TO 10-YEAR TREASURY SPREAD

Mortgage rates are loosely tied to 10-year Treasury bond rates, but the spread between the two can vary. Below, we look at the current spread and trends over the past year. This information is pulled from Black Knight's [secondary market hedging platform](#). Click on each chart to see its contents in high resolution.



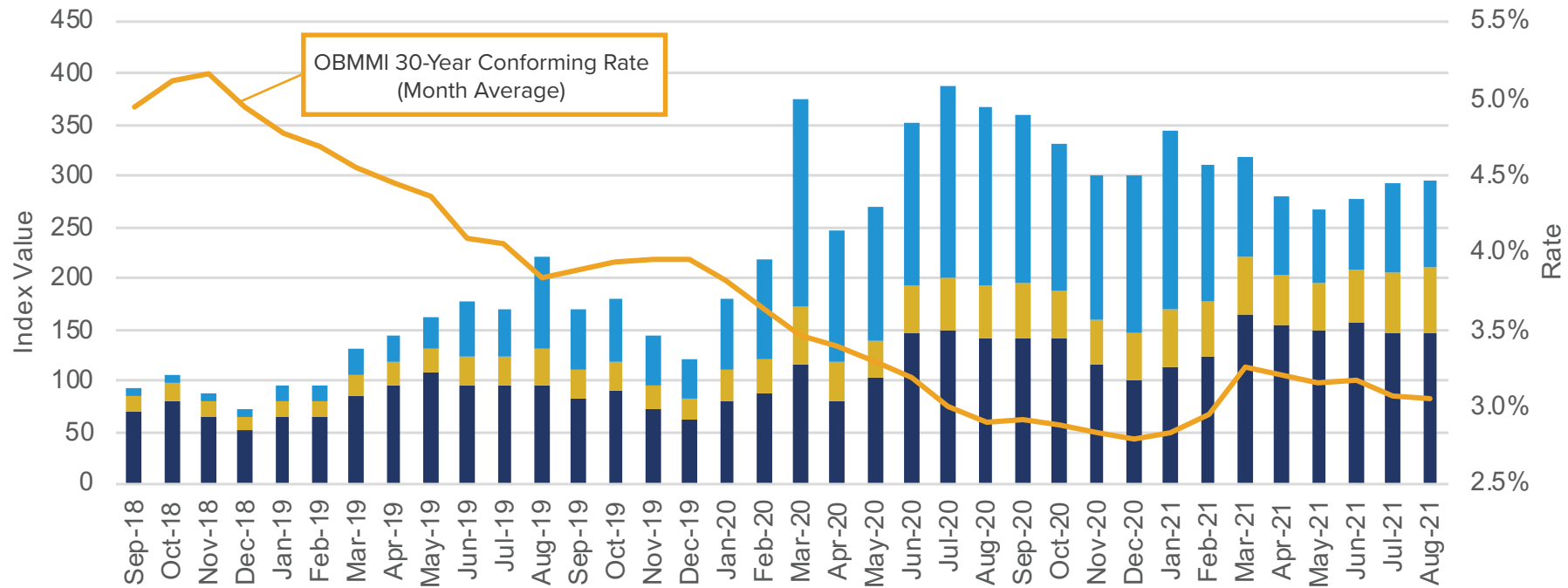
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	1.30%	6 BPS	(28 BPS)	58 BPS
	30-Year Conforming	3.05%	6 BPS	(10 BPS)	12 BPS
	10-Year to 30-Year Spread	1.75%	0 BPS	18 BPS	(46 BPS)



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AUGUST 2021 LOCK VOLUME BY LOAN PURPOSE

Here, we break down August's rate lock volumes by loan purpose. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



Market Volume Index (Total Volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	146	(0.8%)	(2.6%)	2.2%
	Cash-Out Refinance	64	7.6%	41.3%	28.9%
	Rate-Term Refinance	86	0.5%	20.2%	(50.6%)
	Total	297	1.3%	11.0%	(19.3%)
Refinance Share*		51%	105 BPS	687 BPS	(1034 BPS)

*Refinance Share changes reflect inter-period delta



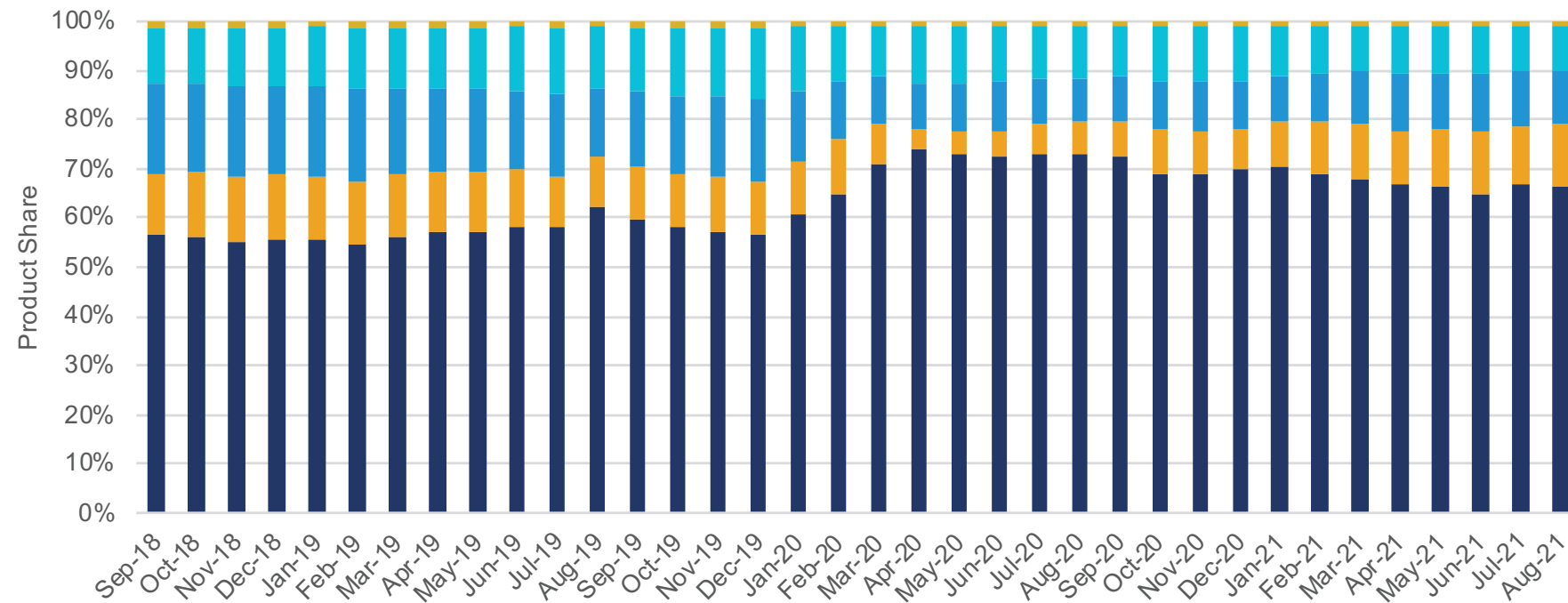
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AUGUST 2021 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down August's rate lock volumes by loan product. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



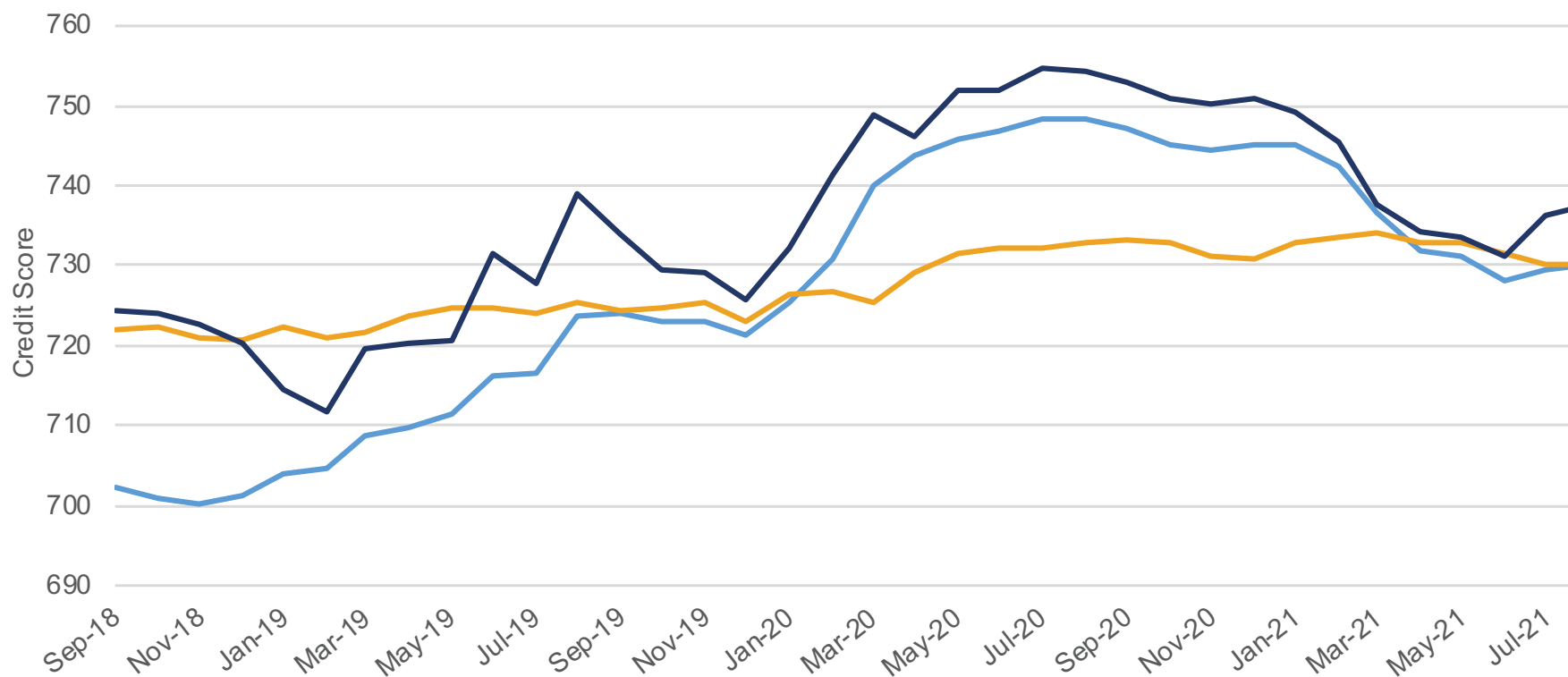
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	66.3%	(38 BPS)	(15 BPS)	(651 BPS)
	Nonconforming	12.9%	99 BPS	138 BPS	607 BPS
	FHA	10.7%	(33 BPS)	(79 BPS)	176 BPS
	VA	9.3%	(25 BPS)	(36 BPS)	(126 BPS)
	USDA	0.8%	(2 BPS)	(8 BPS)	(7 BPS)



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AUGUST 2021 AVERAGE CREDIT SCORES

Here, we look at average credit scores by loan purpose. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



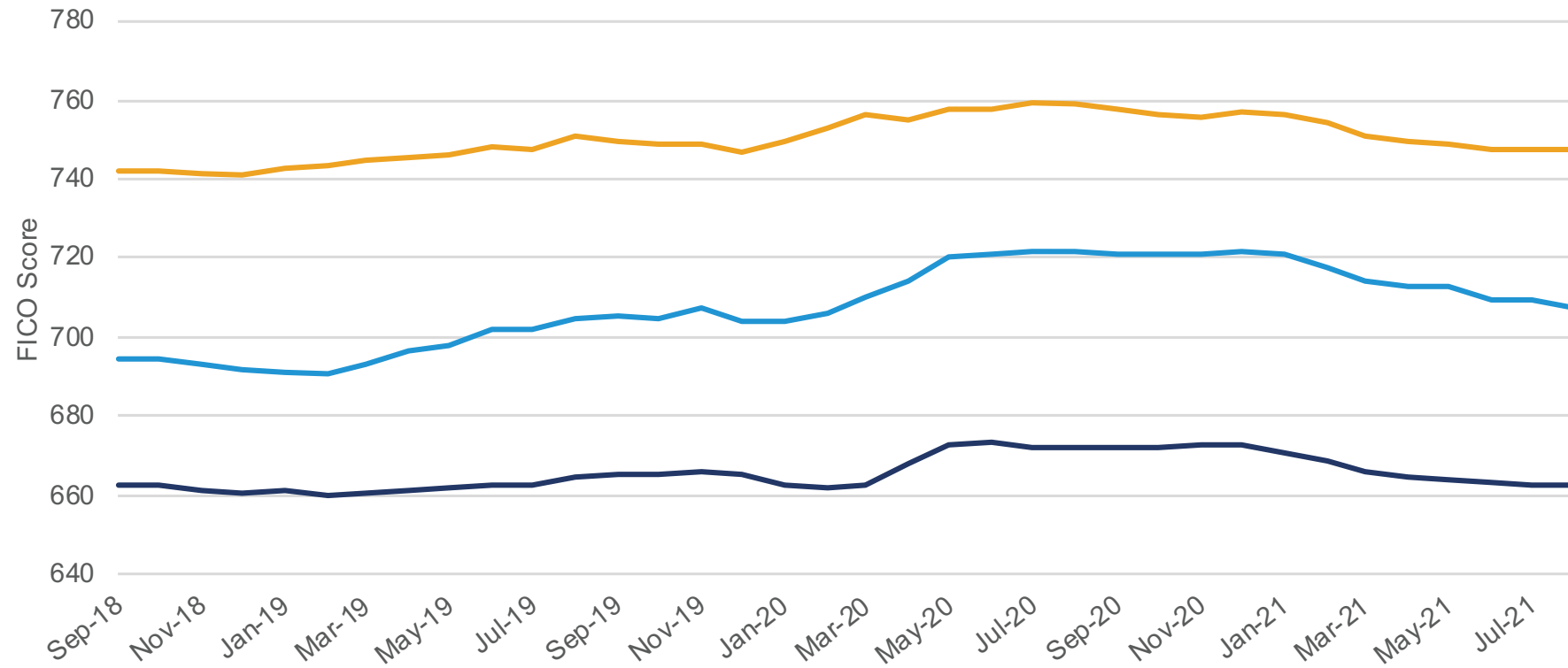
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	730	1	-1	-18
	Purchase	730	0	-3	-3
	Rate/Term Refi	738	1	4	-17






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AUGUST 2021 AVERAGE CREDIT SCORES

Here, we look at average credit scores for conforming, FHA and VA loans. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



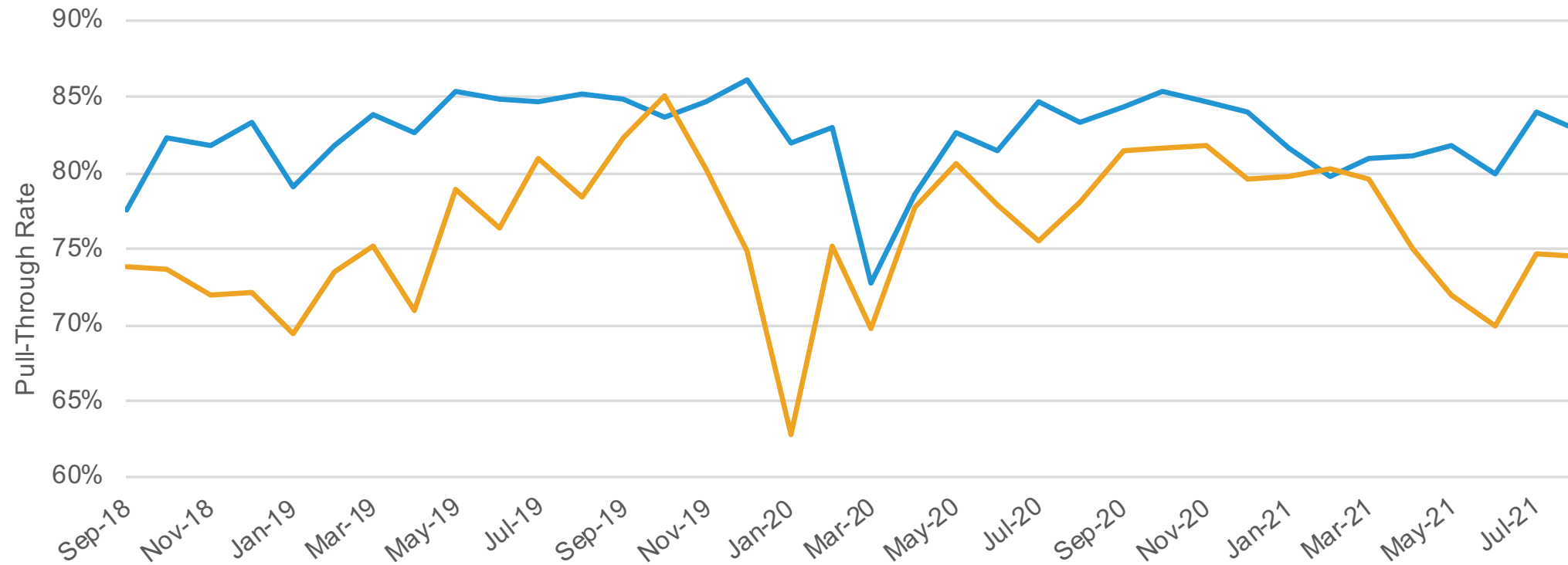
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	747	0	-1	-12
	FHA	663	1	-1	-9
	VA	708	-2	-5	-14





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AUGUST 2021 PURCHASE & REFI PULL-THROUGH

Below, we look at pull-through rates – the percentage of locks that become funded loans. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



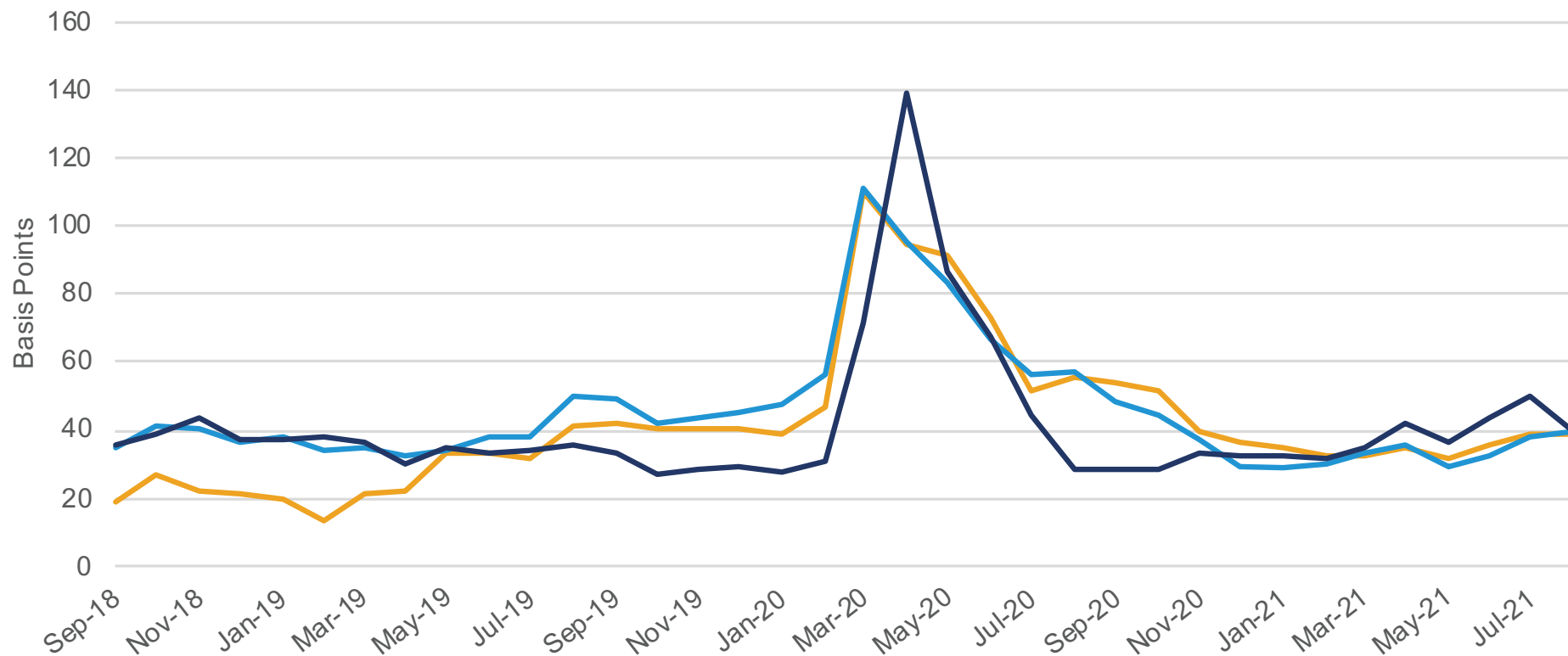
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	82.8%	(115 BPS)	102 BPS	(46 BPS)
	Refinance Pull-Through	74.4%	(26 BPS)	256 BPS	(356 BPS)






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AUGUST 2021 BEST EFFORTS TO MANDATORY SPREAD

A lender will typically see greater yields by selling loans via mandatory delivery, while best efforts delivery carries less risk. Below, we look at the current margin spread between the two. This information has been pulled from Black Knight's [secondary market hedging platform](#). Click on each chart to see its contents in high resolution.



Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	39 BPS	1 BPS	10 BPS	(18 BPS)
	15-Year Conforming	39 BPS	(0 BPS)	7 BPS	(17 BPS)
	30-Year Government	40 BPS	(10 BPS)	3 BPS	11 BPS

