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AUGUST 2022 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 provide a more comprehensive and timely sense of monthly market trends than previously available.

Rate lock activity dropped 8.9%, as the originations pipeline continued to adjust to affordability challenges and a higher rate environment. The benchmark 30-year mortgage finished August at 5.80%, up 50 basis points from July.

Overall, locks were down 57.1% year over year. Rate/term locks decreased 13.9% in August, cash-outs, which had been somewhat insulated early in the rate cycle, fell 8.9%. Even purchase locks, which now account for 82% of volume, were down 8.7% (28.2% year over year).

Government-backed FHA and VA locks expanded market share over conventional and non-conforming products. Borrower credit scores remained unchanged overall, with scores for cash-out refis rising 3 points to 695, scores on rate/term refinances dropping 1 point, and purchase scores remaining unchanged.

In producing the Originations Market 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. Optimal Blue provides additional market insight by way of its market-leading hedging platform. 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**.
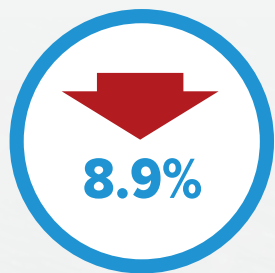
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AUGUST 2022 *NATIONAL RATE LOCK METRICS*

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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.

AUGUST *NATIONAL STATS*

RATE LOCK VOLUME

8.9%

Locks decreased across all loan categories, led by a **13.9% decrease in rate/term refinances**

MARKET MIX

18% Refi
82% Purchase
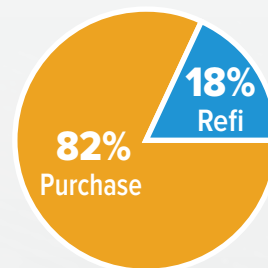
Volumes dropped across all loan types, leaving the market mix between purchase locks and refis unchanged in July

AVERAGE LOAN AMOUNT

$340K

The average loan amount decreased by 4K in August

MONTH-END CONFORMING RATE

5.8%

Our Optimal Blue Mortgage Market Indices tracked a **50 BPS rise in 30-year rate offerings throughout August**

> Volumes continued to fall across the board as the originations market adjusted to renewed interest rate pressures and continuing affordability challenges

AUGUST 2022 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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.

	Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount ($)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
	NATIONAL	**100.0%**	**-8.9%**	**340,032**	**5.437**	**722**	**81**	**82%**	**18%**
1	New York-Newark-Jersey City, NY-NJ-PA	3.9%	-22.6%	489,910	5.379	734	77	82%	18%
2	Los Angeles-Long Beach-Anaheim, CA	3.5%	2.2%	617,300	5.456	726	74	77%	23%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.5%	-11.9%	480,203	5.183	733	84	86%	14%
4	Dallas-Fort Worth-Arlington, TX	3.2%	-16.9%	367,071	5.403	726	81	85%	15%
5	Chicago-Naperville-Elgin, IL-IN-WI	3.0%	-12.7%	290,500	5.593	726	83	88%	12%
6	Phoenix-Mesa-Scottsdale, AZ	2.9%	-0.3%	395,834	5.419	723	78	78%	22%
7	Seattle-Tacoma-Bellevue, WA	2.6%	0.5%	561,252	5.365	742	80	87%	13%
8	Atlanta-Sandy Springs-Roswell, GA	2.6%	-4.9%	336,300	5.376	706	81	76%	24%
9	Houston-The Woodlands-Sugar Land, TX	2.4%	-9.2%	319,153	5.364	719	83	90%	10%
10	Denver-Aurora-Lakewood, CO	2.1%	-9.9%	474,947	5.375	731	78	82%	18%

AUGUST 2022 TOP 20 METROPOLITAN AREAS

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11	Miami-Fort Lauderdale-West Palm Beach, FL	1.9%	-15.4%	436,772	5.594	721	77	78%	22%
12	Boston-Cambridge-Newton, MA-NH	1.8%	-9.7%	519,520	5.261	738	78	87%	13%
13	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	-9.4%	320,745	5.362	722	83	85%	15%
14	Riverside-San Bernardino-Ontario, CA	1.6%	-14.7%	430,526	5.380	714	78	75%	25%
15	San Francisco-Oakland-Hayward, CA	1.4%	3.1%	776,129	5.333	744	72	81%	19%
16	Austin-Round Rock, TX	1.4%	-20.9%	434,427	5.251	742	78	88%	12%
17	Tampa-St. Petersburg-Clearwater, FL	1.4%	-12.6%	347,402	5.366	718	80	79%	21%
18	Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	-5.3%	336,163	5.406	740	83	89%	11%
19	Charlotte-Concord-Gastonia, NC-SC	1.3%	-6.6%	342,901	5.400	726	80	81%	19%
20	San Antonio-New Braunfels, TX	1.2%	-10.3%	315,449	5.289	719	85	87%	13%

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AUGUST 2022 MARKET RATE INDICES

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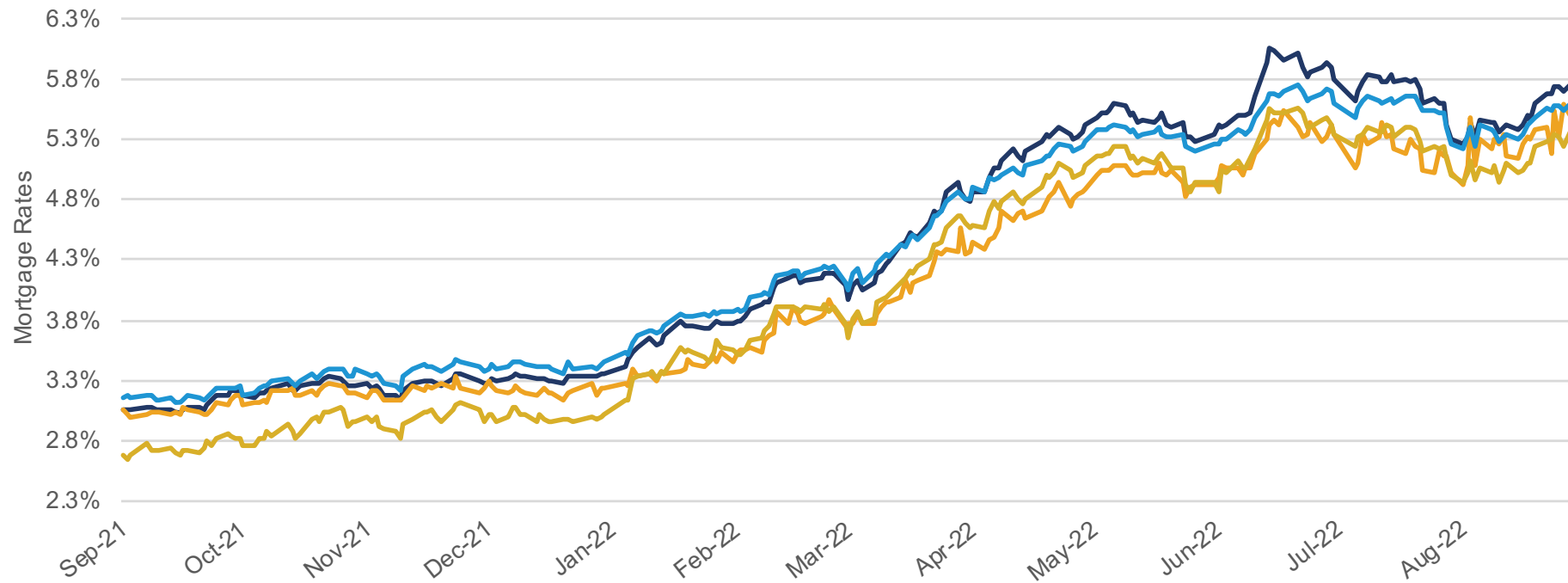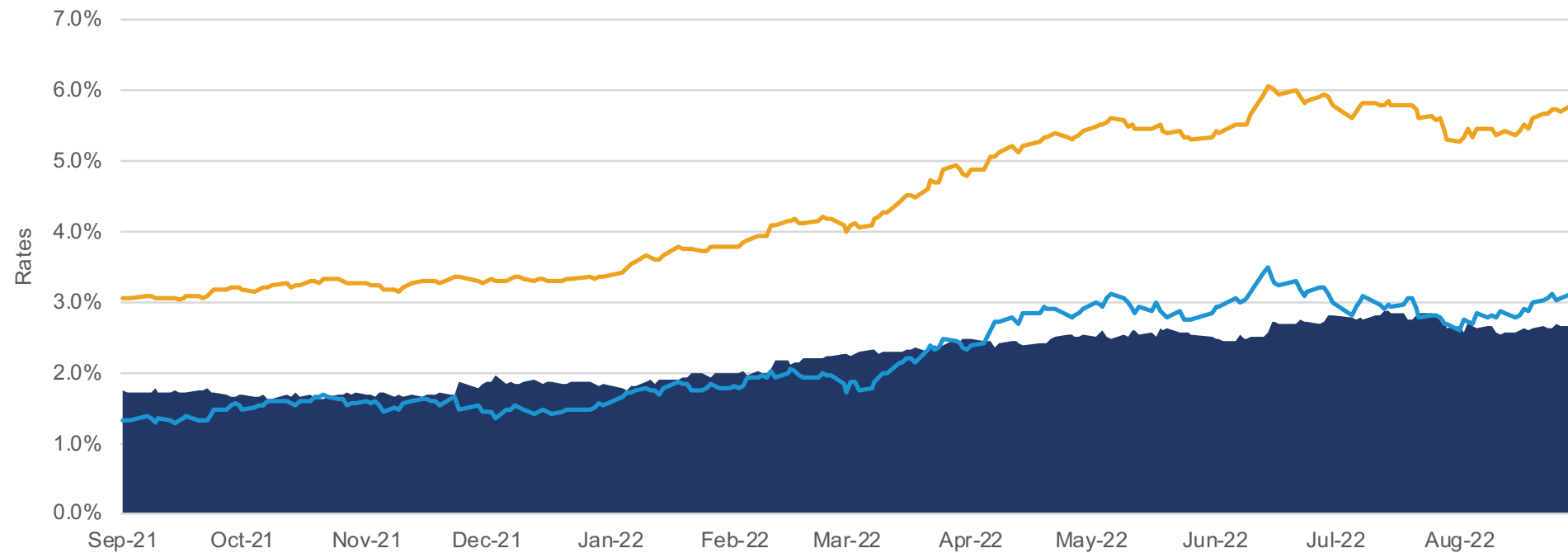

Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	5.81%	50 BPS	46 BPS	276 BPS
30-Year Jumbo	5.57%	55 BPS	65 BPS	255 BPS
30-Year FHA	5.66%	39 BPS	40 BPS	252 BPS
30-Year VA	5.45%	45 BPS	50 BPS	272 BPS

AUGUST 2022 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 the Black Knight secondary market hedging platform. Click on the chart to view its contents in high resolution.

Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
10-Year Treasury	3.15%	47 BPS	30 BPS	185 BPS
30-Year Conforming	5.81%	50 BPS	46 BPS	276 BPS
10-Year to 30-Year Spread	2.66%	3 BPS	16 BPS	91 BPS

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

OBMMI 30-Year Conforming Rate (Month Average)
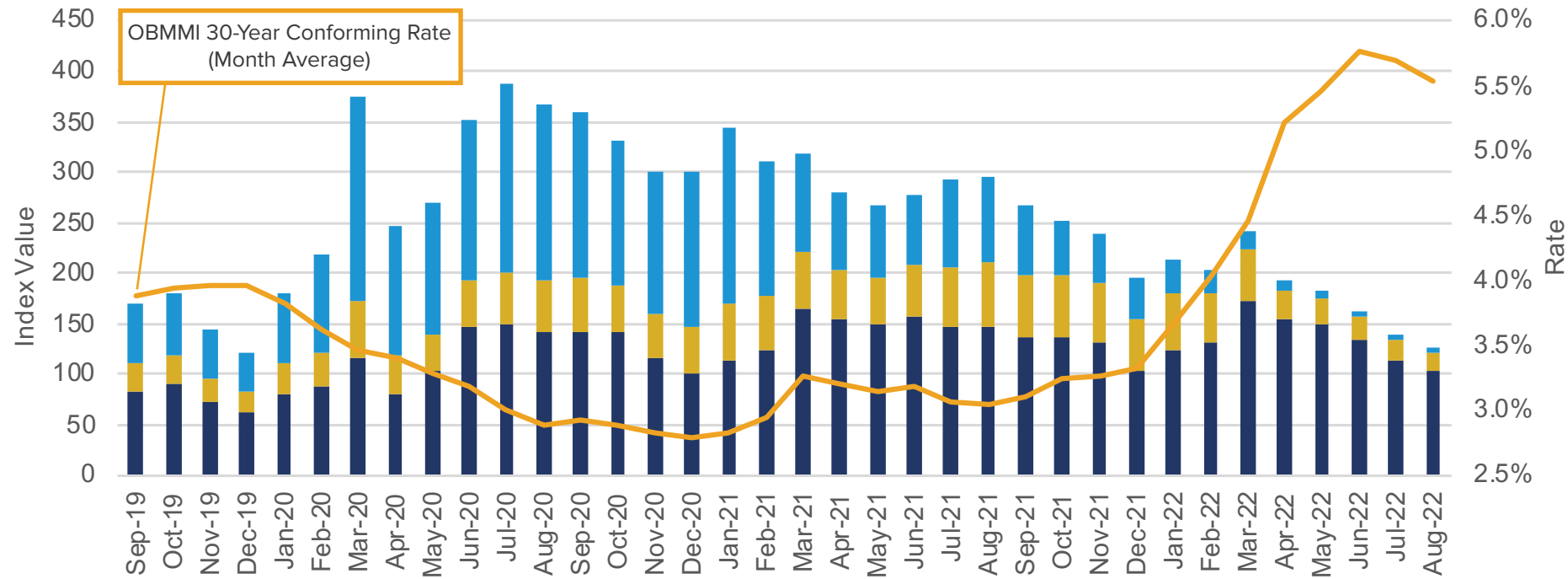
Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
▬▬▬	Purchase	105	(8.7%)	(30.2%)	(28.2%)
▬▬▬	Cash-Out Refinance	18	(8.9%)	(32.0%)	(72.2%)
▬▬▬	Rate/Term Refinance	5	(13.9%)	(34.9%)	(94.5%)
▬▬▬	Total	127	(8.9%)	(30.6%)	(57.1%)
Refinance Share*		18%	(21 BPS)	(53 BPS)	(3306 BPS)

*Refinance share changes reflect inter-period delta

AUGUST 2022 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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
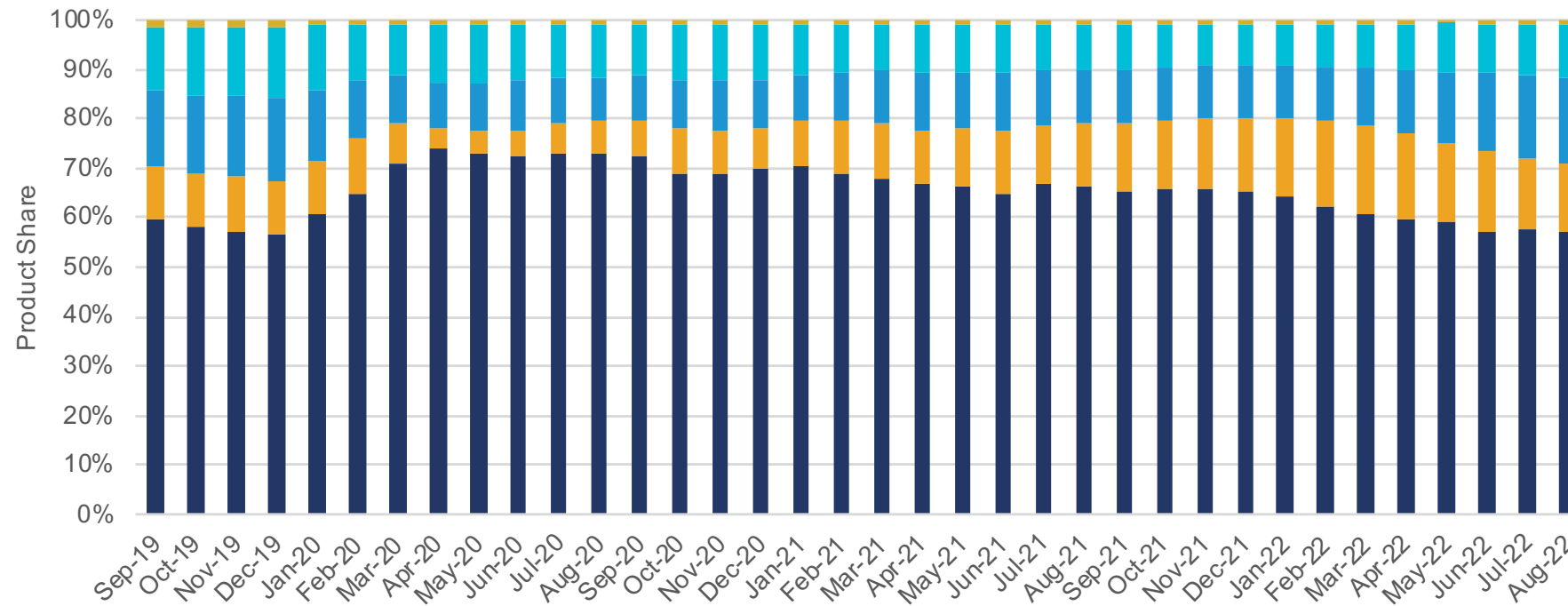

Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	57.1%	(56 BPS)	(183 BPS)	(915 BPS)
Nonconforming	14.0%	(16 BPS)	(230 BPS)	104 BPS
FHA	17.2%	31 BPS	288 BPS	652 BPS
VA	10.8%	33 BPS	105 BPS	156 BPS
USDA	0.9%	8 BPS	21 BPS	2 BPS

AUGUST 2022 *AVERAGE CREDIT SCORES*

Here, we look at average credit scores by loan purpose. This information is pulled from daily rate lock tracking data from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
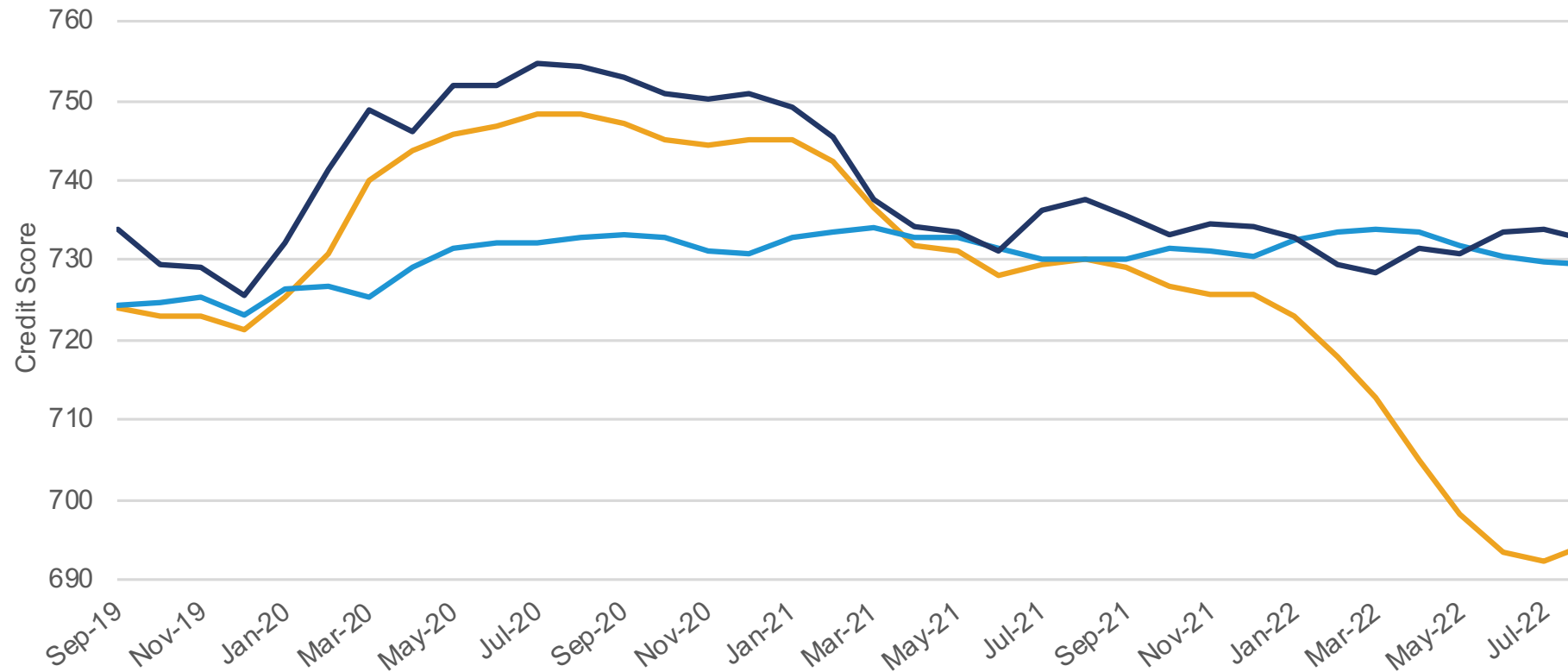
Credit Score by Purpose	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Purchase	730	0	-2	0
Cash-Out Refi	695	2	-4	-36
Rate/Term Refi	733	-1	2	-5

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AUGUST 2022 *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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
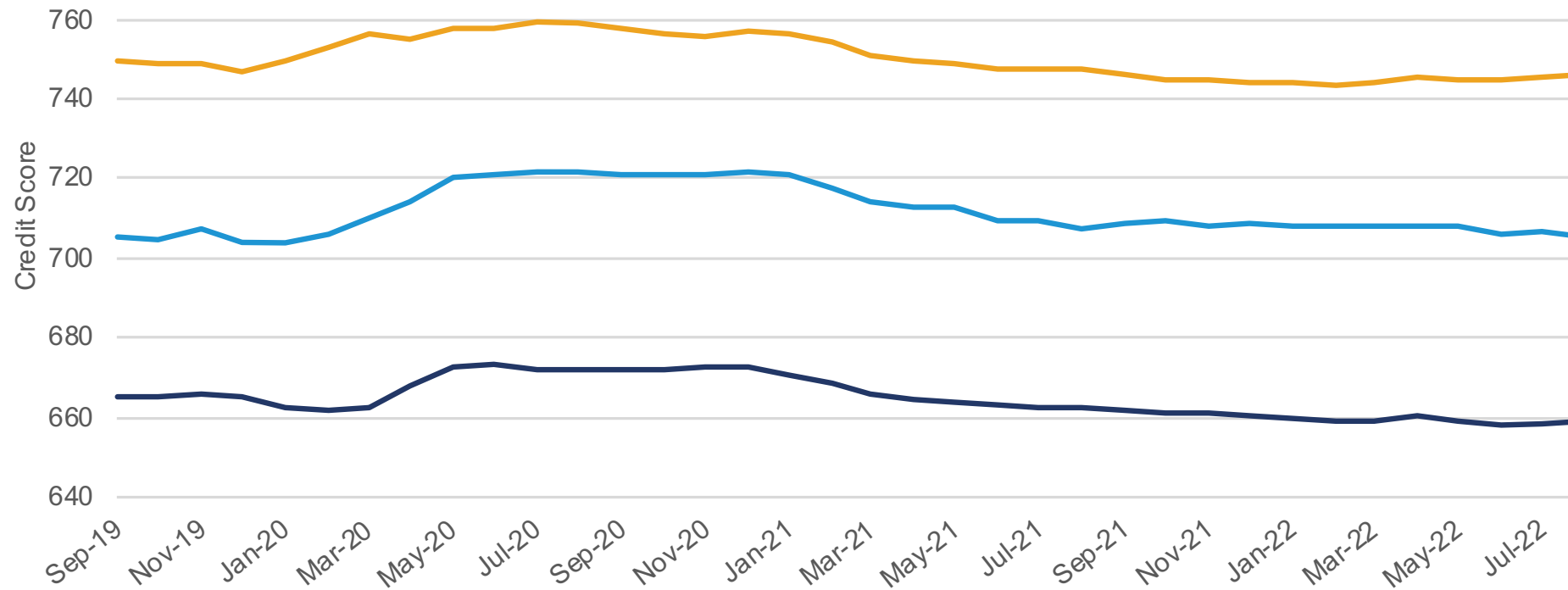

Credit Score by Product	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	746	1	1	-1
FHA	659	1	0	-3
VA	706	-1	-2	-2

![Originations Market Monitor logo]

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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
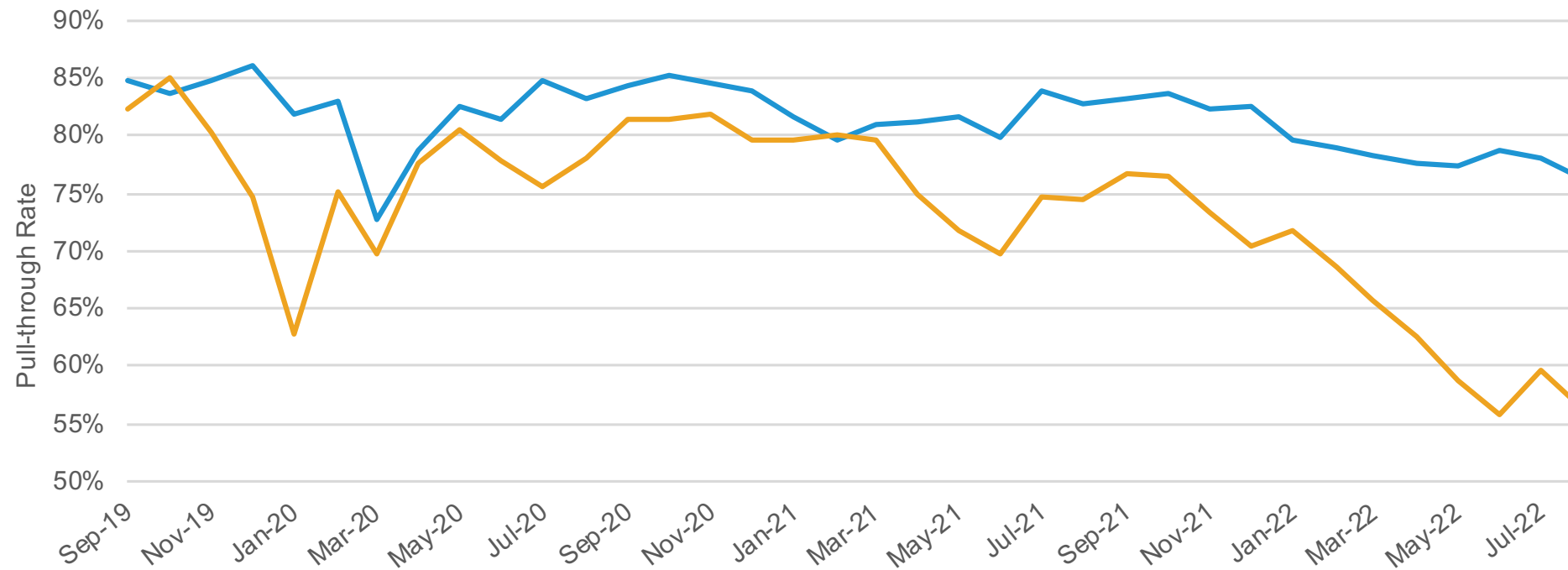

Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
——	Purchase Pull-Through	76.2%	(180 BPS)	(123 BPS)	(657 BPS)
——	Refinance Pull-Through	56.4%	(326 BPS)	(229 BPS)	(1806 BPS)

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 the Black Knight secondary market hedging platform. Click on the chart to view its contents in high resolution.
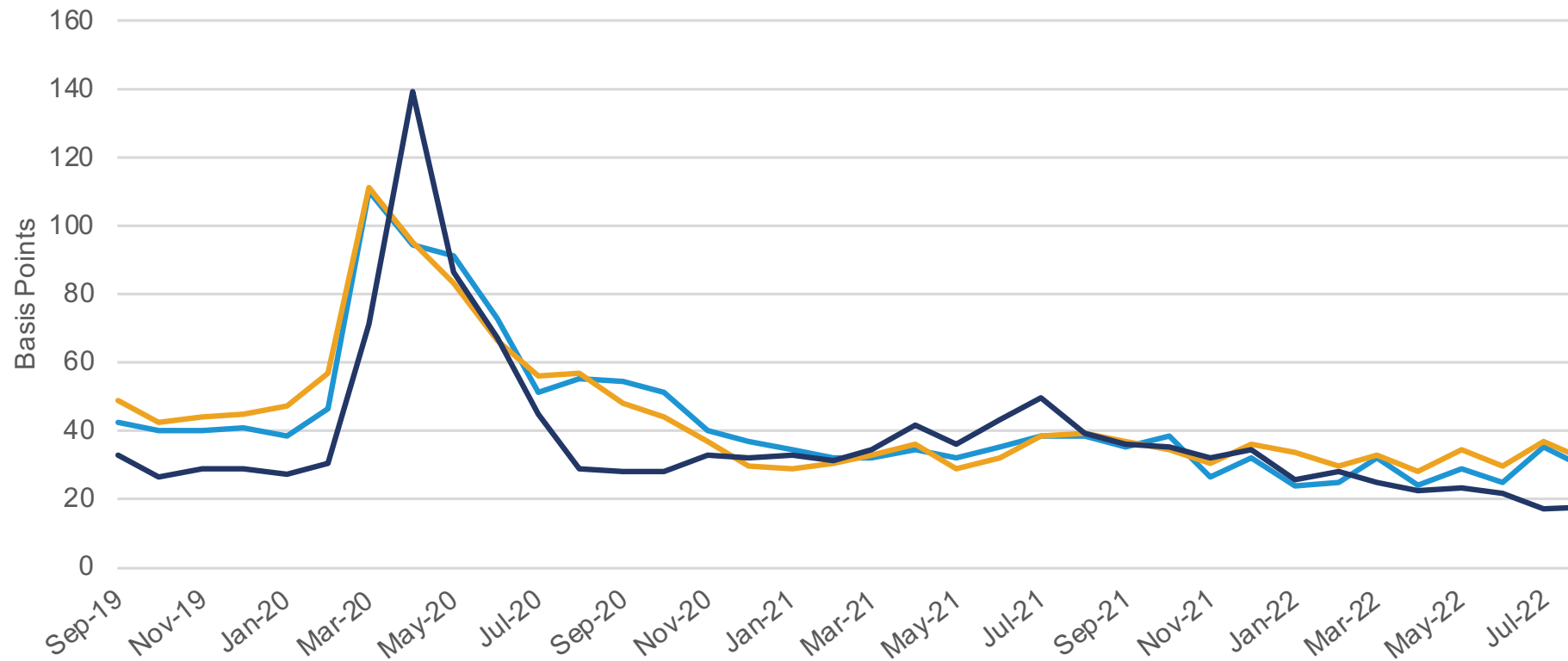
Best Efforts vs. Mandatory	Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	31 BPS	(6 BPS)	(3 BPS)	(8 BPS)
15-Year Conforming	29 BPS	(6 BPS)	0 BPS	(9 BPS)
30-Year Government	18 BPS	0 BPS	(5 BPS)	(22 BPS)