



ORIGINATIONS MARKET MONITOR



DECEMBER 2021 REPORT



ORIGINATIONS MARKET MONITOR

CONTENTS

- 3 NATIONAL RATE LOCK METRICS
- 4 TOP 20 METROPOLITAN AREAS
- 6 MARKET RATE INDICES
- 7 30-YEAR TO 10-YEAR TREASURY SPREAD
- 8 LOCK VOLUME BY LOAN PURPOSE
- 9 MIX OF BUSINESS BY LOAN PRODUCT
- 10 AVERAGE CREDIT SCORES
- 12 PURCHASE & REFI PULL-THROUGH
- 13 BEST EFFORTS TO MANDATORY SPREAD

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

December marked the fourth consecutive monthly decline in origination activity, in response to both higher rates and a seasonal slowdown in home purchases. Lock volumes fell across the board, driven by a 22.5% drop in purchase loan locks and rate/term refinances falling another 17.1% to finish 2021 at their lowest point in two years.

While locks on cash-out refinance loans also fell (-10%), they are still up nearly 18% from last year as the product remains somewhat insulated by borrowers taking advantage of [soaring home equity levels](#). The refinance share rose to 48% on the decline in purchase locks, with average refi credit scores down 20 points from last year, as higher credit borrowers tend to wait out rising rate environments.

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. 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.

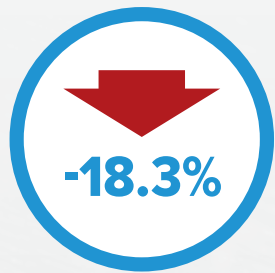


ORIGINATIONS MARKET MONITOR

DECEMBER 2021 NATIONAL RATE LOCK METRICS

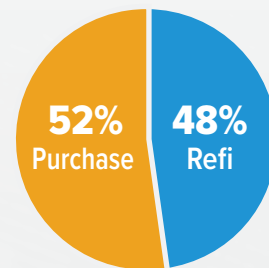
Here, we look at December's national origination numbers to give a high-level overview of the month's activity. This information is drawn from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.

DECEMBER NATIONAL STATS



RATE LOCK VOLUME

Rising interest rates hit purchase volumes hard and rate/term refinance locks continued to fall, driving an across-the-board drop



MARKET MIX

A 22.5% decline in purchase activity and continued demand for cash-outs increased the refinance share of the market



AVERAGE CREDIT SCORE

Average refi credit scores are 20 points lower than this time last year, as higher-credit borrowers tend to sit out rising rate environments, bringing down the overall average



MONTH-END CONFORMING RATE

Black Knight's [OBMMI daily interest rate tracker](#) showed December's month-end conforming 30-year rate at 3.35%, up 8 BPS from November

In response to rising rates – and the seasonal slowdown in home purchases – we saw locks decline across all product types in December, with total volume down 35% year-over-year





ORIGINATIONS MARKET MONITOR

DECEMBER 2021 TOP 20 METROPOLITAN AREAS

Here, we look at December'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%	-18.3%	340,939	3.296	729	76	52%	48%
1 Los Angeles-Long Beach-Anaheim, CA	5.7%	-15.9%	636,640	3.232	743	66	42%	58%
2 New York-Newark-Jersey City, NY-NJ-PA	4.6%	-16.9%	475,156	3.246	737	72	55%	45%
3 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.9%	-21.0%	465,224	3.113	738	77	53%	47%
4 Phoenix-Mesa-Scottsdale, AZ	3.3%	-17.0%	361,721	3.380	729	73	49%	51%
5 Chicago-Naperville-Elgin, IL-IN-WI	2.9%	-22.2%	291,707	3.272	732	78	54%	46%
6 Dallas-Fort Worth-Arlington, TX	2.8%	-14.2%	336,874	3.320	729	76	56%	44%
7 San Francisco-Oakland-Hayward, CA	2.7%	-14.6%	724,559	3.178	753	62	41%	59%
8 Seattle-Tacoma-Bellevue, WA	2.3%	-23.8%	513,974	3.225	740	71	46%	54%
9 Riverside-San Bernardino-Ontario, CA	2.3%	-14.1%	402,115	3.302	720	72	43%	57%
10 Atlanta-Sandy Springs-Roswell, GA	2.2%	-15.2%	308,414	3.300	719	78	54%	46%





ORIGINATIONS MARKET MONITOR

DECEMBER 2021 TOP 20 METROPOLITAN AREAS

Here, we look at December'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.

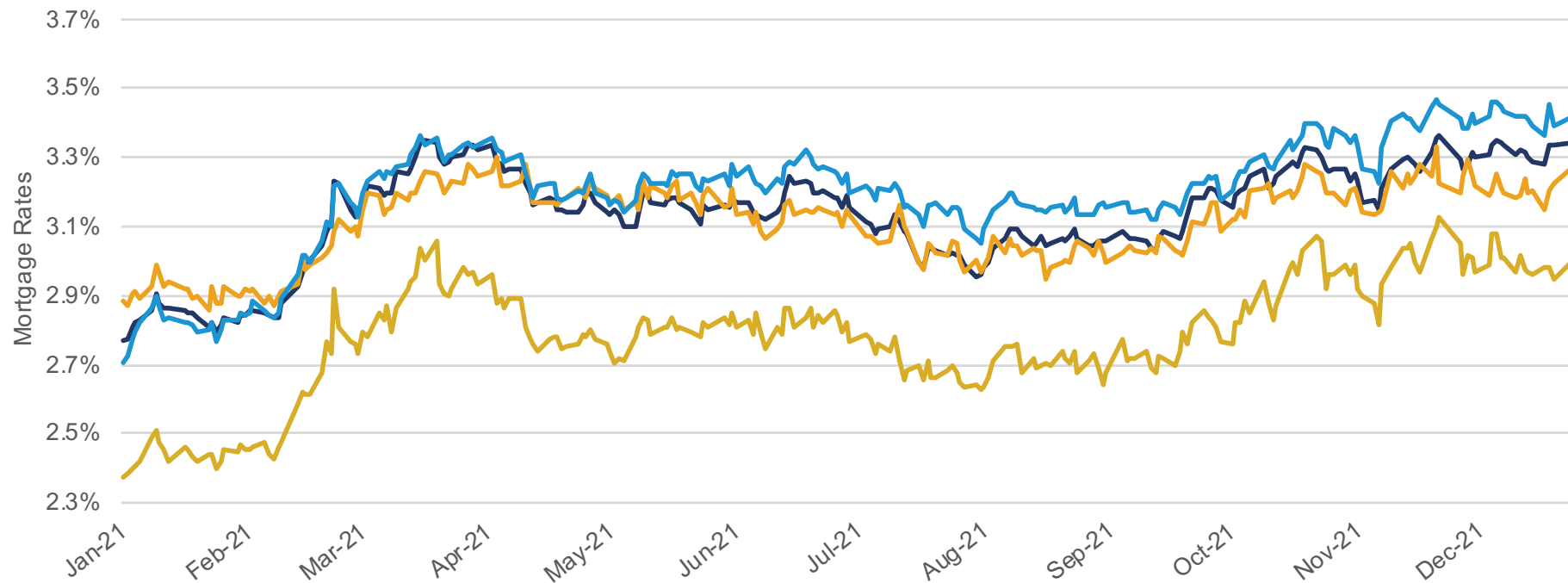
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
11 Miami-Fort Lauderdale-West Palm Beach, FL	2.2%	-13.7%	410,606	3.401	728	74	57%	43%
12 Denver-Aurora-Lakewood, CO	2.1%	-20.3%	422,729	3.235	737	71	44%	56%
13 Houston-The Woodlands-Sugar Land, TX	2.0%	-18.2%	301,343	3.328	722	80	64%	36%
14 San Diego-Carlsbad, CA	1.9%	-13.8%	599,228	3.157	747	67	42%	58%
15 Boston-Cambridge-Newton, MA-NH	1.9%	-29.0%	469,802	3.164	742	69	46%	54%
16 Austin-Round Rock, TX	1.5%	-17.3%	406,268	3.251	745	71	57%	43%
17 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.4%	-22.9%	296,763	3.268	727	77	54%	46%
18 Sacramento-Roseville-Arden-Arcade, CA	1.3%	-15.4%	418,929	3.237	736	69	44%	56%
19 Tampa-St. Petersburg-Clearwater, FL	1.3%	-14.4%	315,664	3.324	724	76	54%	46%
20 Las Vegas-Henderson-Paradise, NV	1.2%	-19.9%	339,055	3.363	728	75	53%	47%







ORIGINATIONS MARKET MONITOR

DECEMBER 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.



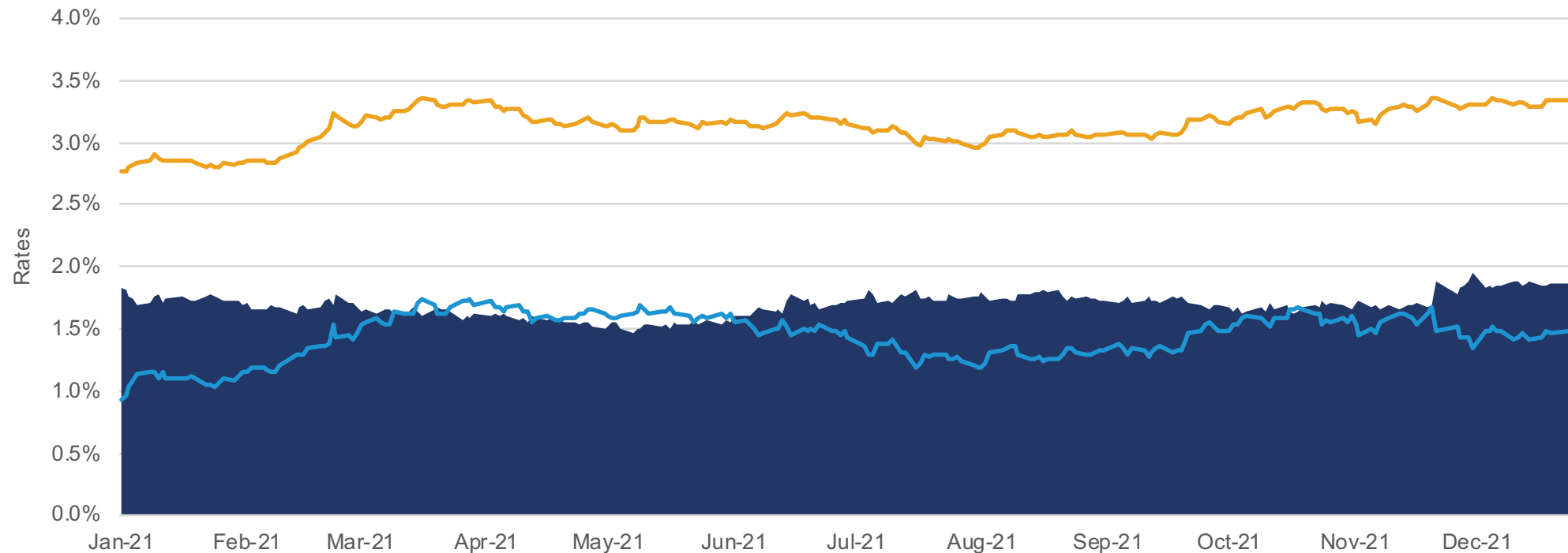
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	3.35%	8 BPS	15 BPS	58 BPS
	30-Year Jumbo	3.23%	(1 BPS)	6 BPS	41 BPS
	30-Year FHA	3.45%	7 BPS	20 BPS	74 BPS
	30-Year VA	3.02%	6 BPS	21 BPS	67 BPS






ORIGINATIONS MARKET MONITOR

DECEMBER 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.



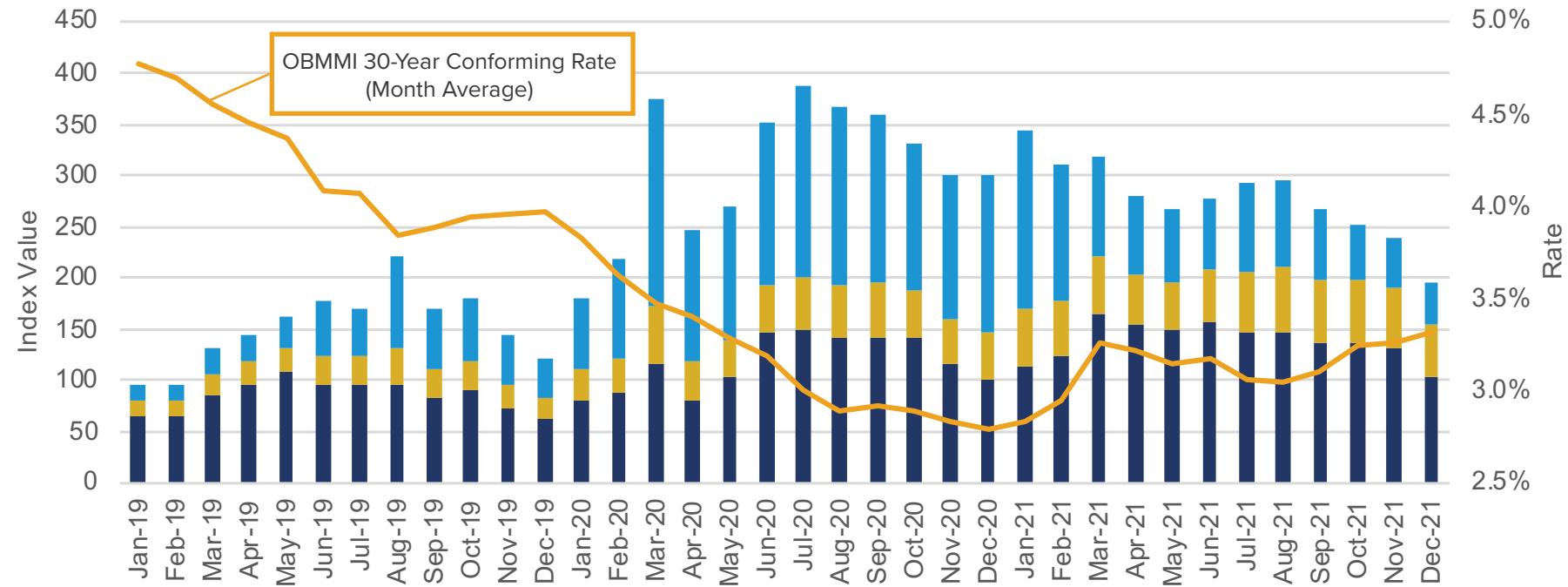
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	1.52%	9 BPS	0 BPS	59 BPS
	30-Year Conforming	3.35%	8 BPS	15 BPS	58 BPS
	10-Year to 30-Year Spread	1.83%	(1 BPS)	15 BPS	(1 BPS)







ORIGINATIONS MARKET MONITOR

DECEMBER 2021 LOCK VOLUME BY LOAN PURPOSE

Here, we break down December'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	102	(22.5%)	(25.2%)	1.5%
	Cash-Out Refinance	53	(9.7%)	(12.2%)	17.6%
	Rate/Term Refinance	40	(17.1%)	(42.4%)	(73.9%)
	Total	196	(18.3%)	(26.8%)	(34.9%)
Refinance Share*		48%	285 BPS	(109 BPS)	(1874 BPS)

*Refinance Share changes reflect inter-period delta



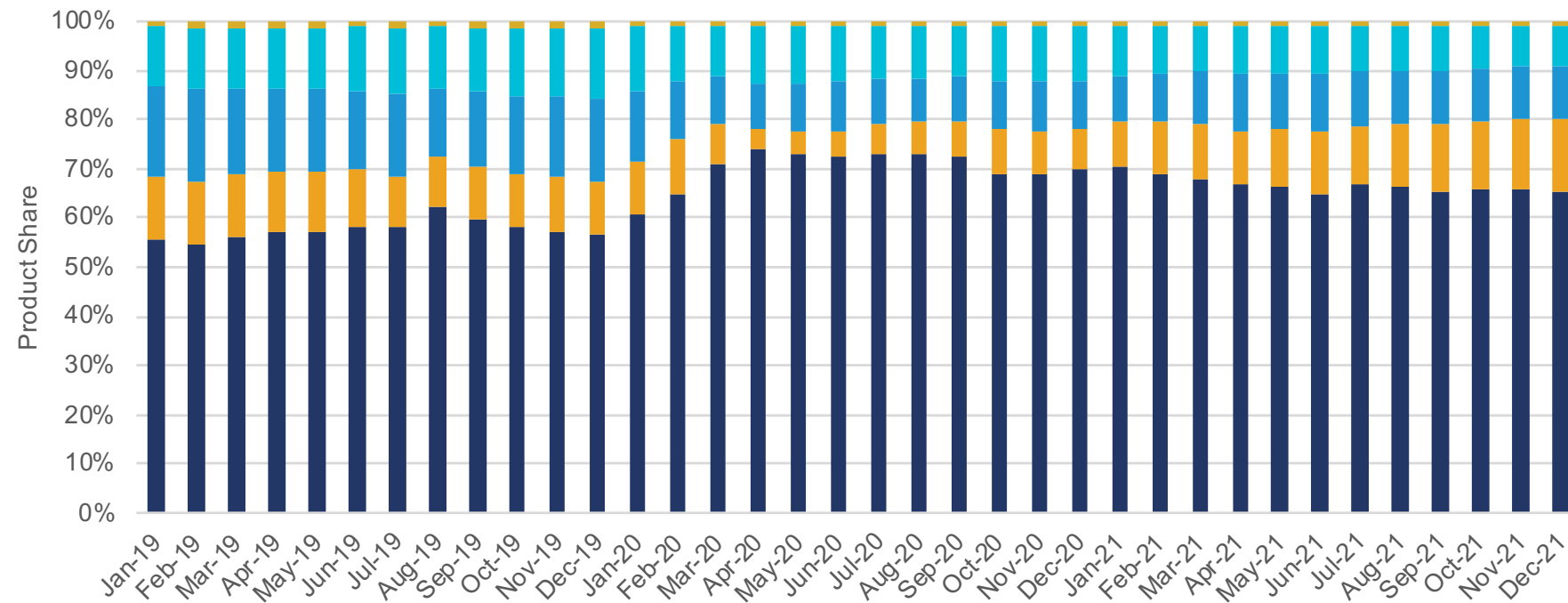
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DECEMBER 2021 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down December'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	65.3%	(57 BPS)	(12 BPS)	(448 BPS)
	Nonconforming	14.8%	43 BPS	107 BPS	630 BPS
	FHA	10.5%	2 BPS	(35 BPS)	128 BPS
	VA	8.6%	19 BPS	(48 BPS)	(303 BPS)
	USDA	0.7%	(8 BPS)	(11 BPS)	(7 BPS)

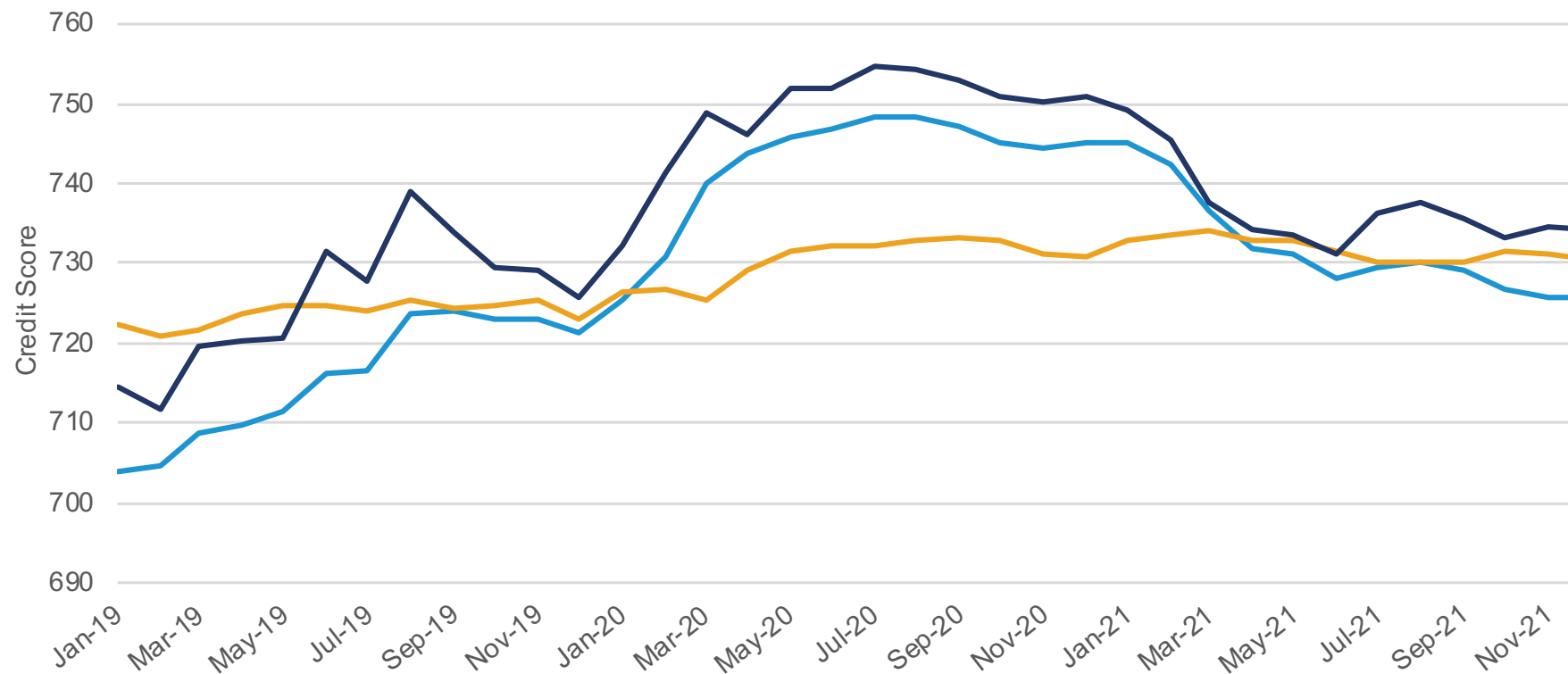







ORIGINATIONS MARKET MONITOR

DECEMBER 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.



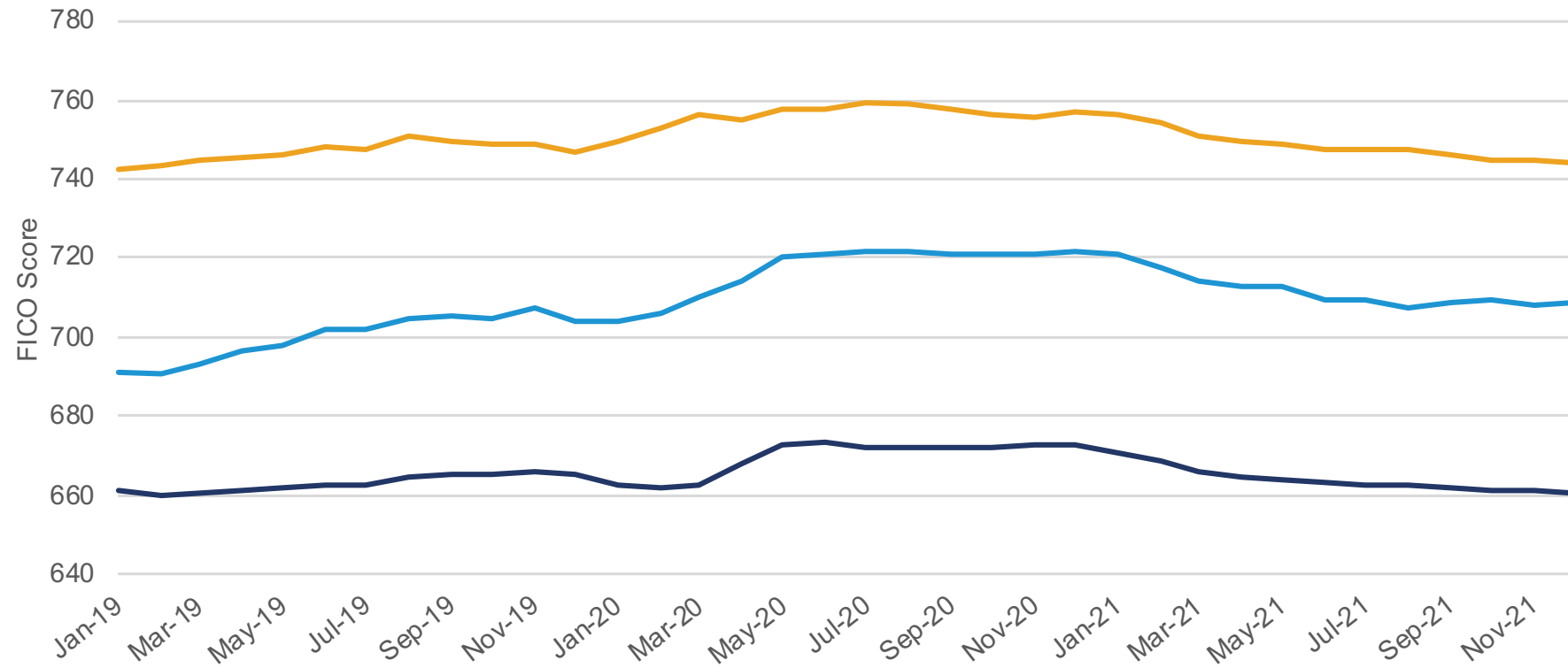
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	726	0	-3	-19
	Purchase	730	-1	0	-1
	Rate/Term Refi	734	0	-1	-17






ORIGINATIONS MARKET MONITOR

DECEMBER 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.



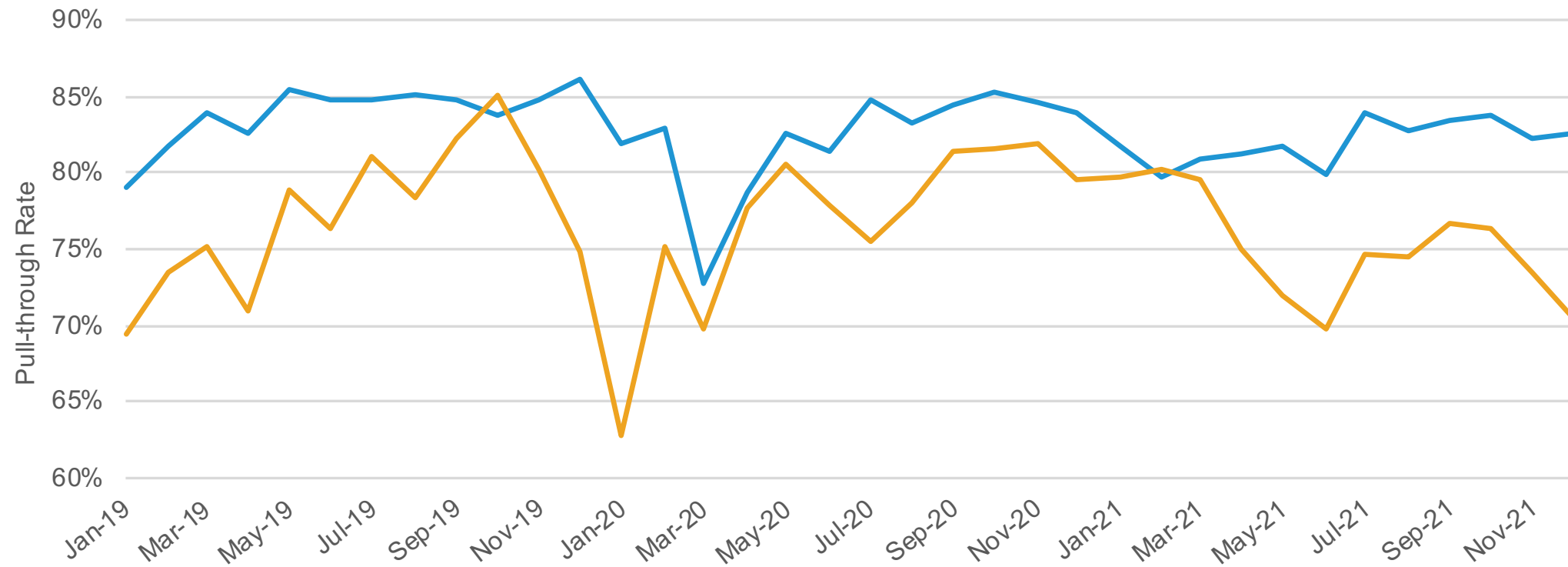
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	744	0	-2	-13
	FHA	660	-1	-2	-13
	VA	709	0	0	-13





ORIGINATIONS MARKET MONITOR

DECEMBER 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.



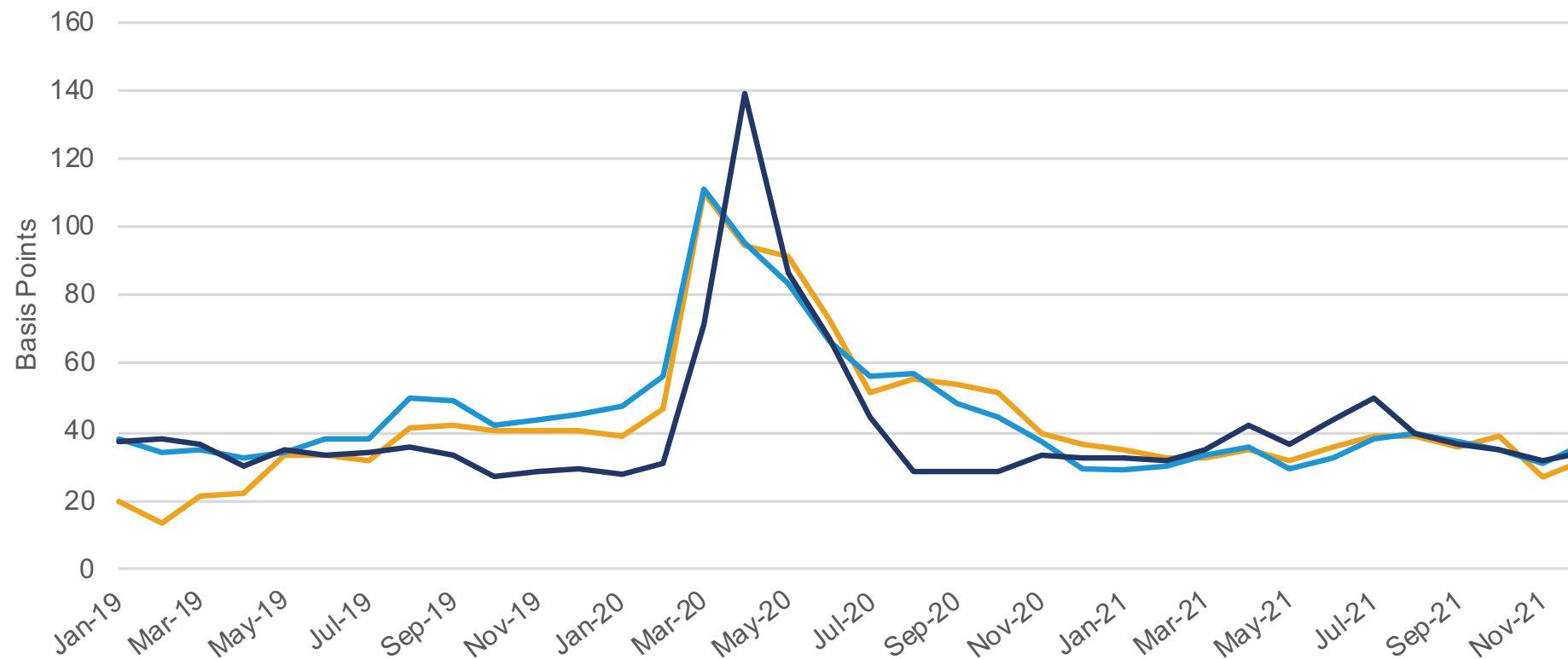
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	82.6%	34 BPS	(75 BPS)	(137 BPS)
	Refinance Pull-Through	70.4%	(299 BPS)	(631 BPS)	(917 BPS)






ORIGINATIONS MARKET MONITOR

DECEMBER 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	36 BPS	6 BPS	(1 BPS)	7 BPS
	15-Year Conforming	32 BPS	5 BPS	(4 BPS)	(5 BPS)
	30-Year Government	34 BPS	2 BPS	(2 BPS)	2 BPS

