



ORIGINATIONS MARKET MONITOR



FEBRUARY 2022 REPORT



ORIGINATIONS MARKET MONITOR

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FEBRUARY 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.

The month's pipeline data showed rate locks falling 5.4% from January, driven by declines in both cash-out and rate/term refinance locks, which saw month-over-month drops of 15.3% and 34.1%, respectively. Rate/term refinance lending activity was down for the fifth consecutive month – falling to the lowest level in three years – and is now more than 80% off 2021 levels. Cash-out locks – which have been somewhat buffered from rising rates by soaring home values – registered a 6.3% year-over-year decline in February. Non-conforming loan products continued to gain market share at the expense of agency volumes as the pace of [home price growth has reaccelerated](#).

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.



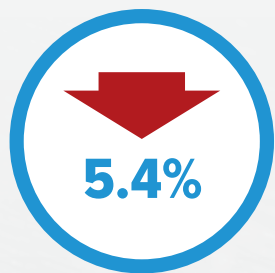


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FEBRUARY 2022 NATIONAL RATE LOCK METRICS

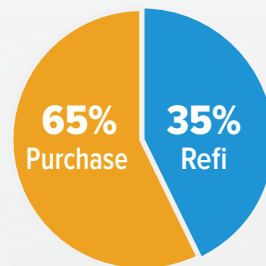
Here, we look at February's national origination numbers to give a high-level overview of the month's activity. This information is drawn from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.

FEBRUARY NATIONAL STATS



RATE LOCK VOLUME

Purchase locks increased on strong housing demand, but refis dropped sharply as the 30-year mortgage rate topped 4% for the first time since November 2019



MARKET MIX

Declines in both rate/term and cash-out locks moved the refi share of the market mix to its lowest level since May 2019



AVERAGE LOAN AMOUNT

February's \$6.5K increase was slightly higher than January's \$6.4K



MONTH-END CONFORMING RATE

Black Knight's [Optimal Blue Mortgage Market Indices](#) tracked a 30 BPS month-over-month rise in 30-year rate offerings

Fed policy changes and geopolitical uncertainty have driven the spread between 30-year rates and 10-year Treasury yields above 2.25%, a 40-basis-point jump over the last three months





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FEBRUARY 2022 TOP 20 METROPOLITAN AREAS

Here, we look at February'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 Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	-5.4%	353,830	4.014	728	77	65%	35%
1 Los Angeles-Long Beach-Anaheim, CA	5.1%	-3.2%	667,756	3.894	737	67	53%	47%
2 New York-Newark-Jersey City, NY-NJ-PA	4.3%	-13.3%	498,964	3.922	736	73	63%	37%
3 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.7%	-5.0%	488,548	3.816	738	80	71%	29%
4 Phoenix-Mesa-Scottsdale, AZ	3.4%	-8.5%	377,452	4.100	728	74	61%	39%
5 Chicago-Naperville-Elgin, IL-IN-WI	3.1%	-2.1%	315,354	3.989	735	80	75%	25%
6 Dallas-Fort Worth-Arlington, TX	2.8%	-3.0%	356,385	4.031	731	77	69%	31%
7 Miami-Fort Lauderdale-West Palm Beach, FL	2.7%	-1.0%	436,903	4.115	728	74	66%	34%
8 Seattle-Tacoma-Bellevue, WA	2.4%	5.3%	553,912	3.951	740	73	65%	35%
9 Atlanta-Sandy Springs-Roswell, GA	2.4%	3.1%	325,659	4.032	719	78	65%	35%
10 Riverside-San Bernardino-Ontario, CA	2.2%	-7.7%	420,764	3.996	718	74	54%	46%





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FEBRUARY 2022 TOP 20 METROPOLITAN AREAS

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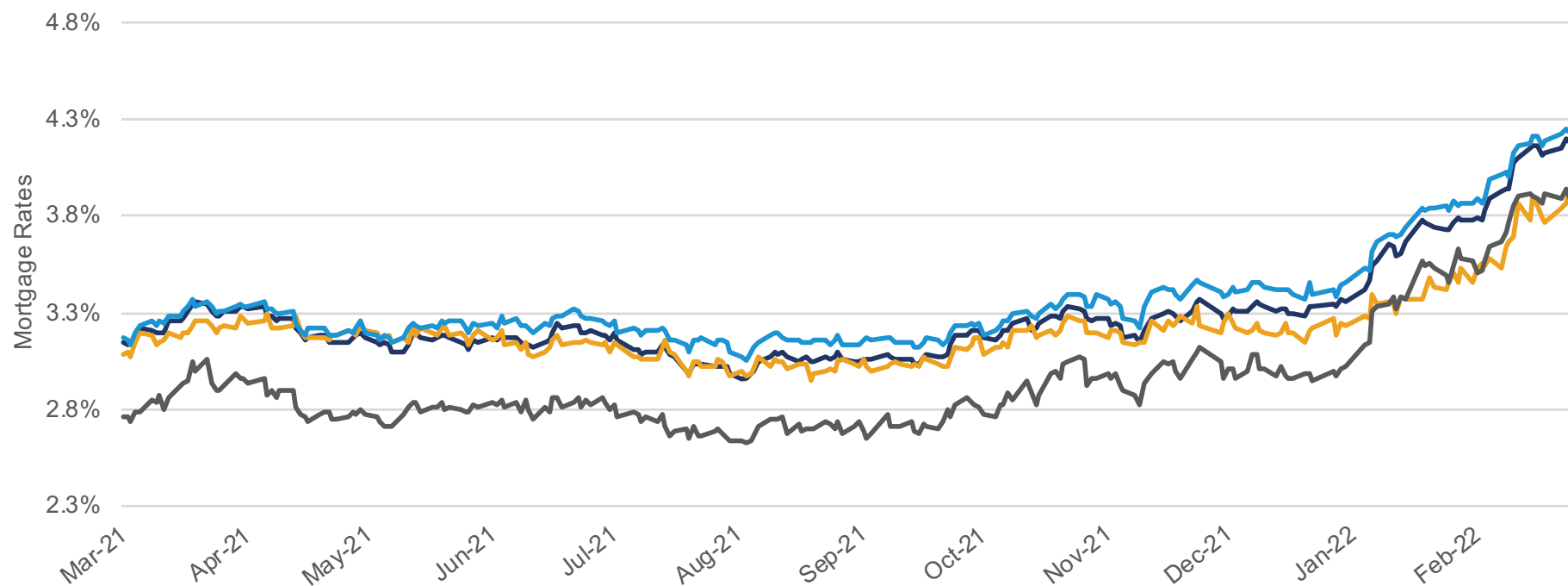
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	-5.4%	353,830	4.014	728	77	65%	35%
11 Houston-The Woodlands-Sugar Land, TX	2.2%	-6.1%	312,244	4.044	726	80	76%	24%
12 Denver-Aurora-Lakewood, CO	2.2%	-2.7%	448,711	3.934	739	72	62%	38%
13 San Francisco-Oakland-Hayward, CA	2.1%	-7.2%	764,315	3.856	751	66	60%	40%
14 San Diego-Carlsbad, CA	1.7%	-17.6%	632,270	3.848	743	69	55%	45%
15 Boston-Cambridge-Newton, MA-NH	1.6%	-11.5%	495,937	3.812	743	72	63%	37%
16 Austin-Round Rock, TX	1.5%	-6.1%	441,993	3.993	745	73	69%	31%
17 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	-11.0%	311,880	3.949	729	79	68%	32%
18 Tampa-St. Petersburg-Clearwater, FL	1.3%	-9.8%	323,794	4.057	725	77	64%	36%
19 Las Vegas-Henderson-Paradise, NV	1.3%	3.7%	366,608	4.104	728	77	65%	35%
20 Sacramento-Roseville-Arden-Arcade, CA	1.3%	-3.8%	444,008	3.941	735	71	59%	41%







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FEBRUARY 2022 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.



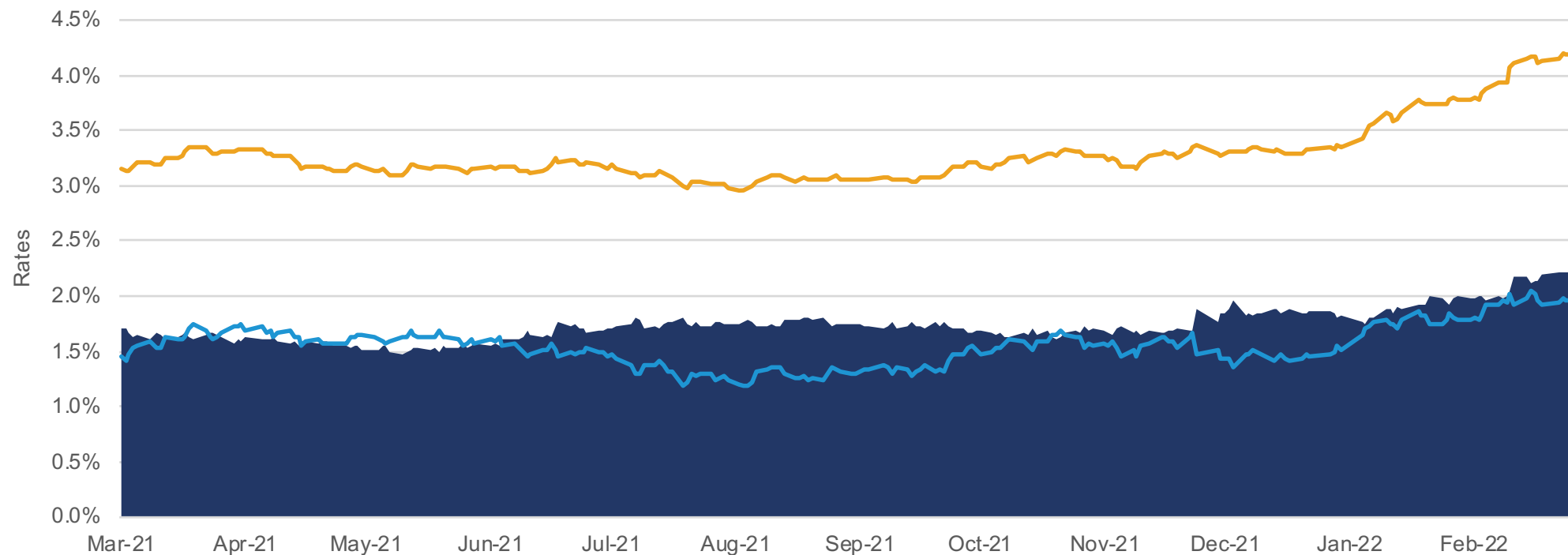
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	4.09%	32 BPS	82 BPS	87 BPS
	30-Year Jumbo	3.76%	30 BPS	51 BPS	63 BPS
	30-Year FHA	4.11%	25 BPS	73 BPS	89 BPS
	30-Year VA	3.77%	21 BPS	81 BPS	96 BPS






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FEBRUARY 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 Black Knight's [secondary market hedging platform](#). Click on each chart to see its contents in high resolution.



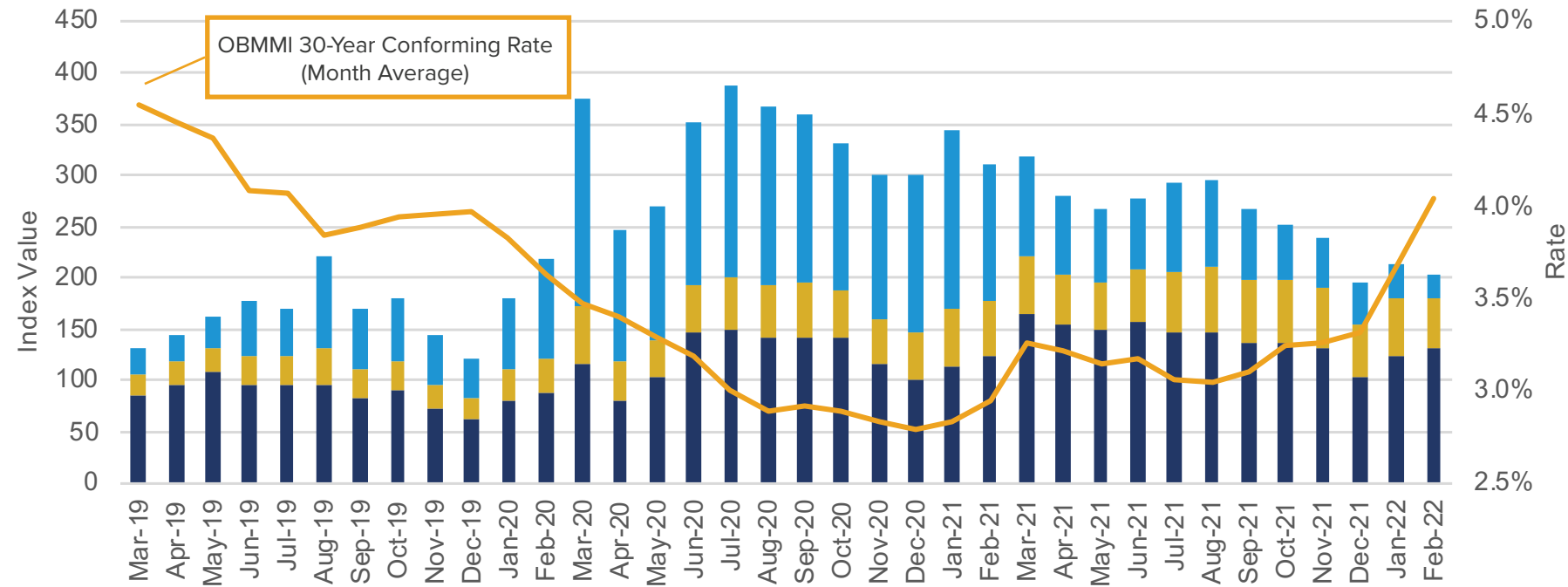
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	1.83%	4 BPS	40 BPS	39 BPS
	30-Year Conforming	4.09%	32 BPS	82 BPS	87 BPS
	10-Year to 30-Year Spread	2.26%	28 BPS	42 BPS	48 BPS



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FEBRUARY 2022 LOCK VOLUME BY LOAN PURPOSE

Here, we break down February'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	132	7.2%	(0.4%)	5.6%
	Cash-Out Refinance	49	(15.3%)	(16.4%)	(6.3%)
	Rate/Term Refinance	22	(34.1%)	(54.4%)	(83.3%)
	Total	203	(5.4%)	(15.3%)	(34.5%)
Refinance Share*		35%	(761 BPS)	(972 BPS)	(2466 BPS)

*Refinance share changes reflect inter-period delta

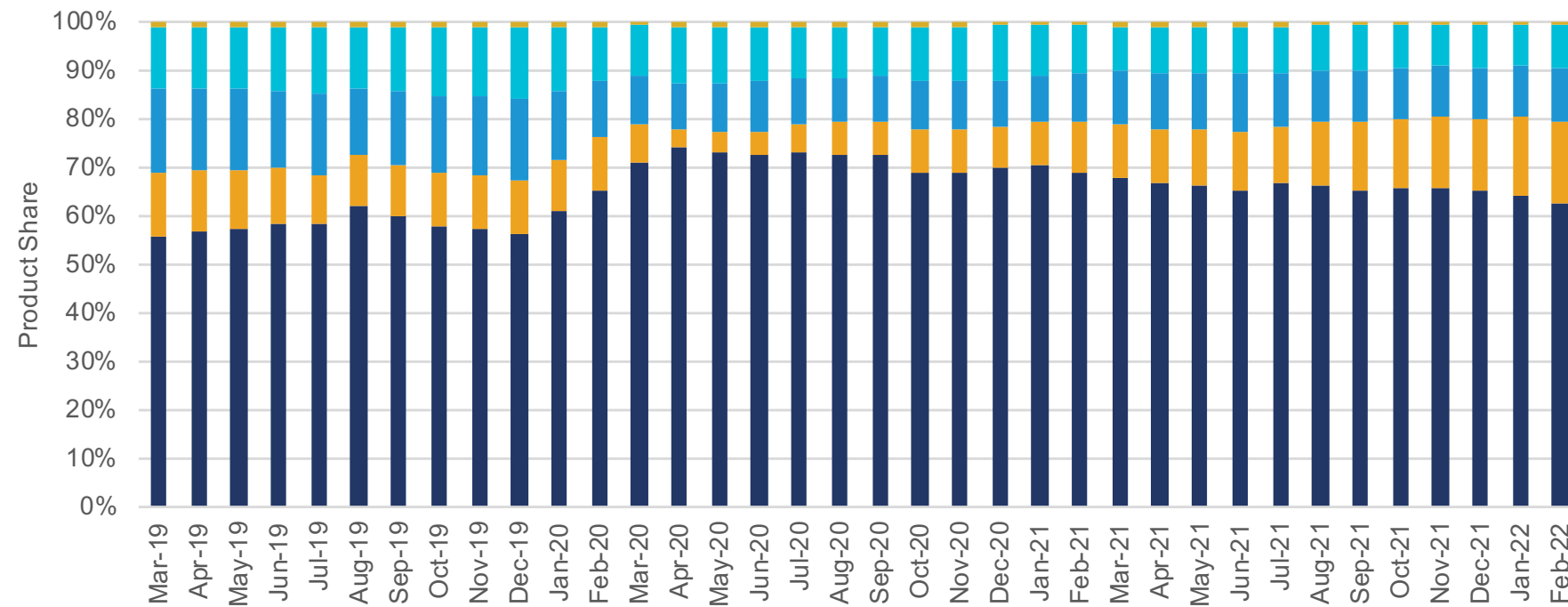









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FEBRUARY 2022 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down February'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.



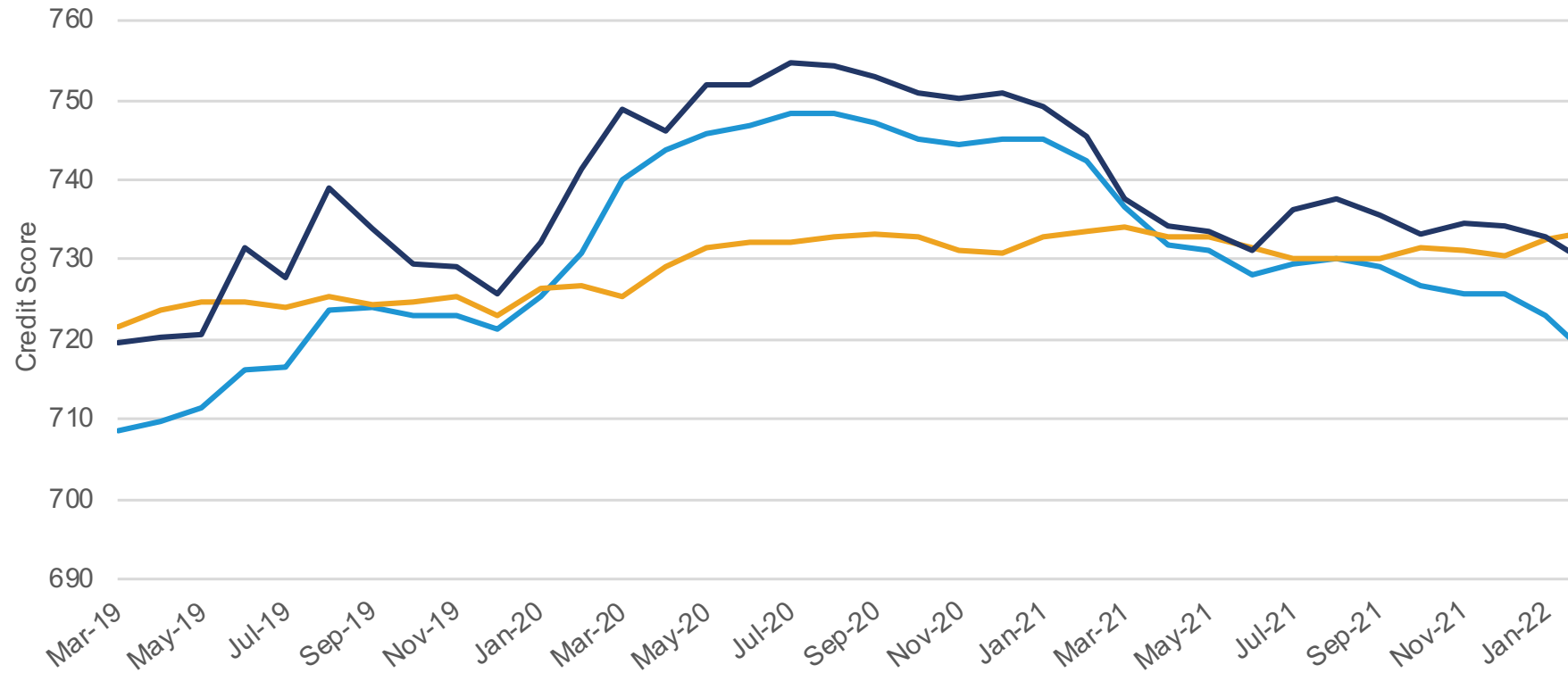
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	62.5%	(159 BPS)	(341 BPS)	(633 BPS)
	Nonconforming	17.0%	79 BPS	259 BPS	616 BPS
	FHA	11.1%	38 BPS	60 BPS	131 BPS
	VA	8.7%	43 BPS	29 BPS	(105 BPS)
	USDA	0.7%	(1 BPS)	(7 BPS)	(10 BPS)






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FEBRUARY 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 Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



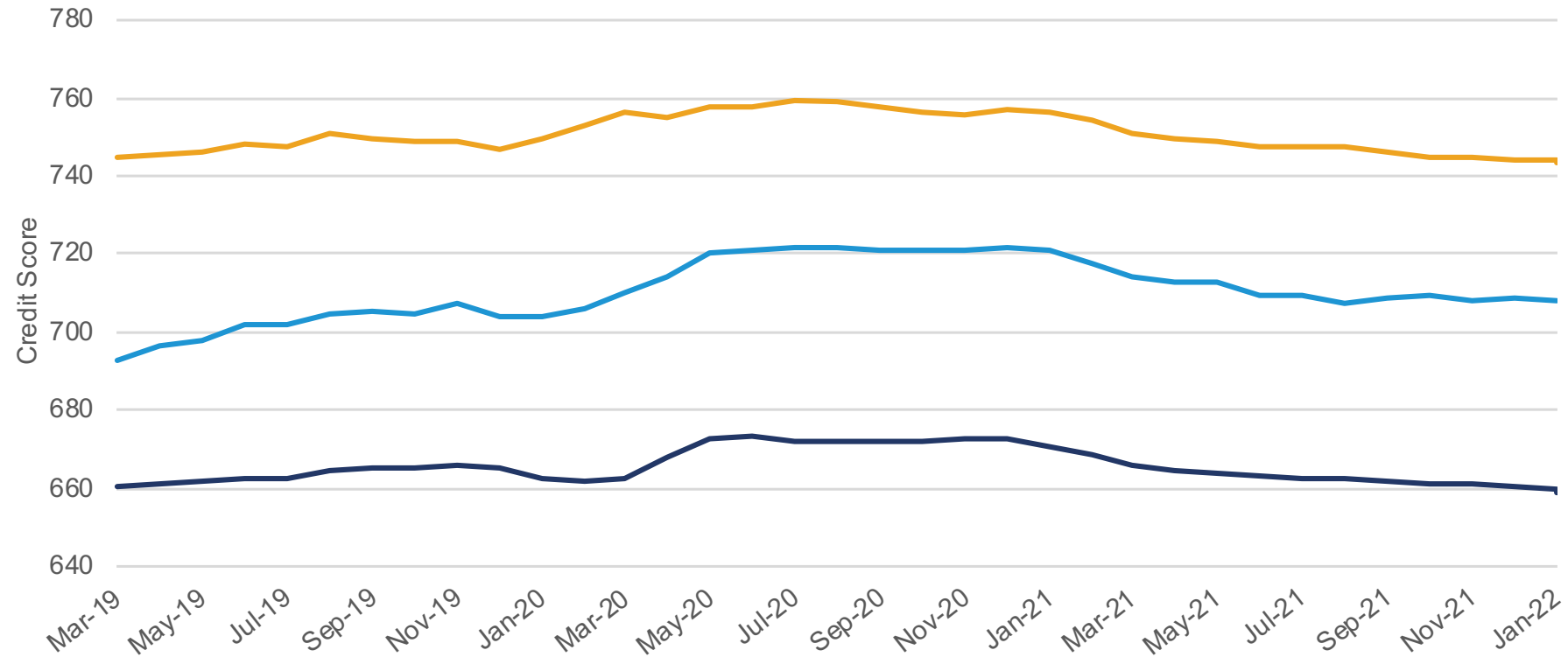
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	734	1	2	0
	Cash-Out Refi	718	-5	-8	-24
	Rate/Term Refi	729	-4	-5	-16






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FEBRUARY 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 Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



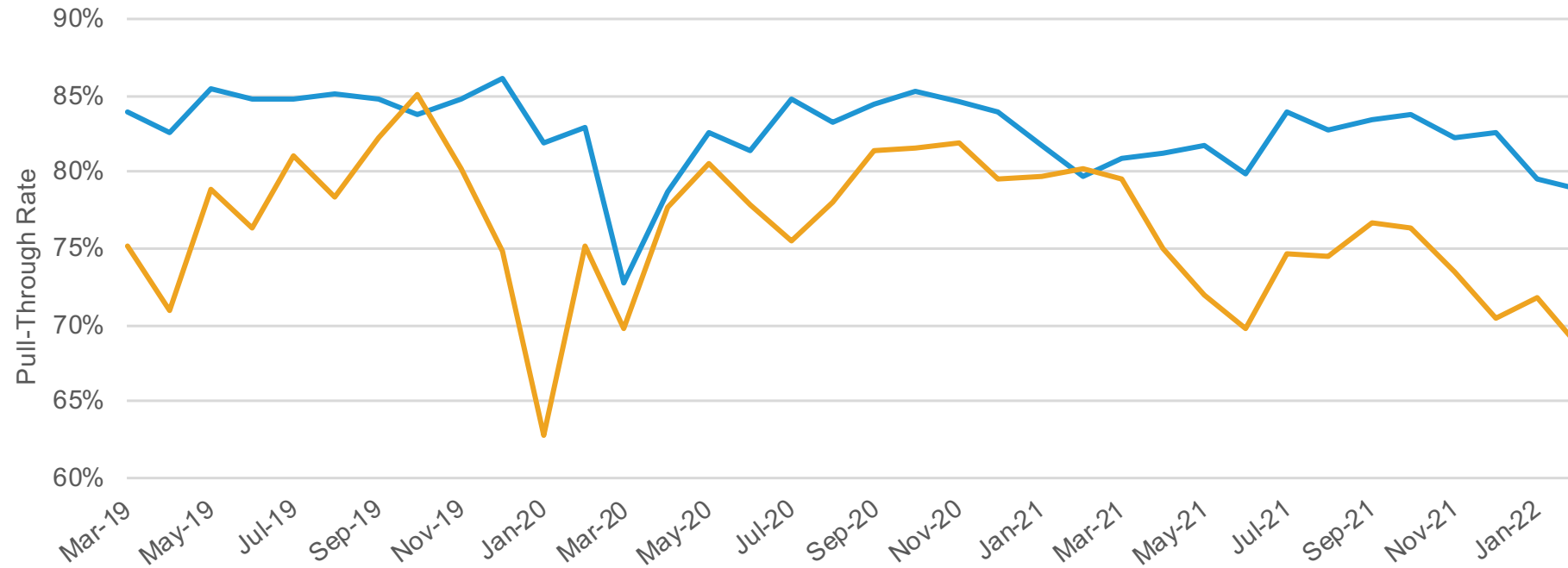
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	FHA	659	-1	-2	-10
	VA	708	0	0	-9
	Conforming	743	-1	-1	-11





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FEBRUARY 2022 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.



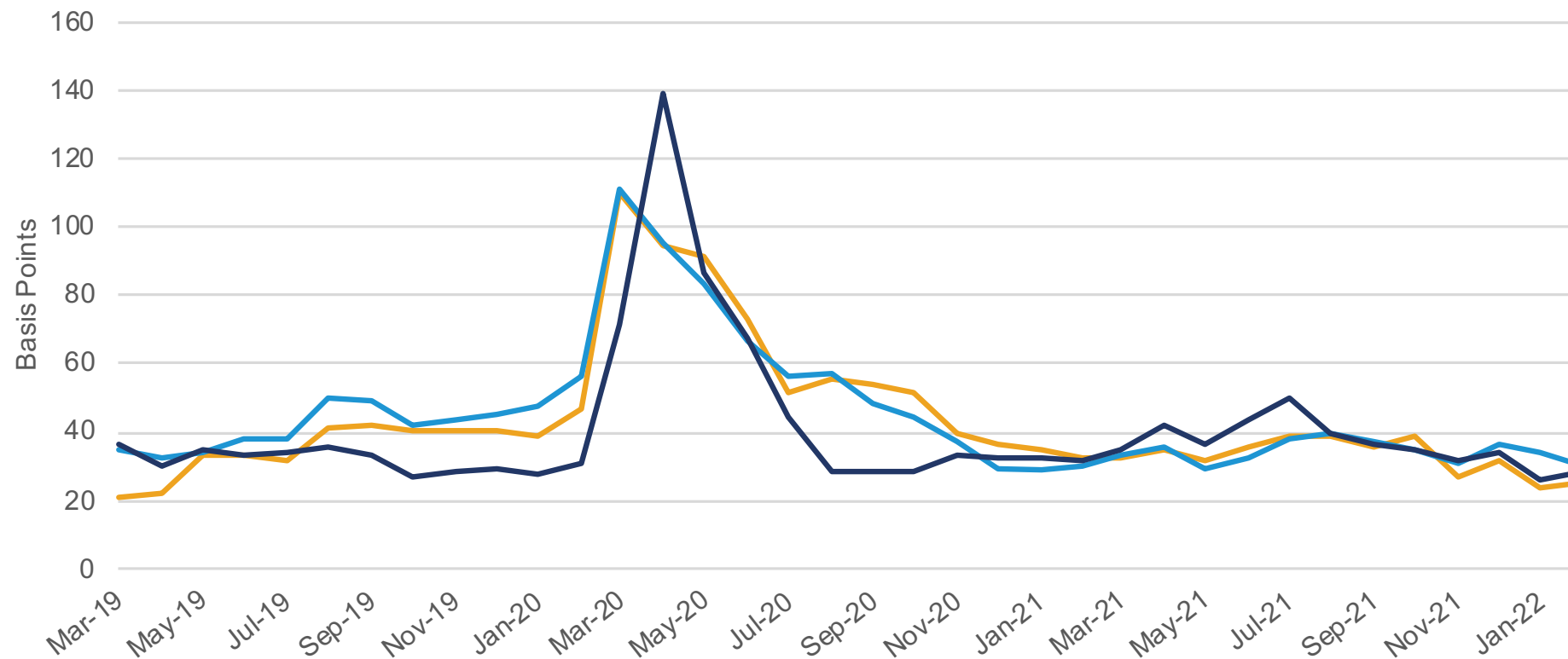
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	78.9%	(62 BPS)	(333 BPS)	(81 BPS)
	Refinance Pull-Through	68.6%	(322 BPS)	(482 BPS)	(1161 BPS)






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FEBRUARY 2022 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	30 BPS	(4 BPS)	(1 BPS)	(1 BPS)
	15-Year Conforming	25 BPS	1 BPS	(2 BPS)	(7 BPS)
	30-Year Government	28 BPS	2 BPS	(4 BPS)	(3 BPS)

