



**ORIGINATIONS
MARKET MONITOR**



ORIGINATIONS MARKET MONITOR

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MAY 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.

Overall rate lock volume was down again in May, with declines seen across all loan purposes – purchase loans as well as cash-out and rate/term refinances. [Inventory challenges](#) in the real estate market appear to be putting downward pressure on purchase lending, while refinance activity continues to be constrained despite historically low interest rates. We also saw the average loan amount tick up in May, likely due to a growing jumbo share of lending alongside home price appreciation. And while refinance incentive has returned to the market, with more than 14 million high-quality refi candidates – a 15% increase from March – actual refinance rate locks dropped by 27% over the same period.

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.



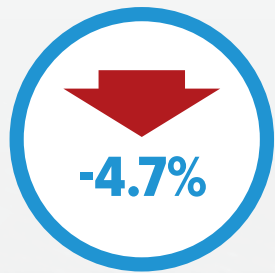


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MAY 2021 NATIONAL RATE LOCK METRICS

Here, we look at the month'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.

MAY NATIONAL STATS



RATE LOCK VOLUME

Declines were seen across purchase locks (-3.4%) as well as both cash-out (-3.4%) and rate/term (-8.2%) refinance locks



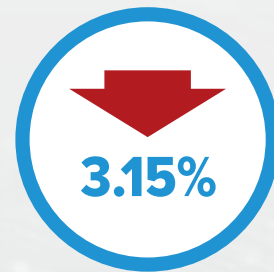
AVERAGE LOAN AMOUNT

The average loan amount was up \$6,000 from April, likely a function of a growing jumbo share of lending alongside home price appreciation



AVERAGE CREDIT SCORE

Average credit scores remained flat in May



MONTH-END CONFORMING RATE

May's month-end average conforming 30-year rate was down 2 basis points from April and down 7 basis points since the end of February

Though interest rate offerings trended lower across all mortgage products in May, overall rate locks were still down across the board.





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MAY 2021 TOP 20 METROPOLITAN AREAS

Here we look at May'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%	-4.7%	316,549	3.119	733	75	56%	44%
1 Los Angeles-Long Beach-Anaheim, CA	5.2%	-5.8%	558,932	3.077	746	63	41%	59%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	4.4%	-1.7%	452,702	2.991	743	75	58%	42%
3 New York-Newark-Jersey City, NY-NJ-PA	4.3%	-9.1%	435,970	3.087	739	72	55%	45%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.4%	-7.1%	288,603	3.101	737	78	63%	37%
5 Seattle-Tacoma-Bellevue, WA	2.7%	1.4%	491,744	3.089	746	69	54%	46%
6 Phoenix-Mesa-Scottsdale, AZ	2.7%	-4.4%	321,849	3.202	731	72	49%	51%
7 Dallas-Fort Worth-Arlington, TX	2.5%	-5.6%	316,183	3.125	730	77	59%	41%
8 San Francisco-Oakland-Hayward, CA	2.4%	-8.4%	659,132	3.042	758	60	43%	57%
9 Boston-Cambridge-Newton, MA-NH	2.3%	-1.3%	459,722	3.027	747	69	56%	44%
10 Denver-Aurora-Lakewood, CO	2.3%	-4.0%	401,974	3.090	744	71	52%	48%





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MAY 2021 TOP 20 METROPOLITAN AREAS

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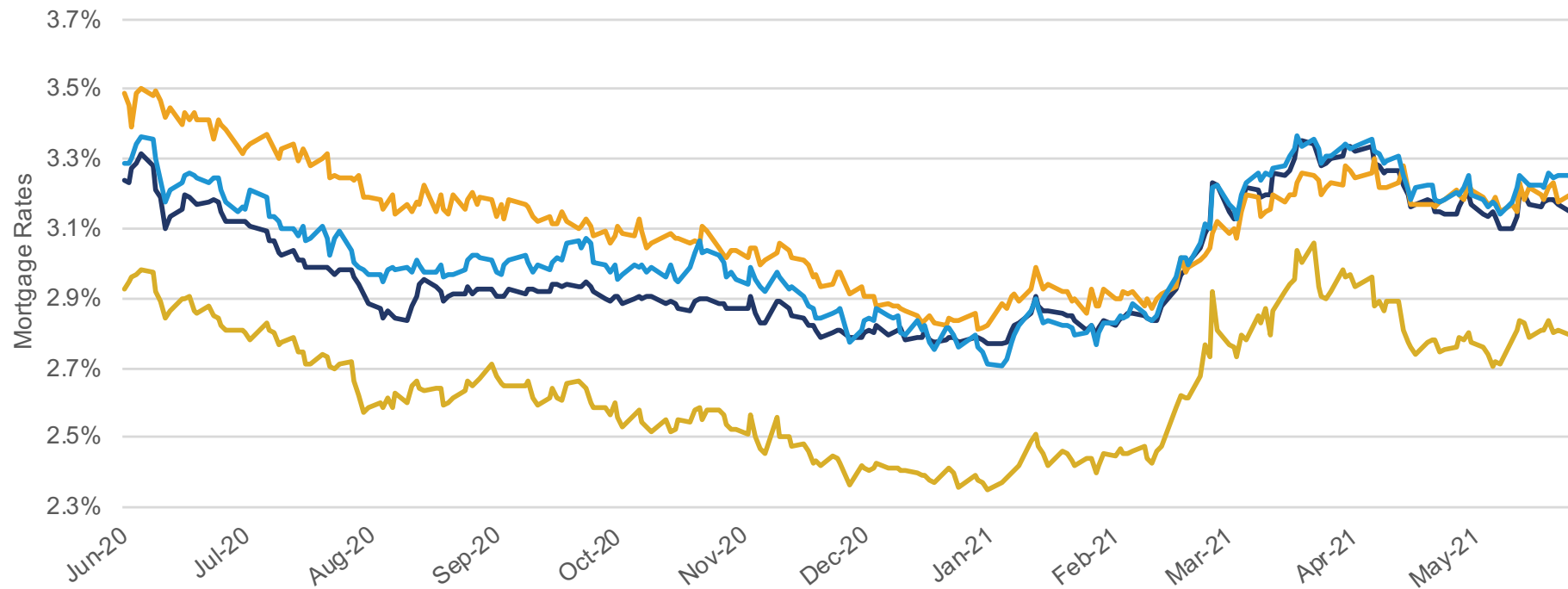
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
11 Atlanta-Sandy Springs-Roswell, GA	2.1%	-4.0%	292,144	3.111	724	76	60%	40%
12 Riverside-San Bernardino-Ontario, CA	2.0%	-7.6%	361,991	3.114	724	71	44%	56%
13 Houston-The Woodlands-Sugar Land, TX	1.9%	-11.0%	288,501	3.132	726	80	66%	34%
14 Miami-Fort Lauderdale-West Palm Beach, FL	1.8%	-11.3%	360,514	3.237	728	73	61%	39%
15 San Diego-Carlsbad, CA	1.7%	-7.4%	533,388	2.989	750	66	41%	59%
16 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	-8.2%	291,003	3.110	733	76	58%	42%
17 Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	2.7%	309,228	3.063	746	76	60%	40%
18 Austin-Round Rock, TX	1.4%	-7.4%	376,391	3.088	748	72	62%	38%
19 Baltimore-Columbia-Towson, MD	1.3%	-0.9%	338,774	3.080	735	78	57%	43%
20 Portland-Vancouver-Hillsboro, OR-WA	1.2%	-5.0%	381,638	3.082	748	70	52%	48%







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MAY 2021 MARKET RATE INDICES

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



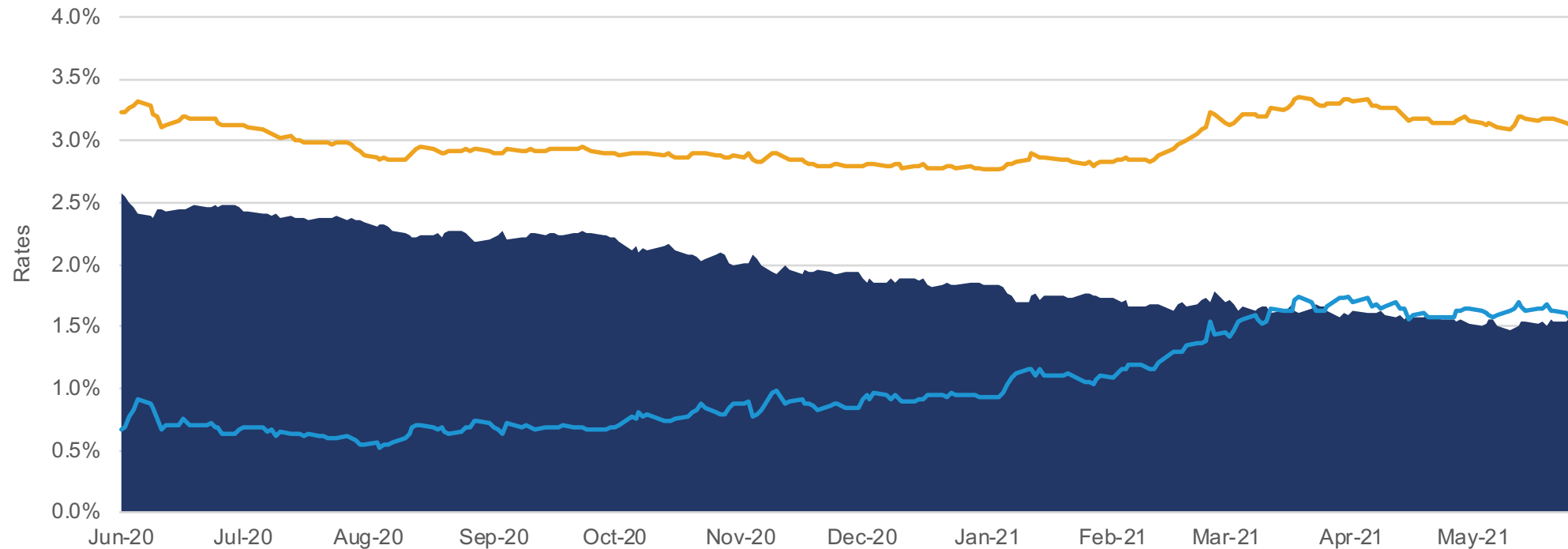
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	3.15%	(2 BPS)	(7 BPS)	(8 BPS)
	30-Year Jumbo	3.21%	BPS	9 BPS	(27 BPS)
	30-Year FHA	3.23%	3 BPS	1 BPS	(8 BPS)
	30-Year VA	2.81%	4 BPS	BPS	(12 BPS)






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MAY 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 hedging analytics platform. Click on each chart to see its contents in high-resolution.



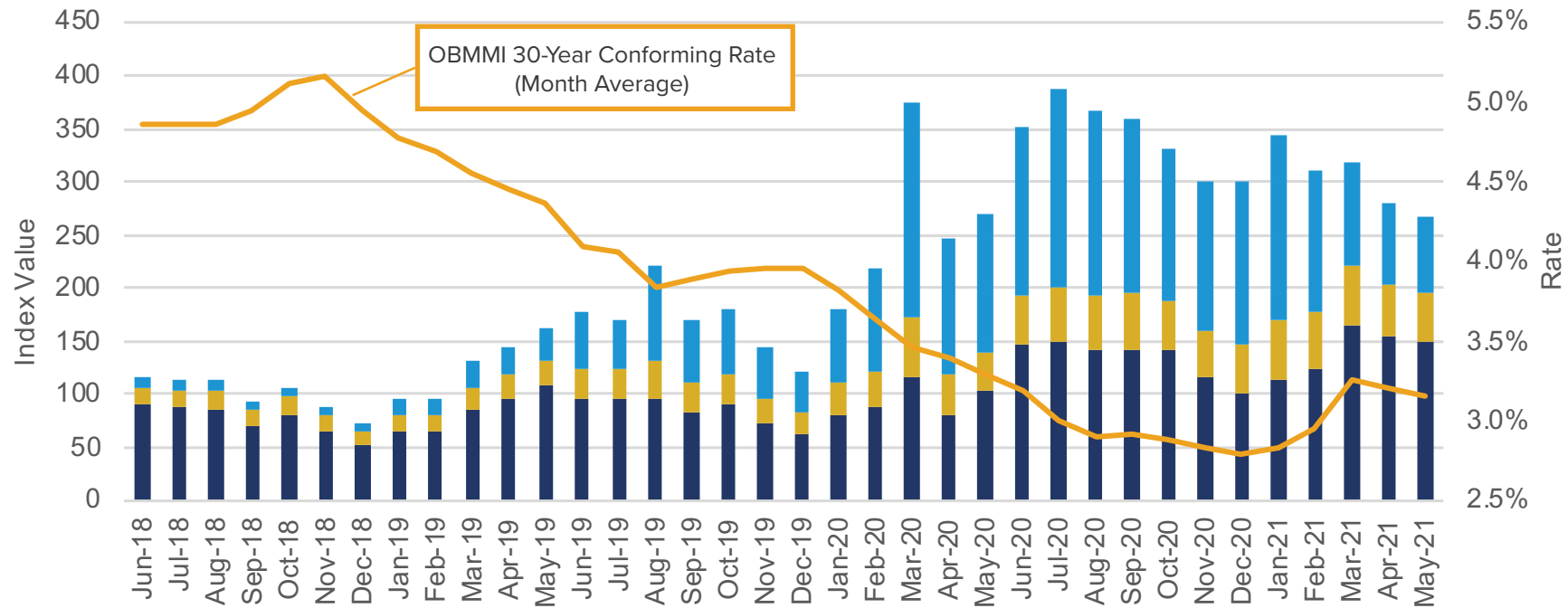
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	1.58%	(7 BPS)	14 BPS	93 BPS
	30-Year Conforming	3.15%	(2 BPS)	(7 BPS)	(8 BPS)
	10-Year to 30-Year Spread	1.57%	5 BPS	(21 BPS)	(101 BPS)







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MAY 2021 LOCK VOLUME BY LOAN PURPOSE

Here we break down May'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	150	(3.4%)	20.1%	43.4%
	Cash-Out Refinance	46	(3.4%)	(13.2%)	32.2%
	Rate-Term Refinance	72	(8.2%)	(46.1%)	(44.8%)
	Total	267	(4.8%)	(13.9%)	(0.7%)
Refinance Share*		44%	(77 BPS)	(1588 BPS)	(1723 BPS)

*Refinance Share changes reflect inter-period delta

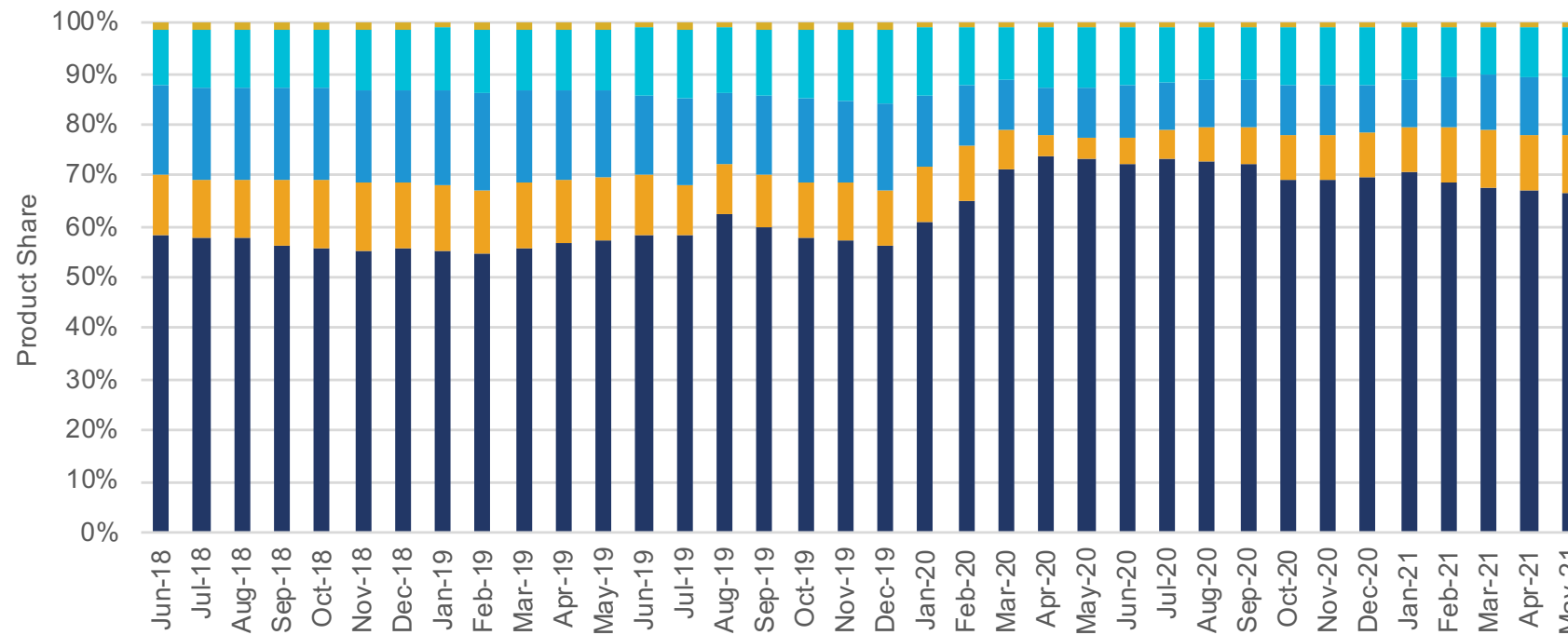









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MAY 2021 MIX OF BUSINESS BY LOAN PRODUCT

Here we break down May'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.



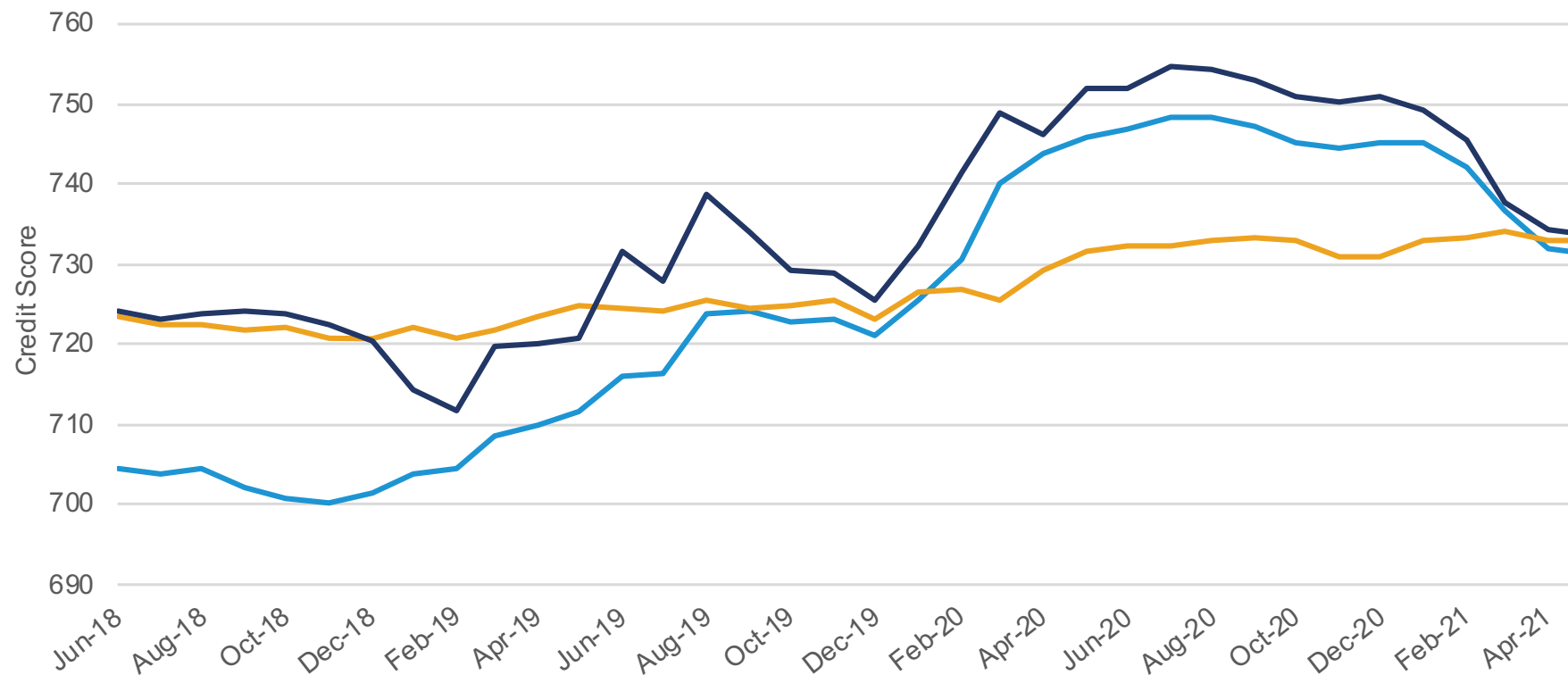
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	67.1%	(66 BPS)	(348 BPS)	(695 BPS)
	Non-Conforming	10.6%	(58 BPS)	147 BPS	659 BPS
	FHA	11.7%	78 BPS	273 BPS	248 BPS
	VA	9.7%	44 BPS	(87 BPS)	(217 BPS)
	USDA	0.9%	2 BPS	14 BPS	5 BPS



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MAY 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.



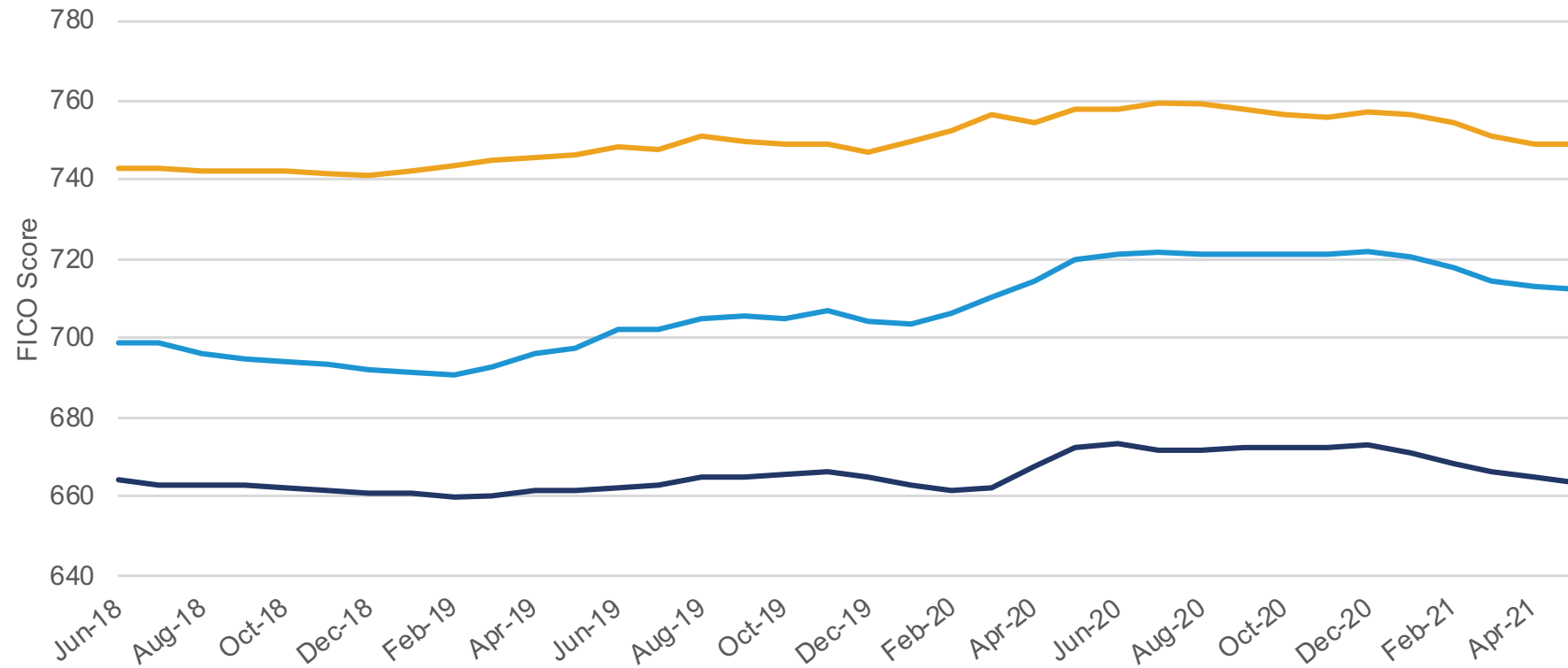
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash Out Refi	731	-1	-11	-15
	Purchase	733	0	-1	1
	Rate/Term Refi	734	-1	-12	-18






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MAY 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.



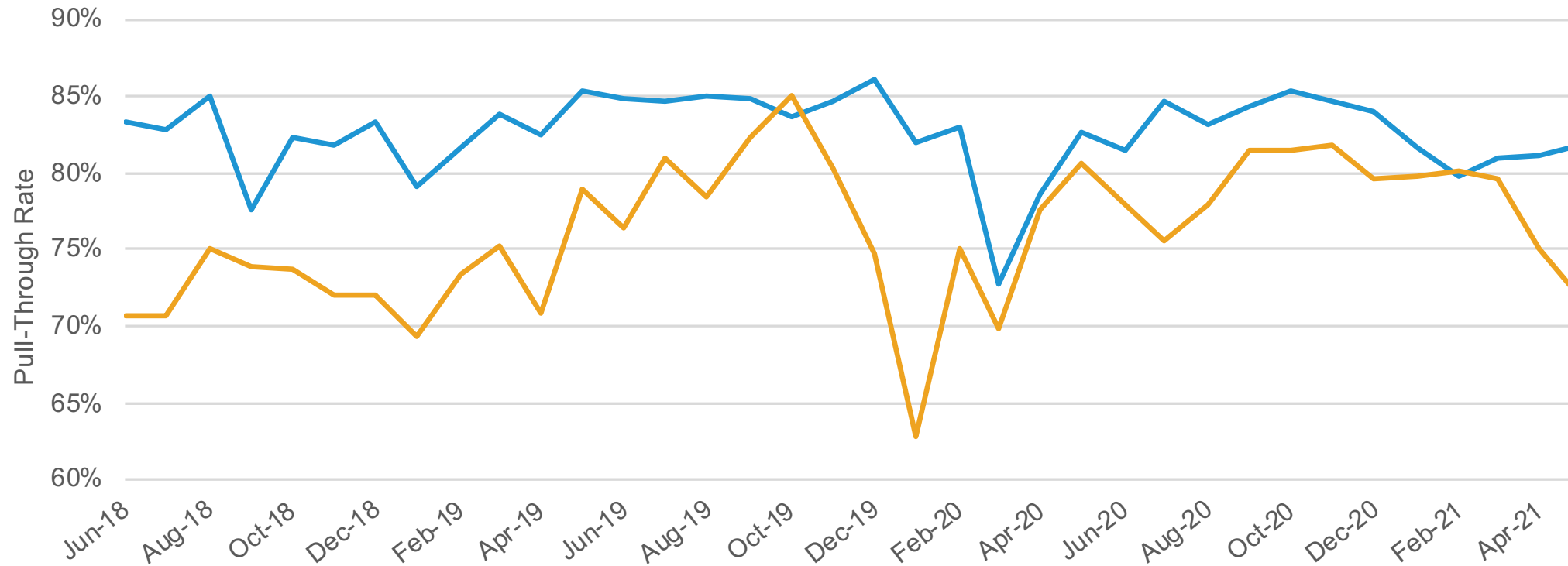
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	742	0	-6	-9
	FHA	668	-1	-5	-9
	VA	700	-1	-5	-8





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MAY 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.



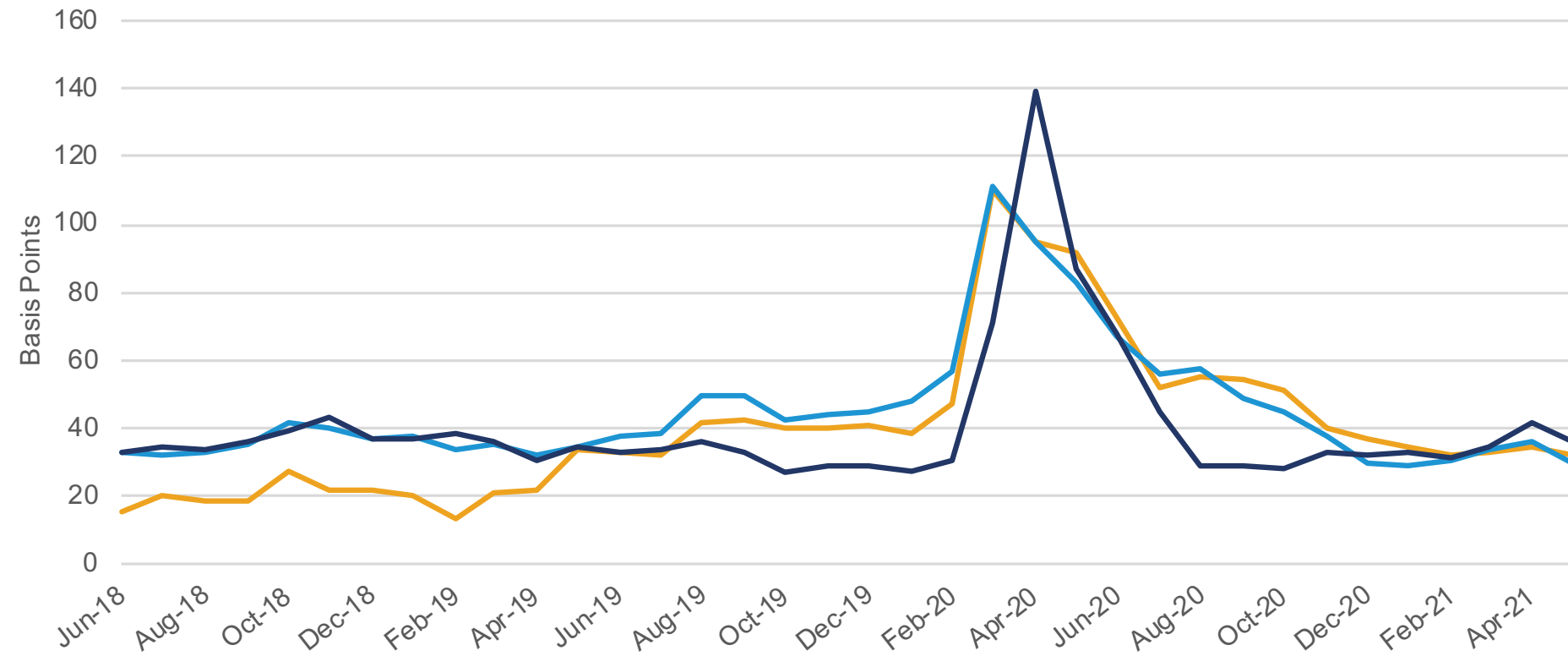
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	81.8%	58 BPS	203 BPS	(86 BPS)
	Refinance Pull-Through	71.9%	(315 BPS)	(831 BPS)	(869 BPS)






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MAY 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 hedging analytics 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	29 BPS	(6 BPS)	(1 BPS)	(54 BPS)
	15-Year Conforming	32 BPS	(3 BPS)	(BPS)	(60 BPS)
	30-Year Government	36 BPS	(5 BPS)	5 BPS	(50 BPS)

