ORIGINATIONS
MARKET MONITOR

BLACK KNIGHT®

MAY 2022 REPORT

ORIGINATIONS
MARKET MONITOR

CONTENTS

MAY 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 4.8% as interest rates hit a plateau. The benchmark 30-year mortgage rate rose to 5.5% early in the month, before retreating 20 basis points to finish May at 5.34%, down 7 BPS from the previous month. Overall, locks were down 31.3% year over year. Rate/term locks decreased 23.6% in May, while cash outs, which had been somewhat insulated by continued home value appreciation, fell 11.9%. Purchases, while struggling under high home prices, lack of inventory and a higher rate environment, now make up the largest share of rate locks (82%) since Optimal Blue began tracking the data in 2018.

Government-backed FHA and VA locks captured additional market share from conforming products, a trend also likely reflected in the decline seen in the average loan amount. Borrower credit scores fell in May, led by another steep drop in cash-out refinance credit scores, which are now below 700 on average, down 20 points in the last three months and 33 points year over year.

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**.
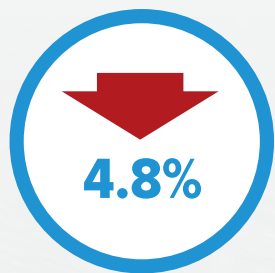
ORIGINATIONS MARKET MONITOR

MAY 2022 NATIONAL RATE LOCK METRICS

Here, we look at May'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 each chart to see its contents in high resolution.

MAY NATIONAL STATS

RATE LOCK VOLUME
4.8%

Locks decreased across all loan categories, led by a nearly 24% decrease in rate/term refinances

MARKET MIX

18% Refi
82% Purchase
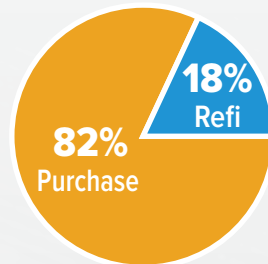
As refinance activity continues to dwindle, lenders are now more reliant on the purchase market than they have been in 20 years

AVERAGE LOAN AMOUNT
$359K

The average loan amount decreased by $3K in May

MONTH-END CONFORMING RATE
5.34%

Our Optimal Blue Mortgage Market Indices tracked a 7 BPS drop in 30-year rate offerings throughout May

Average borrower credit scores fell across the board, led by cash-out refinance scores, which are now below 700 on average, down 20 points in the last three months and 33 points year over year

ORIGINATIONS MARKET MONITOR

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 the Black Knight 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%**	**-4.8%**	**359,156**	**5.345**	**725**	**80**	**82%**	**18%**
1	New York-Newark-Jersey City, NY-NJ-PA	4.4%	1.8%	515,417	5.245	736	77	82%	18%
2	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.8%	-5.1%	509,869	5.105	736	83	89%	11%
3	Los Angeles-Long Beach-Anaheim, CA	3.7%	-10.4%	672,676	5.239	736	71	73%	27%
4	Chicago-Naperville-Elgin, IL-IN-WI	3.3%	-4.7%	313,369	5.422	731	83	89%	11%
5	Dallas-Fort Worth-Arlington, TX	3.3%	-1.0%	388,515	5.402	729	79	83%	17%
6	Phoenix-Mesa-Scottsdale, AZ	2.8%	-13.4%	403,724	5.424	724	76	76%	24%
7	Seattle-Tacoma-Bellevue, WA	2.4%	-3.0%	585,400	5.307	741	77	85%	15%
8	Houston-The Woodlands-Sugar Land, TX	2.4%	-7.5%	331,938	5.388	723	82	88%	12%
9	Atlanta-Sandy Springs-Roswell, GA	2.4%	-3.6%	352,701	5.327	715	80	78%	22%
10	Miami-Fort Lauderdale-West Palm Beach, FL	2.2%	-10.9%	454,038	5.513	725	77	75%	25%

ORIGINATIONS MARKET MONITOR

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 the Black Knight 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%**	**-4.8%**	**359,156**	**5.345**	**725**	**80**	**82%**	**18%**
11	Denver-Aurora-Lakewood, CO	2.2%	-10.1%	492,461	5.360	739	76	85%	15%
12	Boston-Cambridge-Newton, MA-NH	2.0%	4.4%	560,163	5.116	744	77	88%	12%
13	Riverside-San Bernardino-Ontario, CA	1.8%	-7.9%	444,527	5.335	717	76	73%	27%
14	San Francisco-Oakland-Hayward, CA	1.6%	-7.2%	813,313	5.182	747	72	81%	19%
15	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	-4.8%	336,900	5.314	728	82	84%	16%
16	Austin-Round Rock, TX	1.6%	-13.9%	460,963	5.323	741	78	86%	14%
17	Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	3.0%	353,784	5.298	743	82	88%	12%
18	San Diego-Carlsbad, CA	1.3%	-10.0%	691,952	5.190	744	72	77%	23%
19	Tampa-St. Petersburg-Clearwater, FL	1.3%	-10.5%	350,016	5.359	720	79	75%	25%
20	Charlotte-Concord-Gastonia, NC-SC	1.3%	1.1%	363,313	5.342	727	80	85%	15%

MAY 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 each chart to see its contents in high resolution.
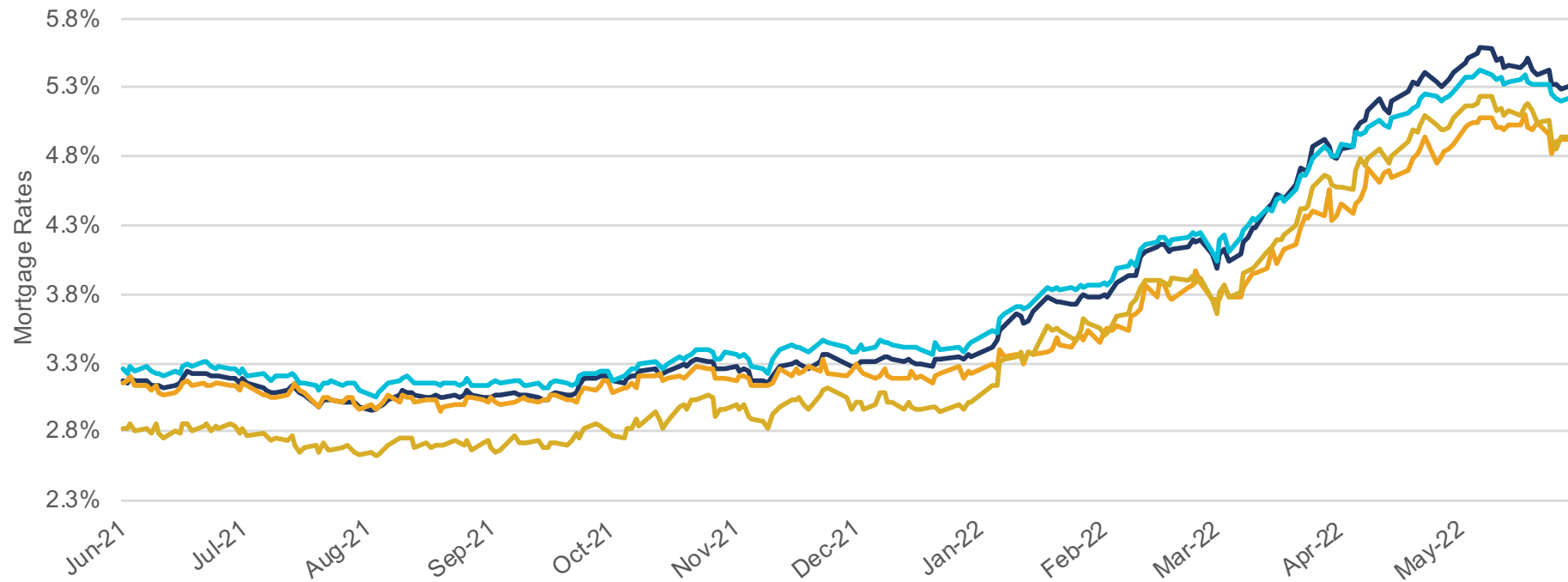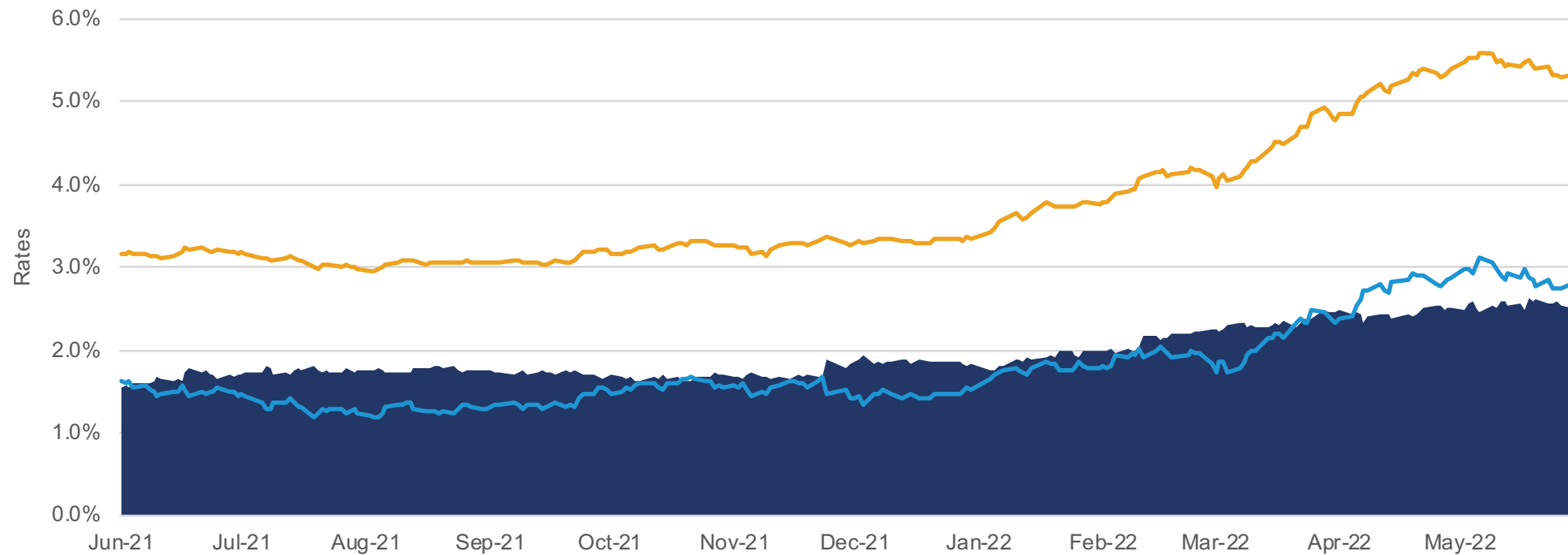

	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	5.34%	(7 BPS)	125 BPS	219 BPS
	30-Year Jumbo	4.92%	3 BPS	117 BPS	171 BPS
	30-Year FHA	5.25%	(2 BPS)	114 BPS	202 BPS
	30-Year VA	4.95%	(13 BPS)	118 BPS	214 BPS

ORIGINATIONS MARKET MONITOR

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 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	2.85%	(4 BPS)	102 BPS	127 BPS
30-Year Conforming	5.34%	(7 BPS)	125 BPS	219 BPS
10-Year to 30-Year Spread	2.49%	(3 BPS)	23 BPS	92 BPS

Here, we break down May'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 each chart to see its contents in high resolution.
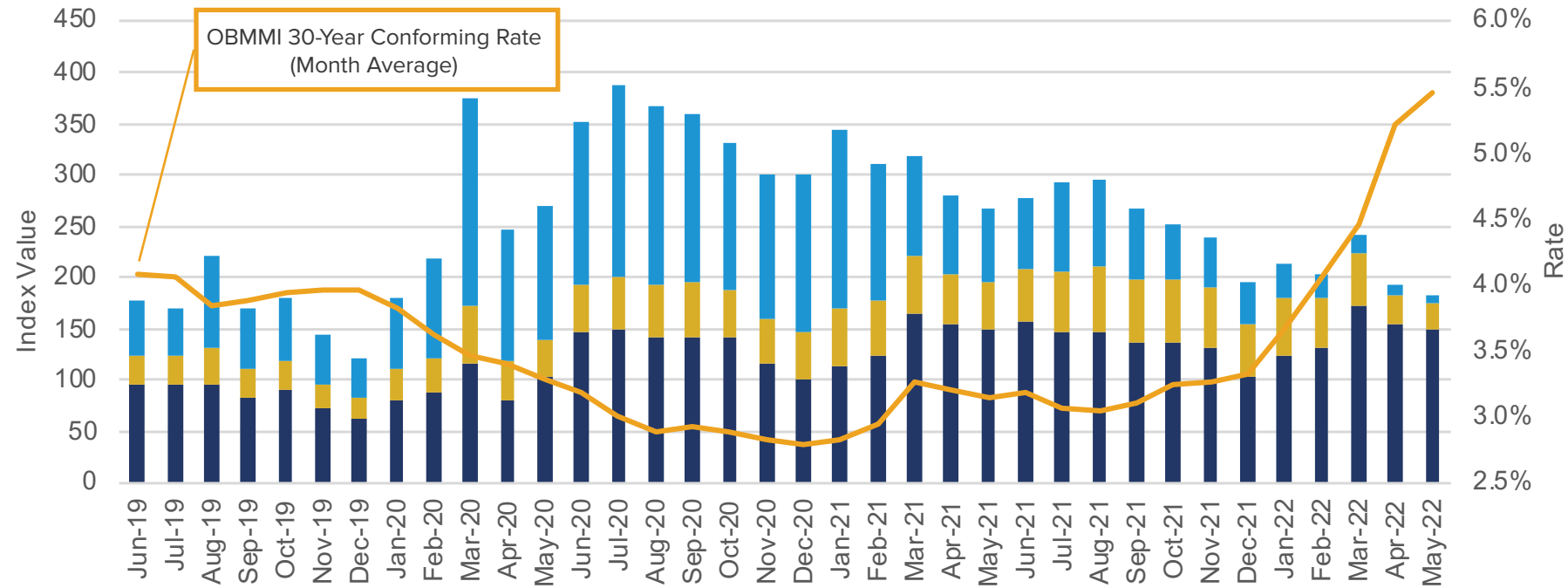
| Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
▬	Purchase	150	(2.3%)	13.9%	0.2%
▬	Cash-Out Refinance	26	(11.9%)	(46.5%)	(42.2%)
▬	Rate/Term Refinance	7	(23.6%)	(67.4%)	(89.9%)
▬▬▬	Total	184	(4.8%)	(9.6%)	(31.3%)
	Refinance Share*	18%	(212 BPS)	(1689 BPS)	(2567 BPS)

*Refinance share changes reflect inter-period delta

MAY 2022 *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 the Black Knight Optimal Blue PPE. Click on each chart to see its contents in high resolution.
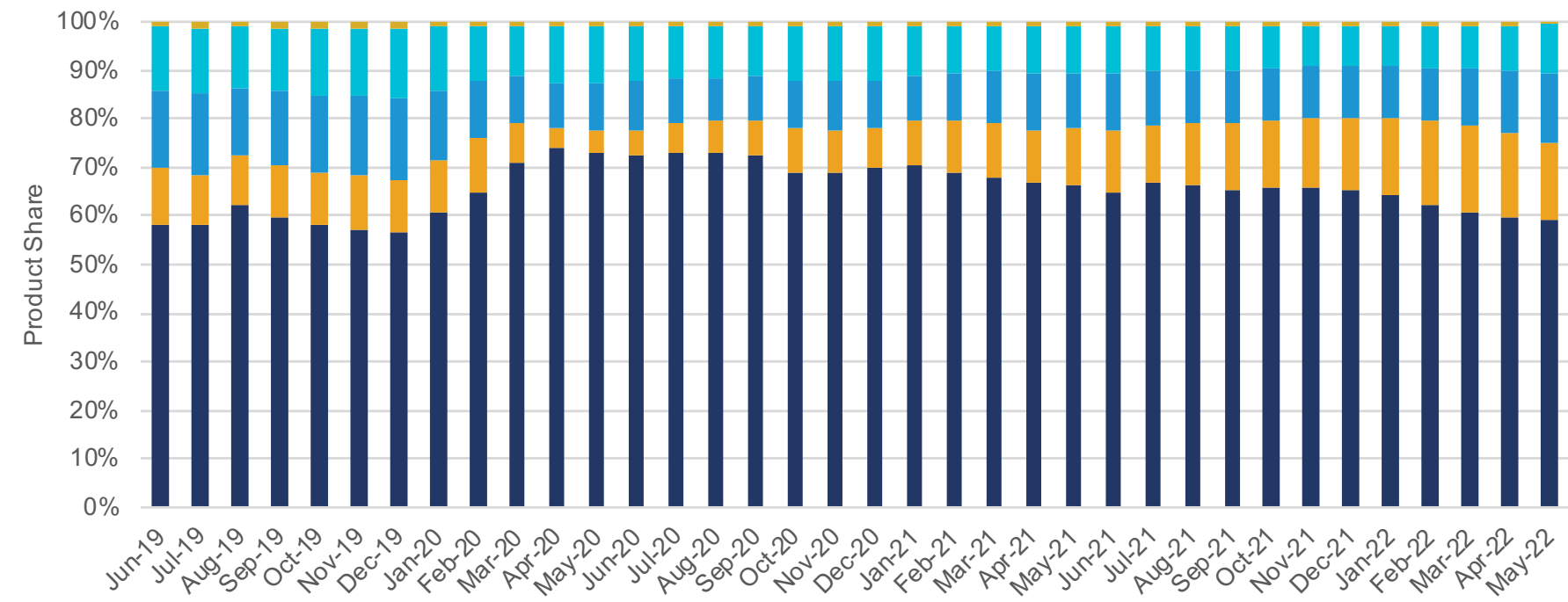

Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	59.0%	(78 BPS)	(355 BPS)	(746 BPS)
Nonconforming	16.3%	(104 BPS)	(72 BPS)	472 BPS
FHA	14.3%	135 BPS	327 BPS	285 BPS
VA	9.8%	48 BPS	106 BPS	15 BPS
USDA	0.6%	(2 BPS)	(6 BPS)	(26 BPS)

ORIGINATIONS MARKET MONITOR

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 each chart to see its contents in high resolution.
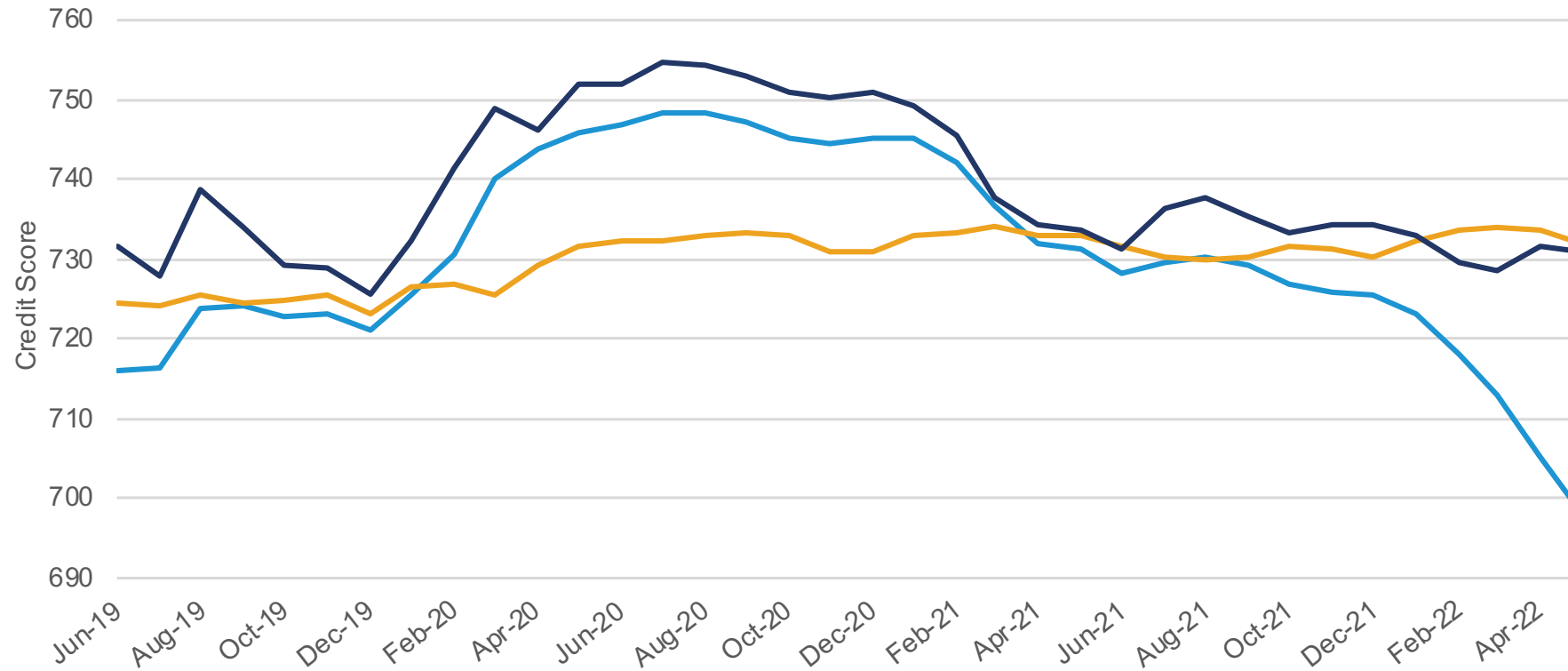
Credit Score by Purpose	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Purchase	732	-2	-2	-1
Cash-Out Refi	698	-7	-20	-33
Rate/Term Refi	731	-1	1	-3

ORIGINATIONS MARKET MONITOR

MAY 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 each chart to see its contents in high resolution.
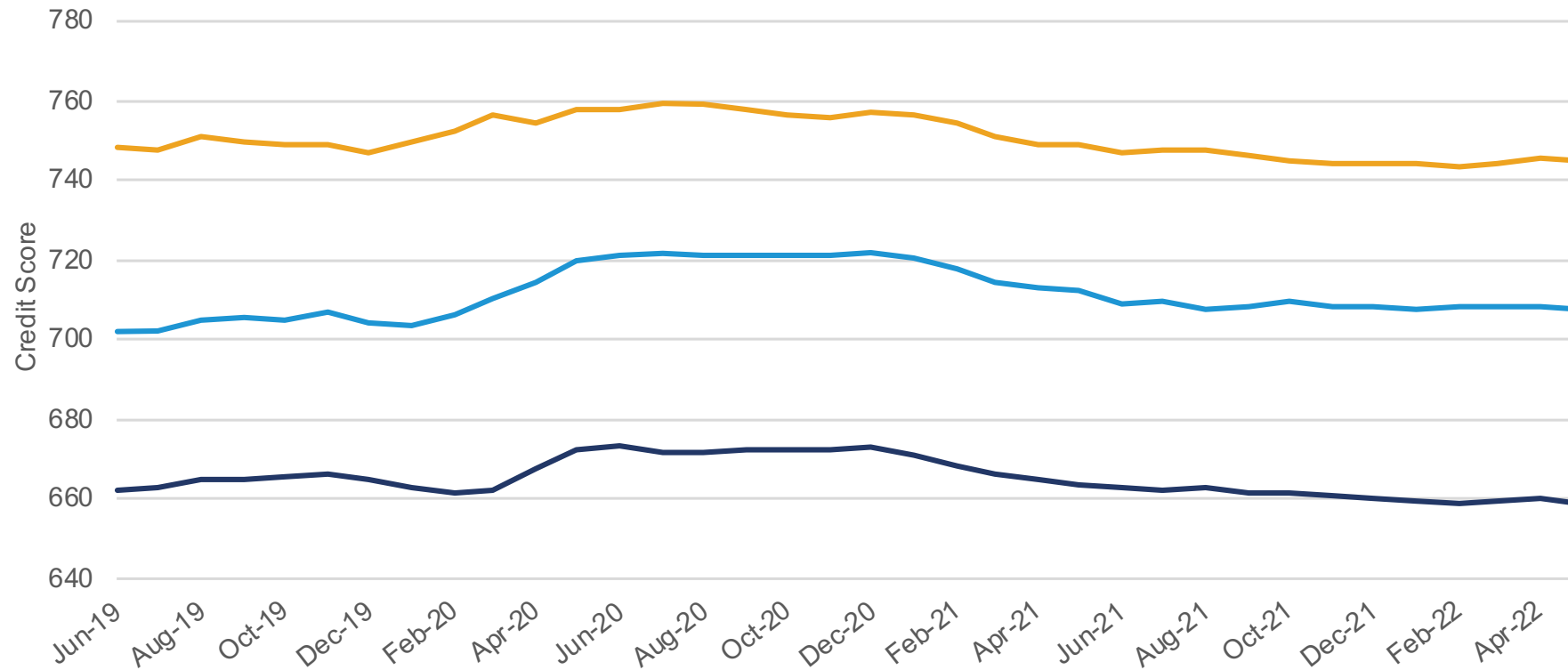

Credit Score by Product	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
FHA	659	-1	0	-5
VA	708	0	0	-5
Conforming	745	0	2	-4

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 each chart to see its contents in high resolution.
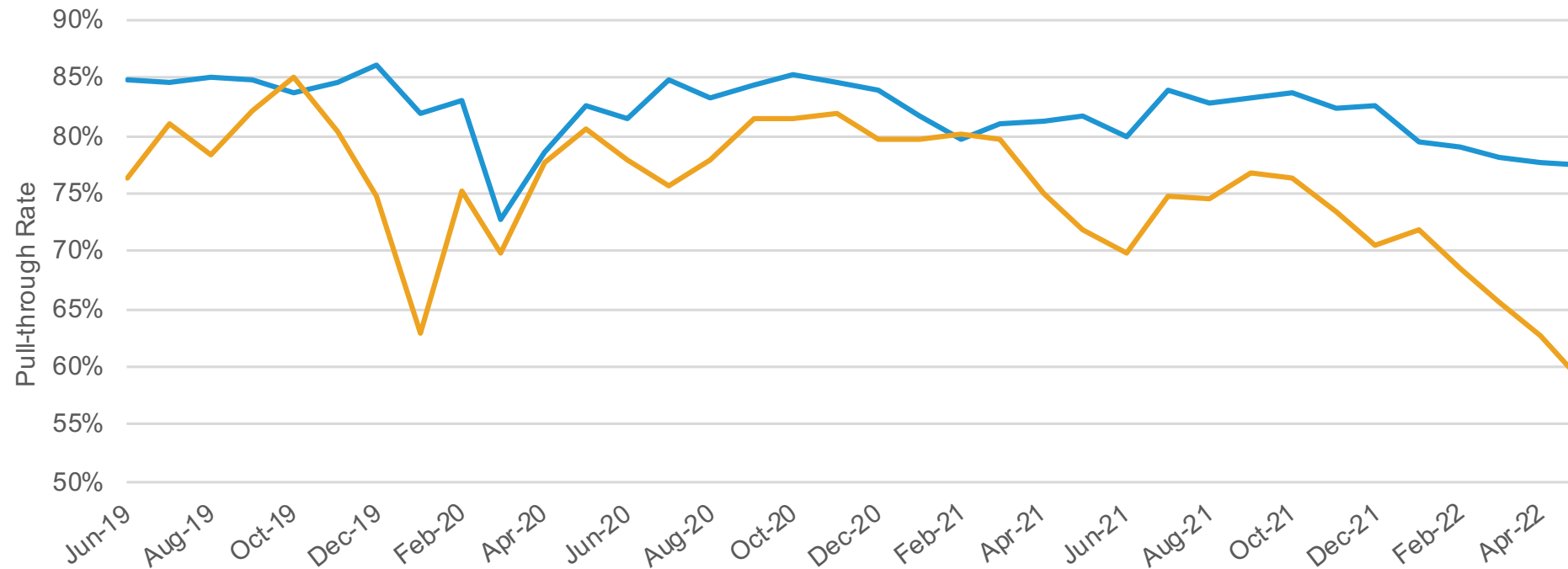
| Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
——	Purchase Pull-Through	77.4%	(20 BPS)	(149 BPS)	(432 BPS)
——	Refinance Pull-Through	58.7%	(399 BPS)	(991 BPS)	(1321 BPS)

ORIGINATIONS MARKET MONITOR

MAY 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 the Black Knight secondary market hedging platform. Click on each chart to see its contents in high resolution.
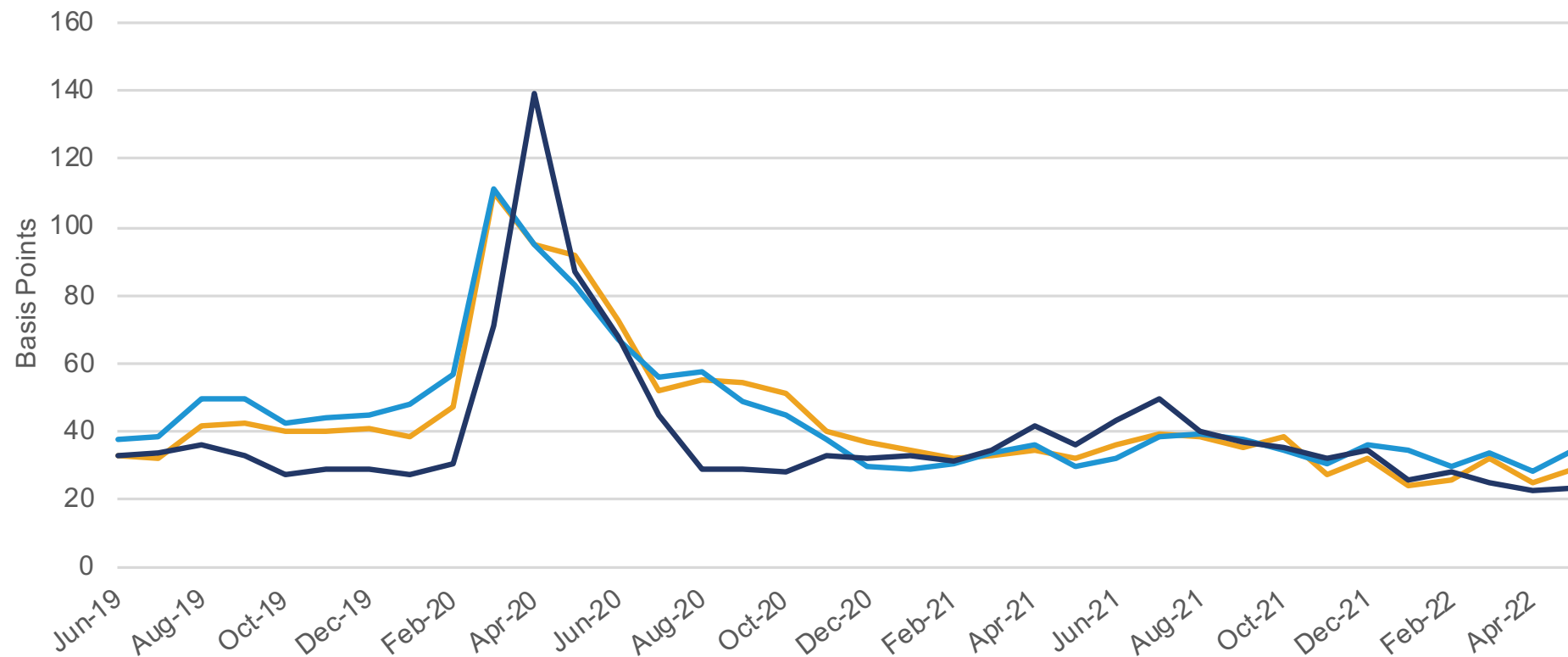
Best Efforts vs. Mandatory	Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	35 BPS	6 BPS	5 BPS	5 BPS
15-Year Conforming	29 BPS	4 BPS	4 BPS	(3 BPS)
30-Year Government	23 BPS	1 BPS	(5 BPS)	(13 BPS)