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SEPTEMBER 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.

The month's pipeline data showed that rate lock volumes fell across the board as interest rates rose throughout much of September. Indeed, Black Knight's OBMMI daily interest rate tracker showed September's month-end conforming 30-year rate at 3.2%, with declines in rate/term and cash-out lending activity driving the refinance share of the market back down below 50%. Meanwhile, the overall average credit score remained static in September, though declines were seen in scores on both cash-out and rate/term refis. Both non-conforming and FHA loan products gained market share in August, while all other products lost ground.

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.

SEPTEMBER 2021 NATIONAL RATE LOCK METRICS

Here, we look at September'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.

SEPTEMBER NATIONAL STATS

RATE LOCK VOLUME

9.7%

Purchase and cash-out refi locks fell 6%, while rate/term lending continued to tumble, dropping 18.7% from August and nearly 60% year-over-year

MARKET MIX

51% Purchase **49%** Refi

Declines in both rate/term and cash-out activity drove the refi share of the market back down below 50%, after breaking that threshold last month for the first time since February

AVERAGE CREDIT SCORE

731

The overall average credit score remained static in September, though declines in scores on both cash-out and rate/term refis could indicate higher credit borrowers exiting the market as rates rise

MONTH-END CONFORMING RATE

3.2%

Black Knight's OBMMI daily interest rate tracker showed September's month-end conforming 30-year rate at 3.2%, 16 basis points higher than it had started the month

Climbing rates drove down rate lock volumes across the board in September — with the largest decline seen, once again, in locks on rate/term refinance loans — though refi pull-through rates saw a sizeable uptick, likely a result of the current rising rate environment.

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SEPTEMBER 2021 TOP 20 METROPOLITAN AREAS

Here, we look at September'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%**	**-9.7%**	**328,697**	**3.055**	**731**	**76**	**51%**	**49%**
1	Los Angeles-Long Beach-Anaheim, CA	5.4%	-6.7%	590,454	3.004	745	64	100%	0%
2	Washington-Arlington-Alexandria, DC-VA-MD-WV	4.2%	-8.1%	458,038	2.911	740	77	100%	0%
3	New York-Newark-Jersey City, NY-NJ-PA	3.8%	-14.6%	443,410	3.011	737	72	100%	0%
4	Chicago-Naperville-Elgin, IL-IN-WI	3.3%	-13.4%	284,849	3.016	735	77	100%	0%
5	Phoenix-Mesa-Scottsdale, AZ	3.2%	-7.6%	340,728	3.132	729	71	100%	0%
6	Seattle-Tacoma-Bellevue, WA	2.7%	-9.6%	496,880	3.032	743	71	100%	0%
7	San Francisco-Oakland-Hayward, CA	2.7%	-11.4%	673,227	2.972	758	61	100%	0%
8	Dallas-Fort Worth-Arlington, TX	2.5%	-10.5%	319,547	3.056	730	76	100%	0%
9	Boston-Cambridge-Newton, MA-NH	2.5%	-4.6%	456,549	2.930	745	69	100%	0%
10	Denver-Aurora-Lakewood, CO	2.4%	-9.7%	408,845	3.022	742	70	100%	0%

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Here, we look at September'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.
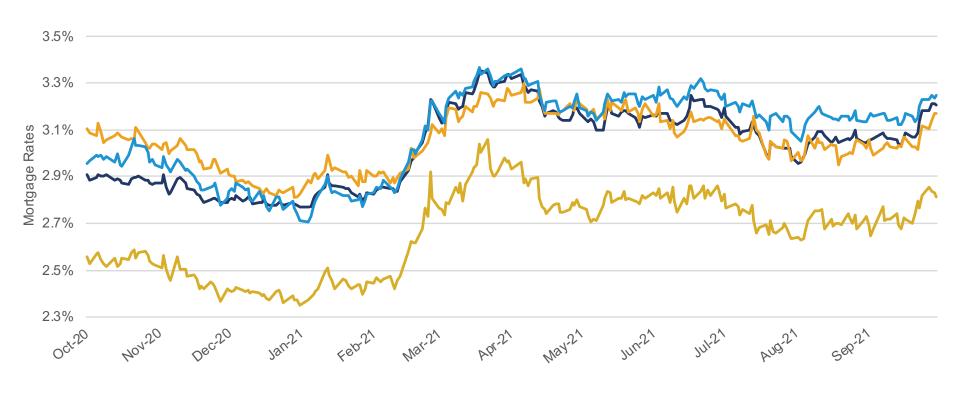
	Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount ($)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
11	Riverside-San Bernardino-Ontario, CA	2.2%	-8.3%	379,589	3.046	722	72	100%	0%
12	Atlanta-Sandy Springs-Roswell, GA	2.0%	-12.9%	299,268	3.073	721	77	100%	0%
13	San Diego-Carlsbad, CA	1.9%	-13.7%	562,738	2.932	749	66	100%	0%
14	Miami-Fort Lauderdale-West Palm Beach, FL	1.9%	-5.2%	383,120	3.150	726	75	100%	0%
15	Houston-The Woodlands-Sugar Land, TX	1.8%	-11.8%	287,772	3.095	721	79	100%	0%
16	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	-13.0%	295,453	3.018	728	77	100%	0%
17	Minneapolis-St. Paul-Bloomington, MN-WI	1.3%	-17.1%	304,788	2.996	743	76	100%	0%
18	Austin-Round Rock, TX	1.3%	-12.7%	381,111	3.031	743	71	100%	0%
19	Sacramento--Roseville--Arden-Arcade, CA	1.3%	-14.5%	405,493	3.005	740	68	100%	0%
20	Portland-Vancouver-Hillsboro, OR-WA	1.3%	-10.3%	396,709	3.027	744	72	100%	0%

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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.
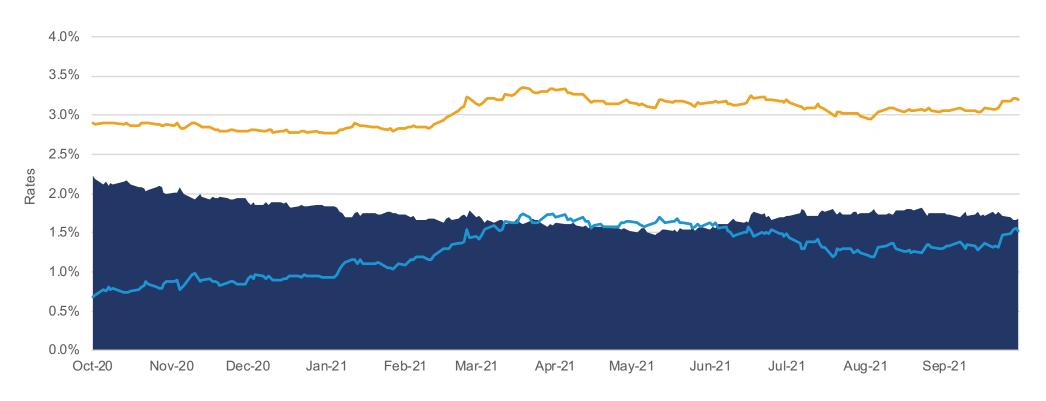

Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	3.20%	16 BPS	5 BPS	30 BPS
30-Year Jumbo	3.17%	15 BPS	7 BPS	9 BPS
30-Year FHA	3.25%	12 BPS	2 BPS	25 BPS
30-Year VA	2.81%	8 BPS	1 BPS	21 BPS

SEPTEMBER 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.
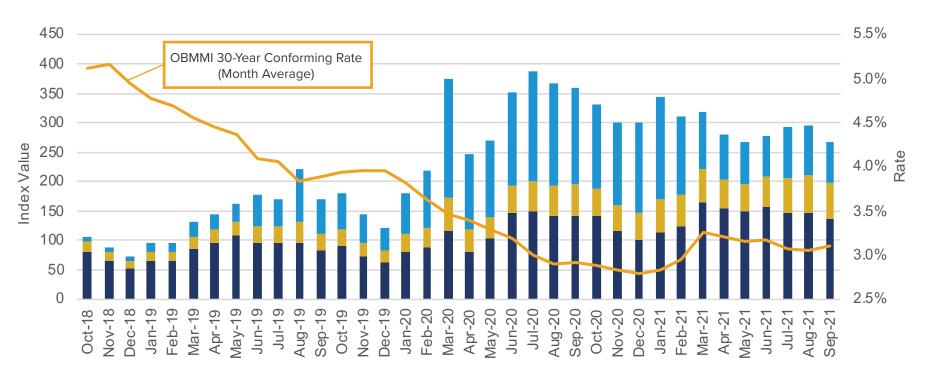

Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
10-Year Treasury	1.52%	22 BPS	7 BPS	83 BPS
30-Year Conforming	3.20%	16 BPS	5 BPS	30 BPS
10-Year to 30-Year Spread	1.68%	(6 BPS)	(2 BPS)	(53 BPS)

SEPTEMBER 2021 LOCK VOLUME BY LOAN PURPOSE

Here, we break down September'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.

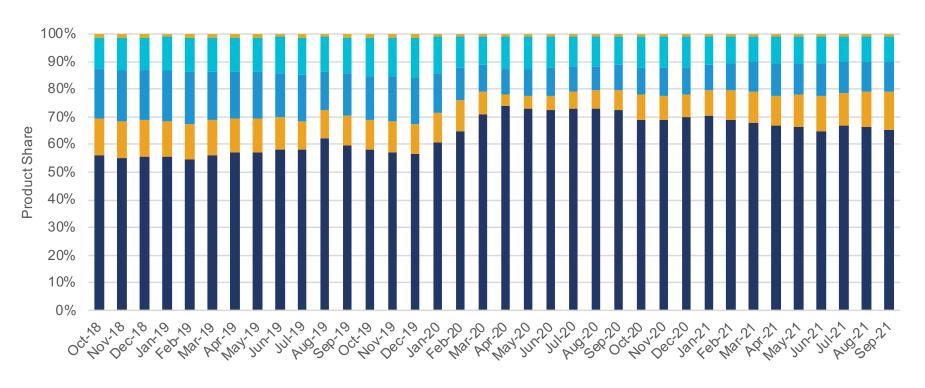| Market Volume Index (Total Volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	137	(6.1%)	(13.6%)	(4.3%)
	Cash-Out Refinance	61	(6.0%)	20.9%	15.1%
	Rate-Term Refinance	70	(18.7%)	1.7%	(57.2%)
	Total	268	(9.7%)	(3.6%)	(25.6%)
	Refinance Share*	49%	(199 BPS)	593 BPS	(1138 BPS)

*Refinance Share changes reflect inter-period delta

SEPTEMBER 2021 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down September'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.
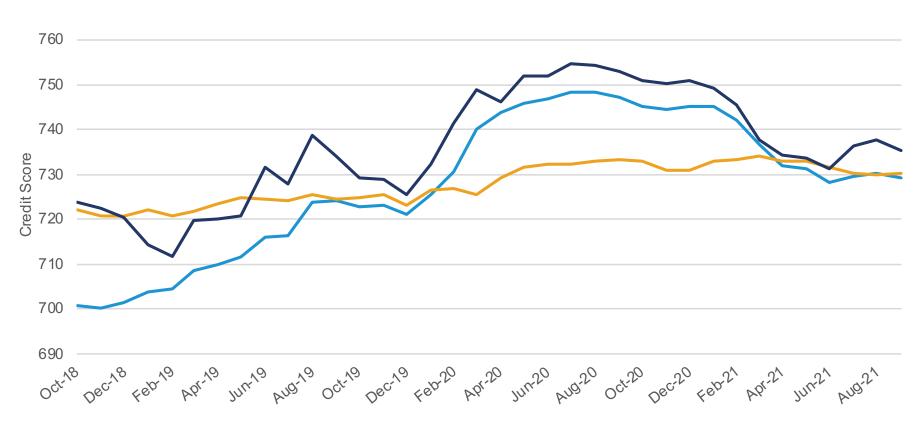

Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	65.5%	(80 BPS)	44 BPS	(699 BPS)
Nonconforming	13.8%	84 BPS	143 BPS	660 BPS
FHA	10.9%	15 BPS	(111 BPS)	181 BPS
VA	9.1%	(16 BPS)	(64 BPS)	(137 BPS)
USDA	0.8%	(3 BPS)	(12 BPS)	(6 BPS)

SEPTEMBER 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.
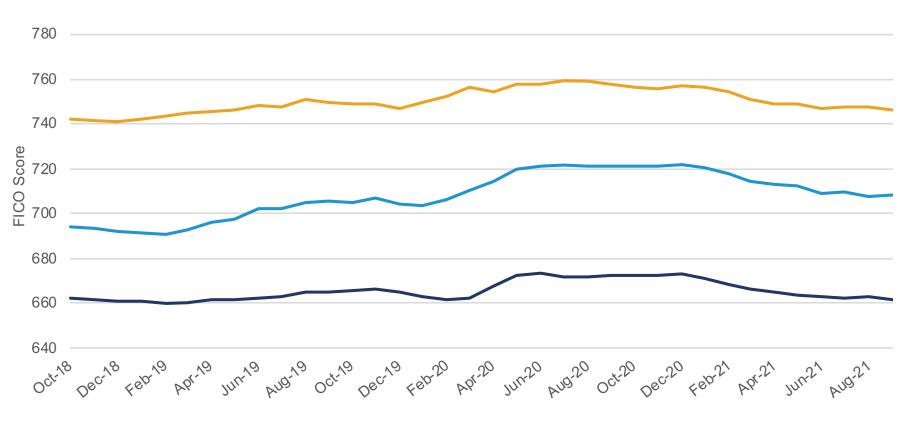

Credit Score by Purpose	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Cash-Out Refi	729	-1	1	-18
Purchase	730	0	-1	-3
Rate/Term Refi	735	-2	4	-18

SEPTEMBER 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.
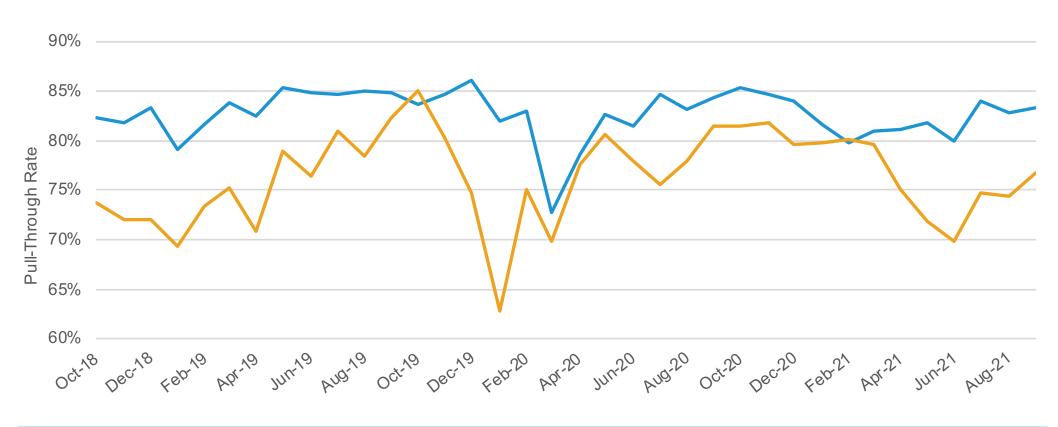

Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
——	Conforming	746	-1	-1	-11
——	FHA	662	-1	-1	-10
——	VA	709	1	-1	-13

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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.
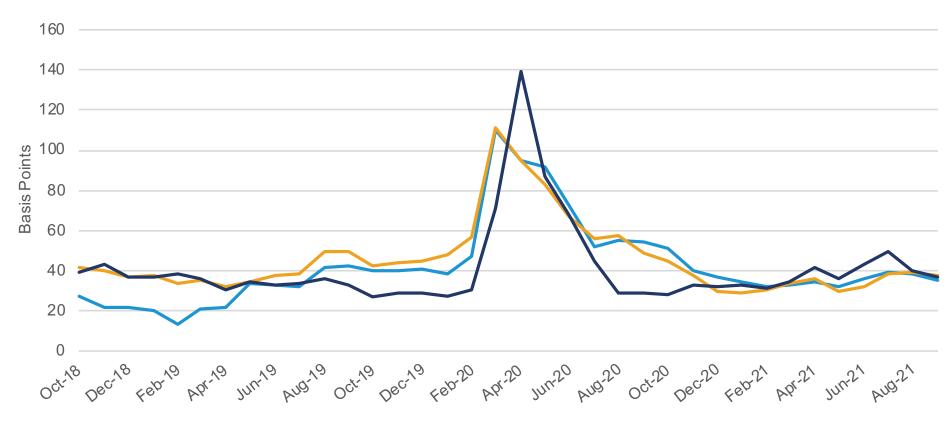

Pull-Through Rate	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
Purchase Pull-Through	83.4%	57 BPS	341 BPS	(105 BPS)
Refinance Pull-Through	76.7%	228 BPS	687 BPS	(472 BPS)

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 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	37 BPS	(2 BPS)	5 BPS	(11 BPS)
15-Year Conforming	36 BPS	(3 BPS)	(0 BPS)	(19 BPS)
30-Year Government	37 BPS	(3 BPS)	(7 BPS)	8 BPS