ORIGINATIONS
MARKET MONITOR

JUNE 2022 REPORT

BLACK KNIGHT®

ORIGINATIONS MARKET MONITOR

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JUNE 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 fell for the third consecutive month in June as interest rates resumed their upward track entering the month. The benchmark 30-year mortgage temporarily exceeded 6% mid-month before pulling back to finish June at 5.79%, up 44 BPS from the previous month, May.

The month's pipeline data showed overall rate locks down 11.1% month over month, led by a 13.2% decline in cash-out refinance locks, which are now down 42.2% since last June. Rate/term refinance activity fell another 9.1% from May to mark a 90.4% year over year decline. The refi share of the market held at just 18%, the lowest point on record since at least January 2018, when Optimal Blue began tracking the metric. Purchase lock at the expense of agency volumes, a trend also likely reflected in another decline in the average loan amount – from $359,000 to $351,000. Borrower credit scores fell in June, led by a continued decline in cash-out refinance credit scores, which are now at 693 on average, down 20 points in the last three months and 35 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**.
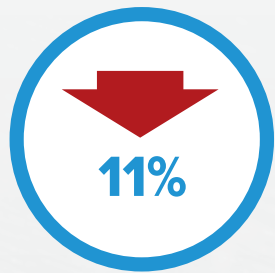
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JUNE 2022 NATIONAL RATE LOCK METRICS

Here, we look at June'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 the chart to view its contents in high resolution.

JUNE NATIONAL STATS

RATE LOCK VOLUME

11%

Lock activity fell across all loan categories, led by a 13% drop in cash-out refinances
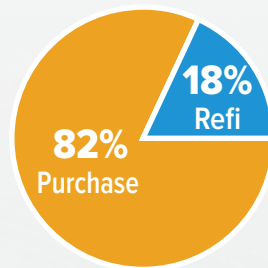
MARKET MIX

82% Purchase
18% Refi

A drop in volume across all loan types left the purchase/refi market mix unchanged from May

AVERAGE LOAN AMOUNT

$351K

The average loan amount decreased by 8K in June

MONTH-END CONFORMING RATE

5.79%

Our Optimal Blue Mortgage Market Indices tracked a 44 BPS rise in 30-year rate offerings from May month end

Excluding the impact of home price appreciation, June purchase locks were down nearly 21% year over year, but remain 3% above the pre-pandemic levels.

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JUNE 2022 TOP 20 METROPOLITAN AREAS

Here, we look at June'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 view 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%	-11.1%	350,649	5.629	723	80	82%	18%
1	New York-Newark-Jersey City, NY-NJ-PA	4.5%	-9.0%	503,463	5.579	734	77	83%	17%
2	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.8%	-12.6%	504,417	5.384	736	83	87%	13%
3	Los Angeles-Long Beach-Anaheim, CA	3.5%	-15.3%	666,767	5.487	733	72	76%	24%
4	Dallas-Fort Worth-Arlington, TX	3.4%	-8.4%	383,063	5.708	726	79	84%	16%
5	Chicago-Naperville-Elgin, IL-IN-WI	3.2%	-12.4%	302,127	5.746	728	83	89%	11%
6	Phoenix-Mesa-Scottsdale, AZ	2.8%	-12.7%	407,669	5.687	720	77	76%	24%
7	Houston-The Woodlands-Sugar Land, TX	2.4%	-9.1%	320,174	5.685	720	82	88%	12%
8	Atlanta-Sandy Springs-Roswell, GA	2.3%	-11.7%	342,789	5.618	711	80	77%	23%
9	Seattle-Tacoma-Bellevue, WA	2.2%	-18.2%	569,113	5.572	739	78	85%	15%
10	Boston-Cambridge-Newton, MA-NH	2.1%	-6.3%	558,667	5.408	739	77	89%	11%

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Here, we look at June'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 view 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%**	**-11.1%**	**350,649**	**5.629**	**723**	**80**	**82%**	**18%**
11	Miami-Fort Lauderdale-West Palm Beach, FL	2.1%	-16.1%	448,259	5.798	725	76	78%	22%
12	Denver-Aurora-Lakewood, CO	2.0%	-17.4%	482,303	5.608	733	76	83%	17%
13	Riverside-San Bernardino-Ontario, CA	1.7%	-17.9%	437,097	5.573	713	77	75%	25%
14	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	-8.6%	328,397	5.575	724	82	86%	14%
15	Austin-Round Rock, TX	1.5%	-14.0%	450,888	5.613	739	77	86%	14%
16	San Francisco-Oakland-Hayward, CA	1.4%	-21.8%	792,079	5.491	747	71	82%	18%
17	Tampa-St. Petersburg-Clearwater, FL	1.4%	-7.5%	351,982	5.636	720	79	77%	23%
18	Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	-14.5%	343,973	5.611	741	82	89%	11%
19	Charlotte-Concord-Gastonia, NC-SC	1.2%	-12.5%	354,649	5.611	724	80	82%	18%
20	San Diego-Carlsbad, CA	1.2%	-17.5%	692,502	5.496	741	73	79%	21%

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JUNE 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 the chart to view its contents in high resolution.
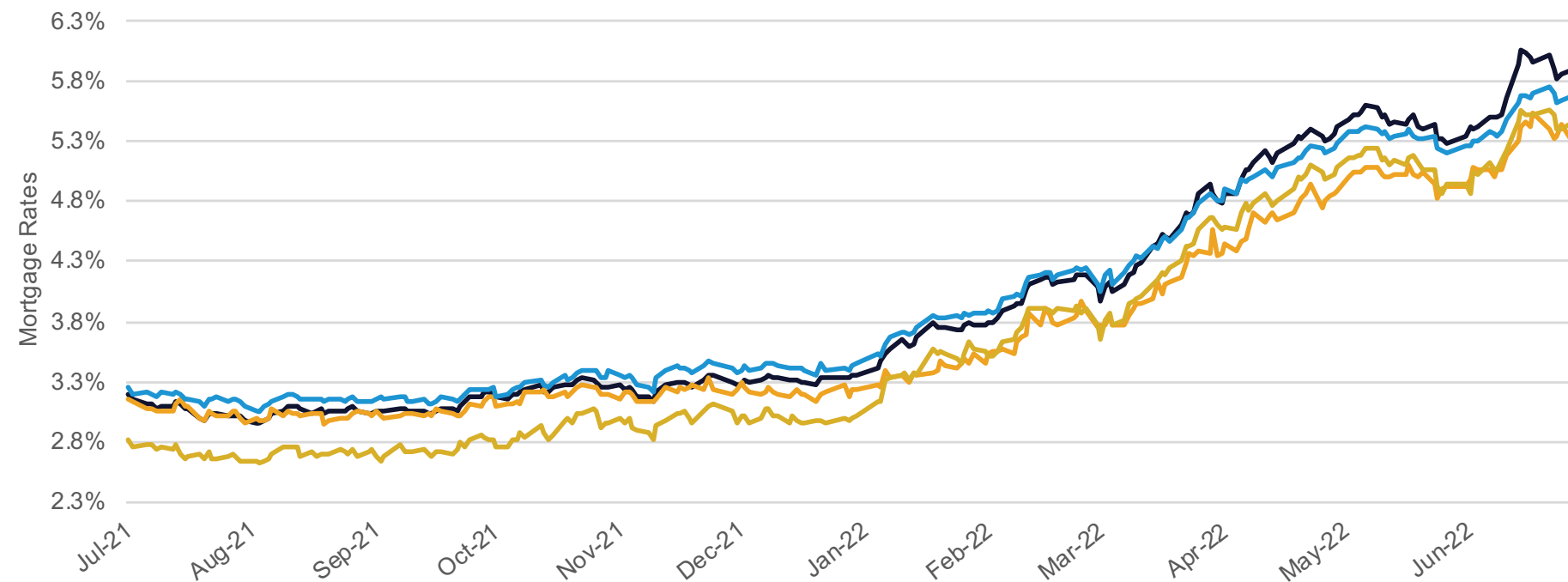
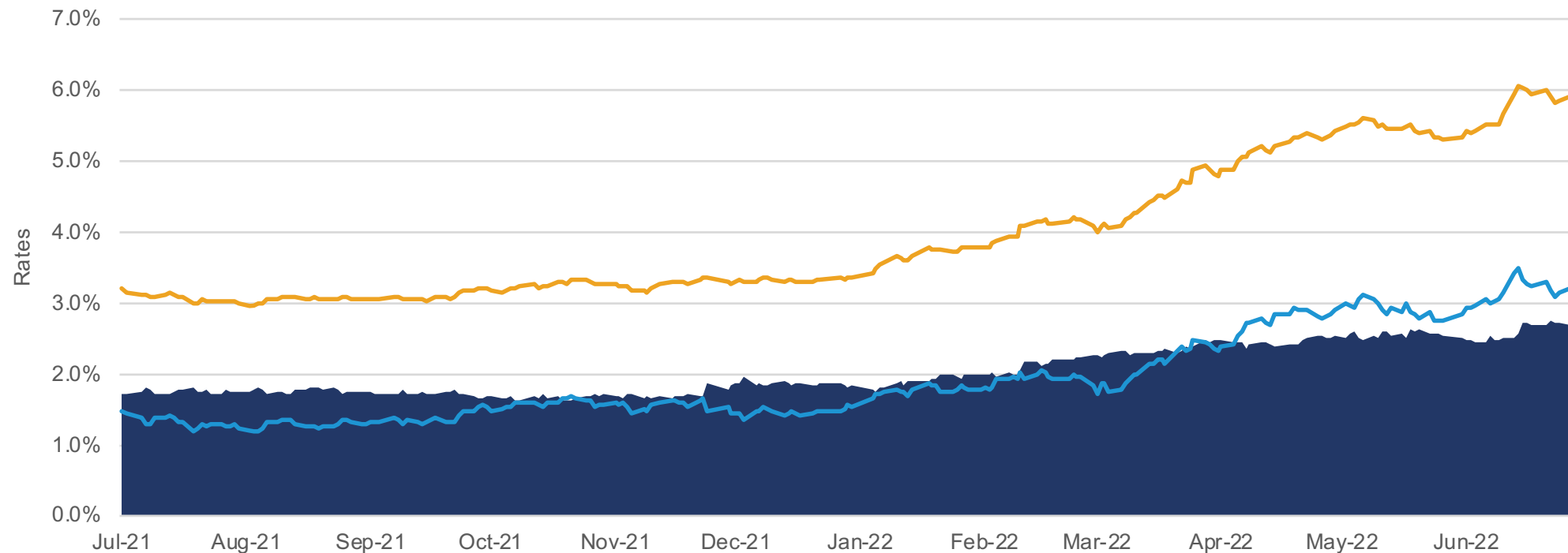| Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	5.79%	44 BPS	100 BPS	263 BPS
30-Year Jumbo	5.34%	42 BPS	97 BPS	224 BPS
30-Year FHA	5.59%	34 BPS	78 BPS	236 BPS
30-Year VA	5.34%	39 BPS	77 BPS	255 BPS

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JUNE 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 the Black Knight secondary market hedging platform. Click on the chart to view its contents in high resolution.

Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
10-Year Treasury	2.98%	13 BPS	66 BPS	153 BPS
30-Year Conforming	5.79%	44 BPS	100 BPS	263 BPS
10-Year to 30-Year Spread	2.81%	31 BPS	34 BPS	110 BPS

JUNE 2022 *LOCK VOLUME BY LOAN PURPOSE*

Here, we break down June'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 the chart to view its contents in high resolution.
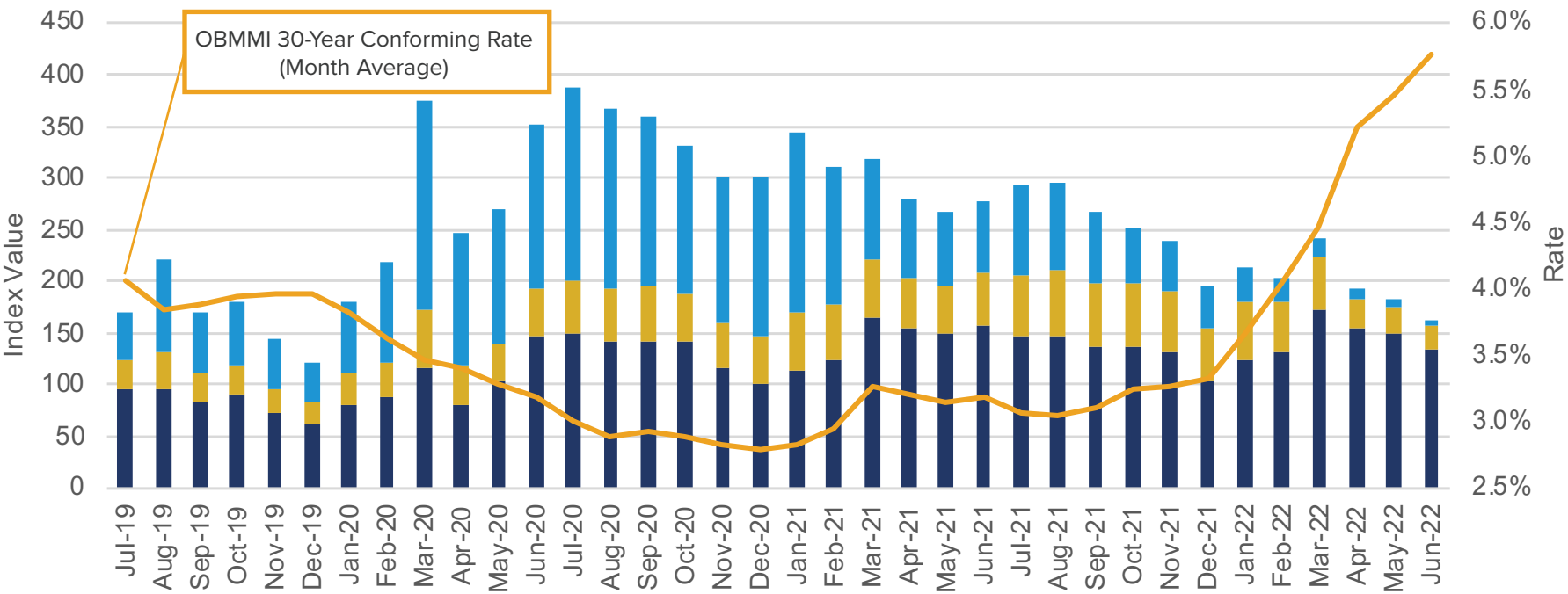
Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	134	(10.8%)	(22.7%)	(15.6%)
	Cash-Out Refinance	23	(13.2%)	(54.3%)	(54.4%)
	Rate/Term Refinance	7	(9.1%)	(65.0%)	(90.4%)
	Total	163	(11.1%)	(32.5%)	(41.2%)
Refinance Share*		18%	(25 BPS)	(1040 BPS)	(2486 BPS)

*Refinance share changes reflect inter-period delta

JUNE 2022 *MIX OF BUSINESS BY LOAN PRODUCT*

Here, we break down June'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 the chart to view its contents in high resolution.
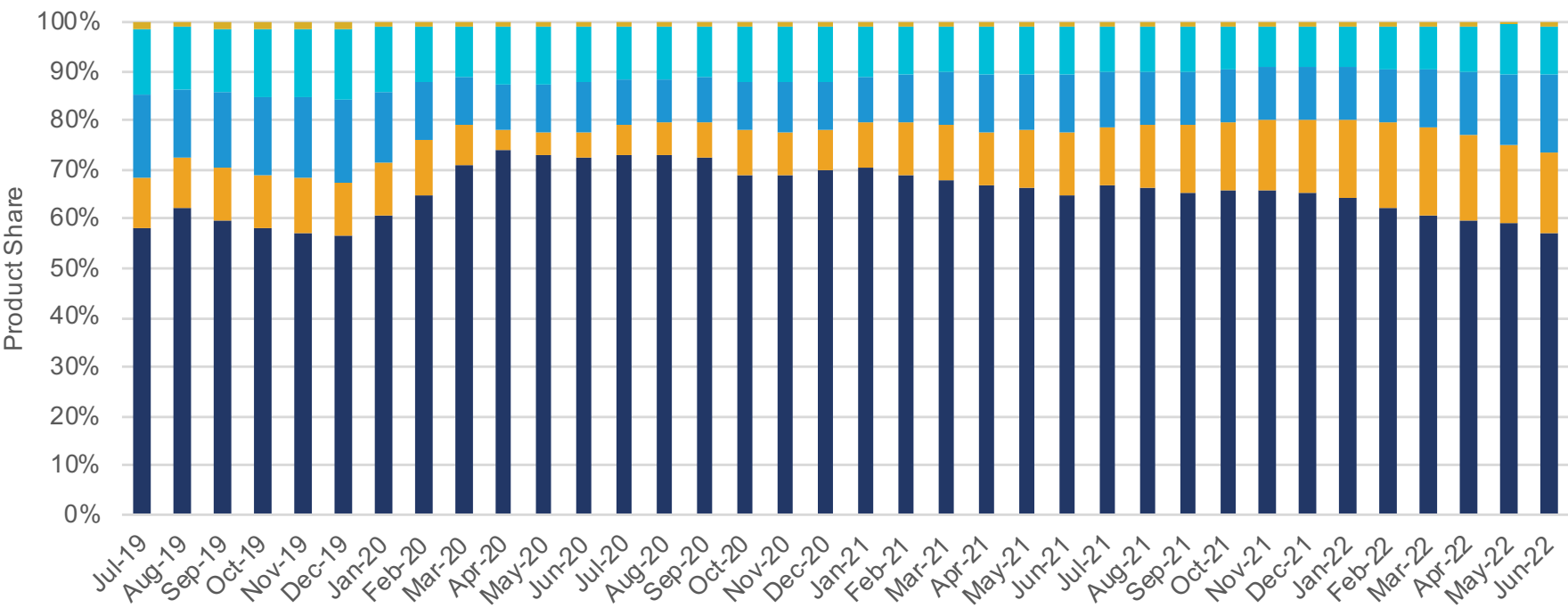

Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	57.2%	(174 BPS)	(364 BPS)	(781 BPS)
Nonconforming	16.4%	8 BPS	(161 BPS)	401 BPS
FHA	15.7%	134 BPS	398 BPS	373 BPS
VA	10.0%	25 BPS	125 BPS	29 BPS
USDA	0.7%	6 BPS	1 BPS	(21 BPS)

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JUNE 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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
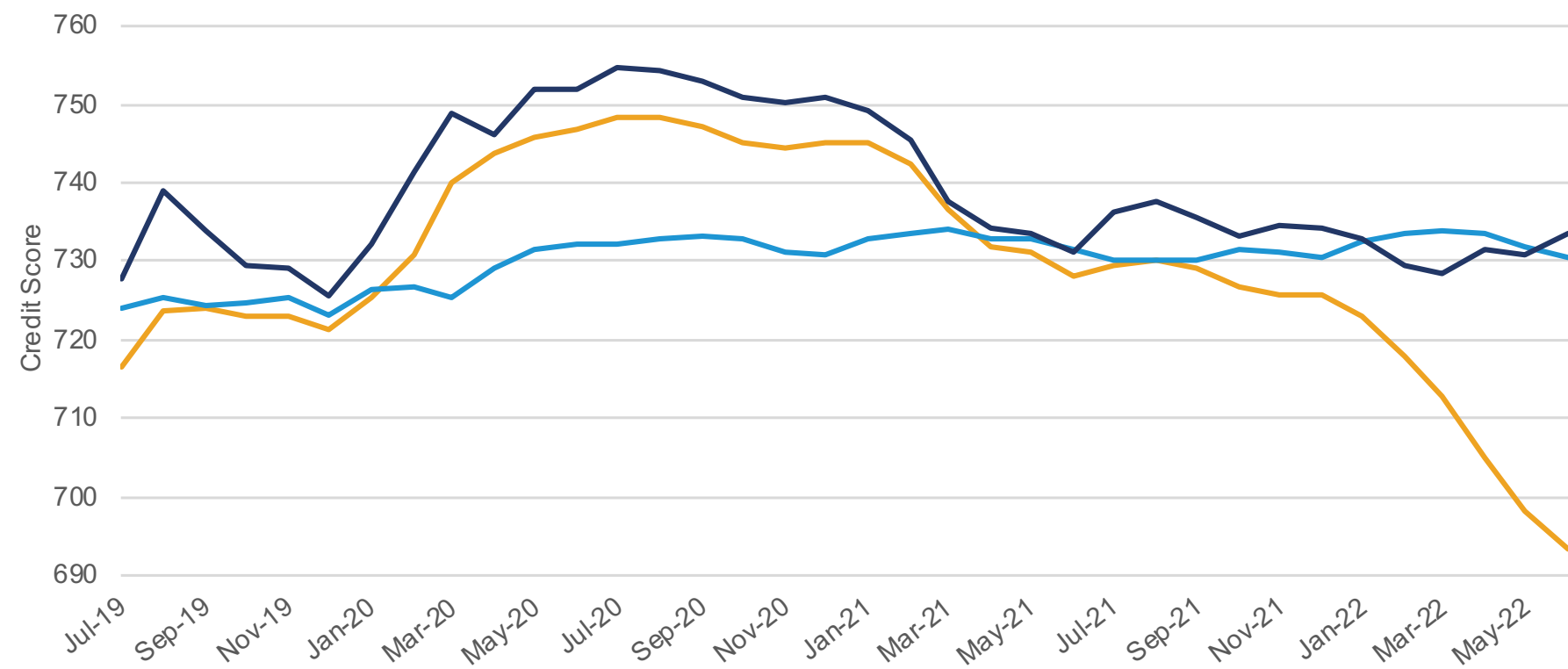
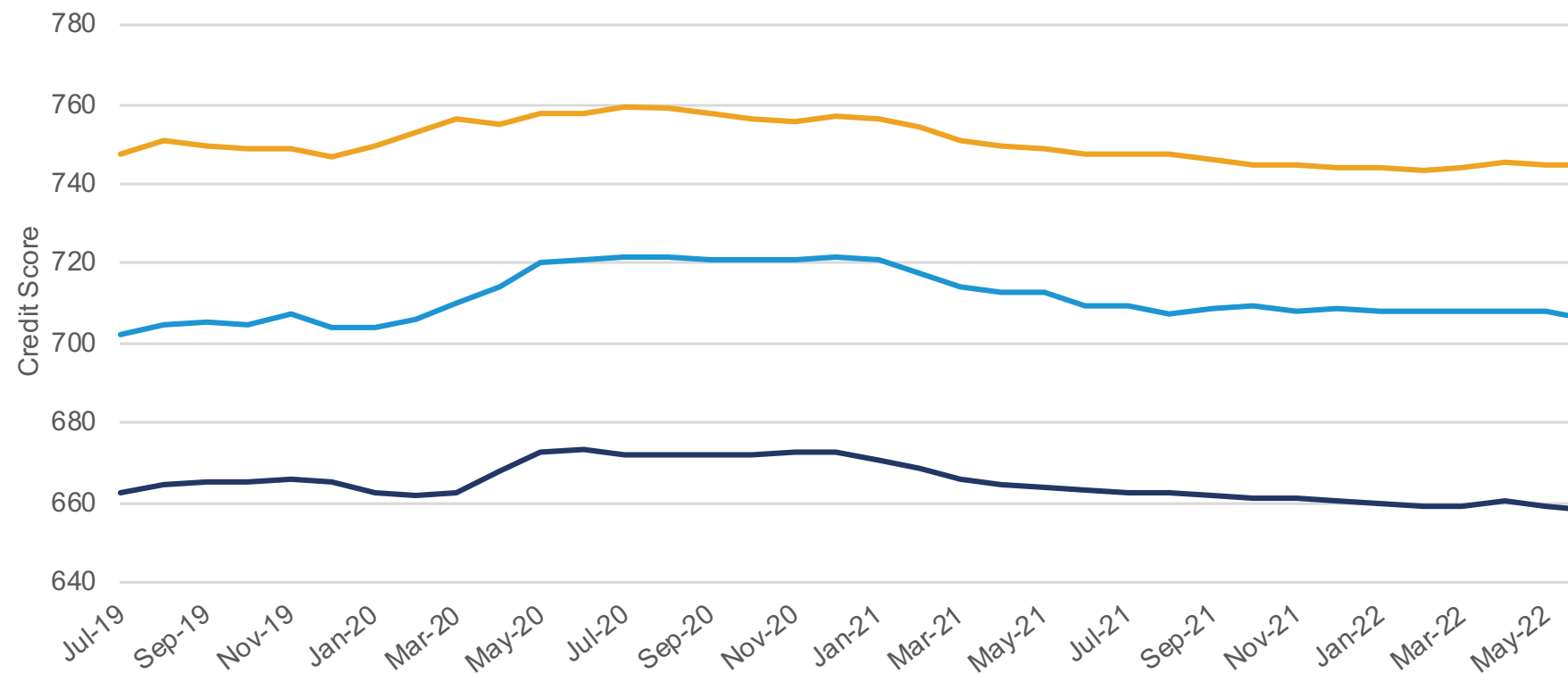| Credit Score by Purpose	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Purchase	730	-2	-4	-1
Cash-Out Refi	693	-5	-20	-35
Rate/Term Refi	734	3	5	2

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JUNE 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 the chart to view its contents in high resolution.


Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	FHA	658	-1	-1	-5
	VA	706	-2	-2	-3
	Conforming	745	0	1	-3

JUNE 2022 PURCHASE & REFI PULL-THROUGH

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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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
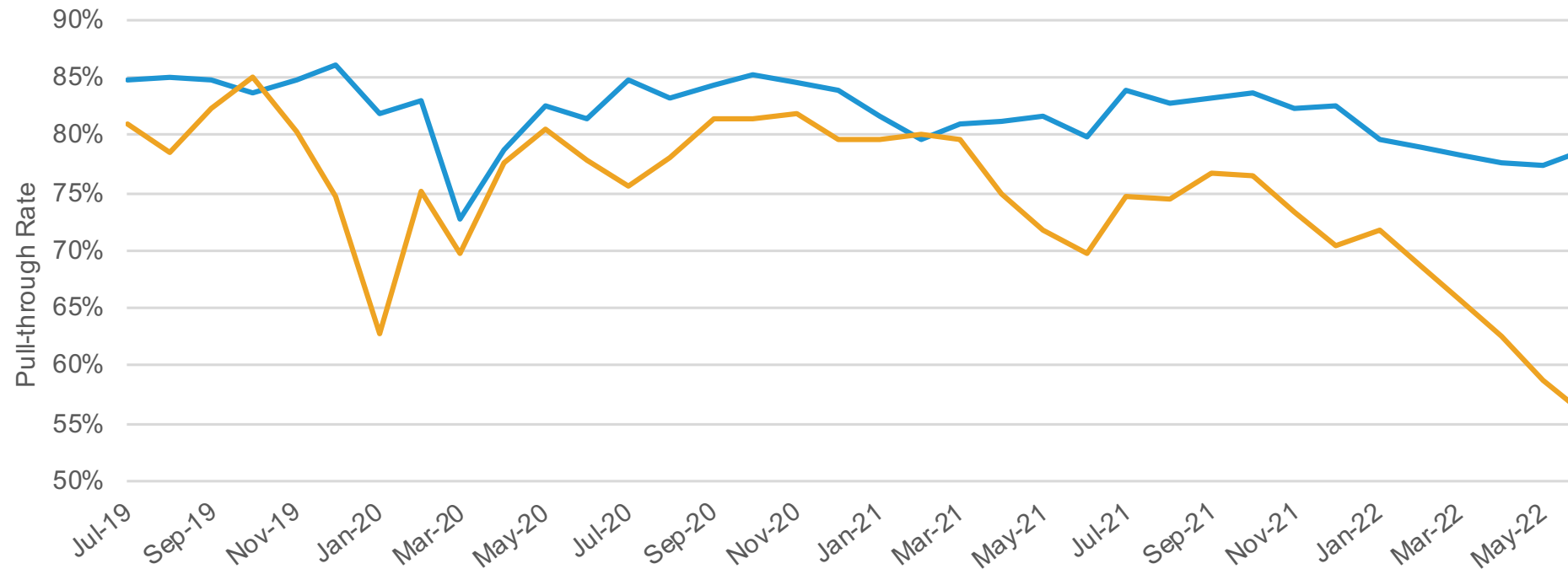

Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
———	Purchase Pull-Through	78.7%	124 BPS	45 BPS	(126 BPS)
———	Refinance Pull-Through	55.8%	(288 BPS)	(987 BPS)	(1405 BPS)

JUNE 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 the chart to view its contents in high resolution.
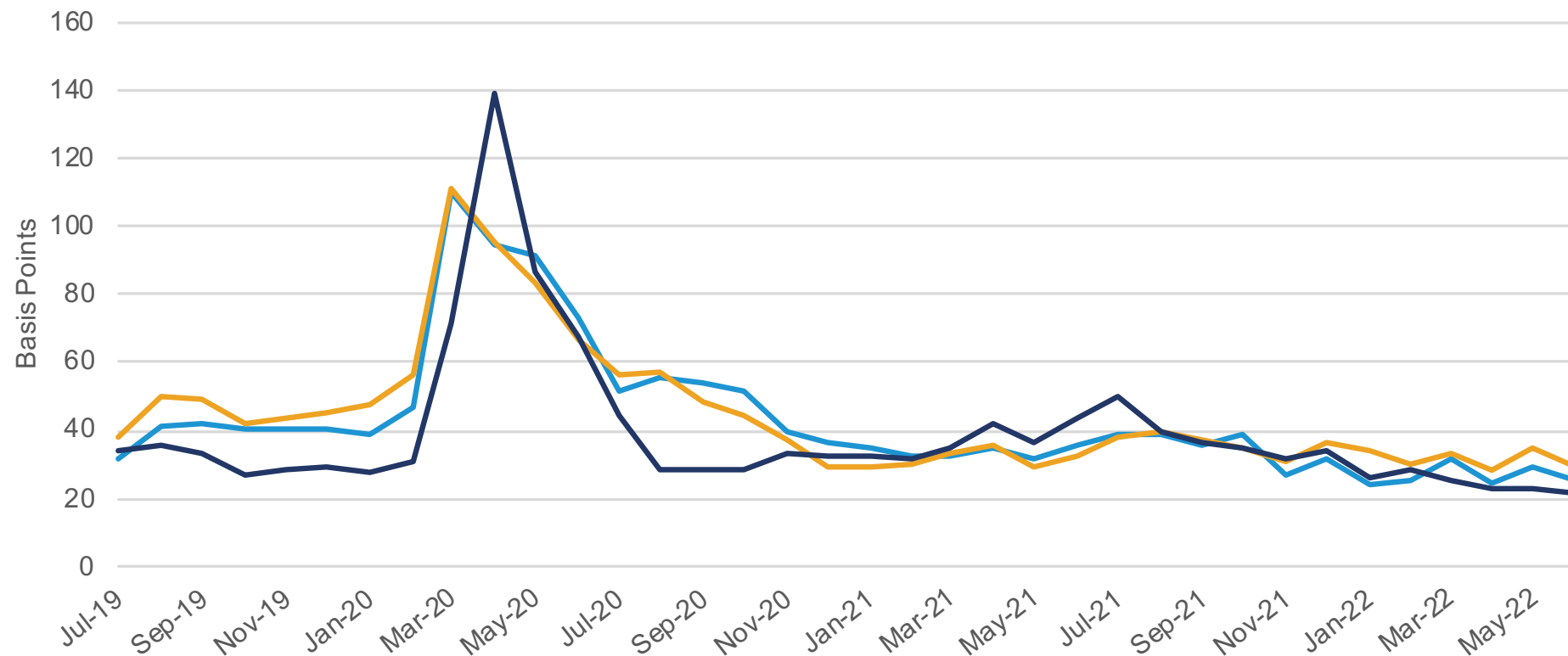
Best Efforts vs. Mandatory	Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	29 BPS	(5 BPS)	(4 BPS)	(3 BPS)
15-Year Conforming	25 BPS	(4 BPS)	(7 BPS)	(11 BPS)
30-Year Government	22 BPS	(2 BPS)	(4 BPS)	(22 BPS)