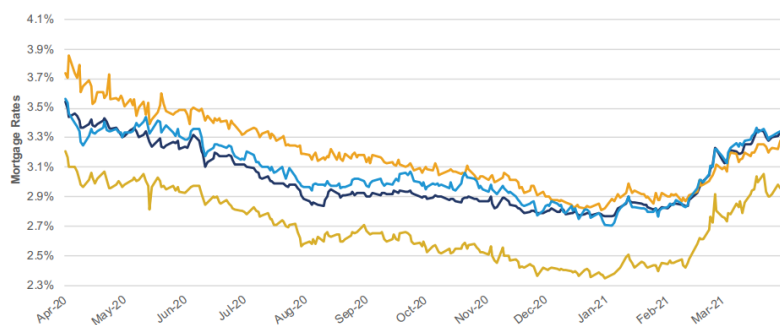




Purchases Now Account For a Majority of New Mortgages

Black Knight has launched a new monthly report covering mortgage origination activity as gathered through its Optimal Blue loan product and pricing engine. The company says its Originations Market Monitor will publish a series of key indicators drawn from Optimal Blue data as well as secondary market insight from Black Knight's hedging platforms.

The initial report covers activity for March and shows that at month's end the average 30-year conforming rate had increased by nearly 60 basis points over the course of the month to 3.34 percent. **Still, this was 20 basis points below the rate at the same point in 2020.** Average rates by loan product are shown below.



	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	3.34%	12 BPS	57 BPS	(21 BPS)
	30-Year Jumbo	3.27%	15 BPS	44 BPS	(47 BPS)
	30-Year FHA	3.33%	11 BPS	62 BPS	(23 BPS)
	30-Year VA	2.97%	16 BPS	62 BPS	(24 BPS)

"Recent - and sharp - upward movements in interest rates have **shifted the mortgage originations landscape very quickly**," said Black Knight Secondary Marketing Technologies President Scott Happ. "The wave of refinance activity of the last year and some months has suddenly given way to a purchase-heavy mix. The implications of this shift touch nearly every area of mortgage lending, which in turn has implications for the wider economy."

Overall rate locks were up 2.5 percent for the month of March. However, there was wide diversion among the types of loans. The index measuring purchase locks rose 31.9 percent to 200 while cash-out refinances rose 4.1 percent and rate-term finances declined 26.4 percent month-over-month to 66 and 116 index readings and are **down more than 35 percent since the end of 2020.**



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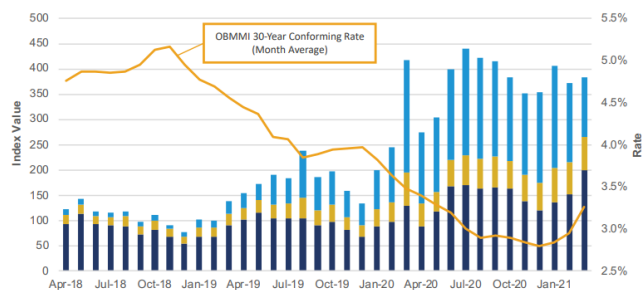
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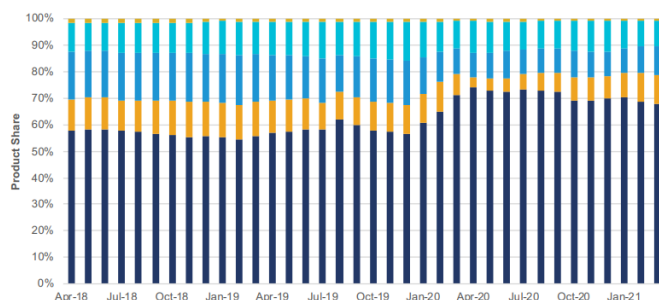









Market Volume Index (Total Volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	200	31.9%	68.2%	55.2%
	Cash-Out Refinance	66	4.1%	21.4%	2.3%
	Rate-Term Refinance	116	(26.4%)	(35.6%)	(48.4%)
	Total	382	2.5%	8.1%	(8.6%)
Refinance Share*		48%	(1167 BPS)	(1870 BPS)	(2151 BPS)

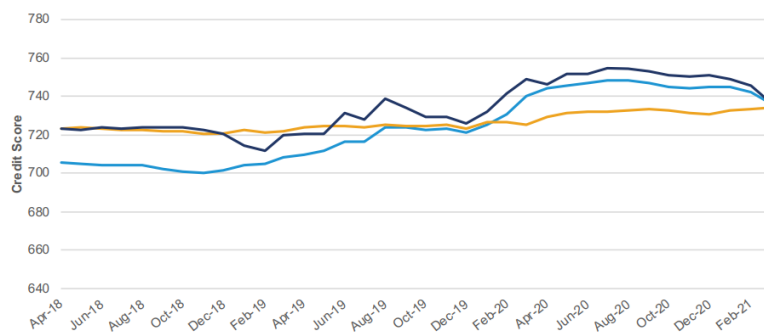
*Refinance Share changes reflect inter-period delta

Over 67 percent of rate locks were for conforming loans with most of the remaining relatively evenly distributed among non-conforming loans, and those backed by FHA and the VA. USDA loans had a 1 percent share.



Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	67.7%	(111 BPS)	(210 BPS)	(344 BPS)
	Non-Conforming	11.2%	35 BPS	264 BPS	326 BPS
	FHA	10.9%	115 BPS	169 BPS	122 BPS
	VA	9.3%	(48 BPS)	(237 BPS)	(113 BPS)
	USDA	0.9%	10 BPS	14 BPS	9 BPS

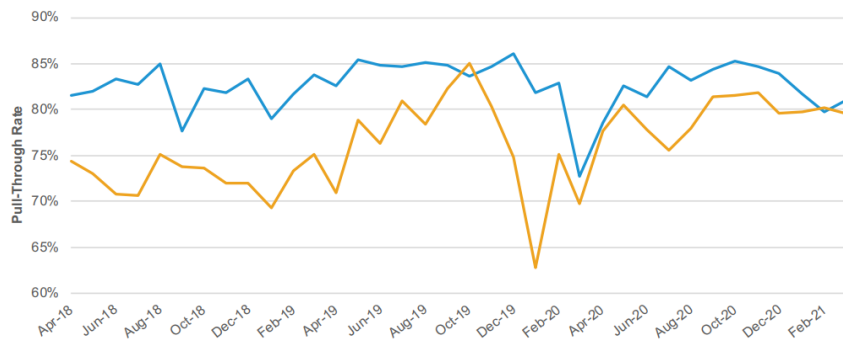
Happ, citing the interest rate increases, said, "It's little wonder that rate/term refinance activity would be down in March. The decline in rate/term lending has shifted the originations market mix to 52 percent purchase and 48 percent refi. This marks the first time - but almost certainly not the last - that **purchase loans have made up a majority share of monthly mortgage lending since December 2019**. We also saw credit scores pull back, a trend that's likely to continue among refis as high-credit borrowers, who have been largely driving record volumes, exit the market."



Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Cash Out Refi		734	1	3	9
Purchase		737	-5	-8	-3
Rate/Term Refi		738	-8	-13	-11

Pull-through rates, the percentage of applications for mortgages that result in closed loans, is close to 80 percent for both refinancing and purchases. The rate, however, has dropped for purchase loans since the first of the year.

The report notes that lenders typically see greater yields when they sell loans via mandatory delivery than via best efforts. The later, however, carries less risk. The chart below shows the spread between the two alternatives.



Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
Purchase Pull-Through		80.9%	120 BPS	(304 BPS)	819 BPS
Refinance Pull-Through		79.6%	(59 BPS)	2 BPS	980 BPS