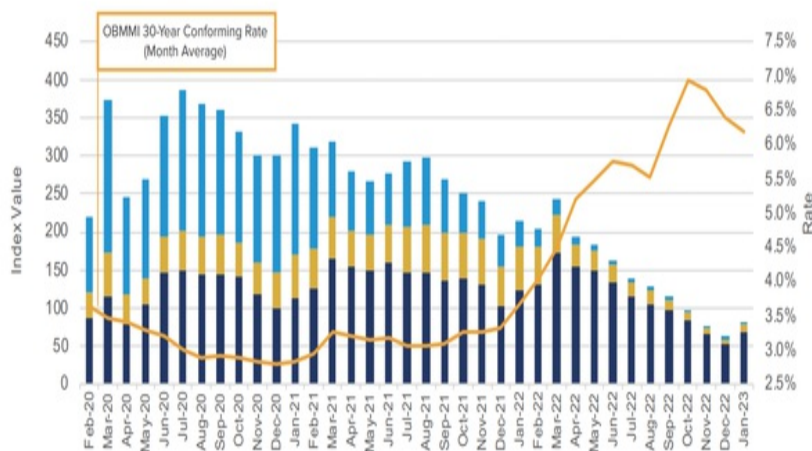





Rate Locks Break 9-Month Losing Streak

Black Knight's *Mortgage Origination's Market Monitor* confirms that the surge in rate lock volumes noted earlier in the month continued through the end of January. Overall rate lock volumes rose 32 percent over December levels, ending a nine-month long series of declines. The Jacksonville, Florida-based company had noted a modest rebound in purchase locks in its most recent *Mortgage Monitor*, but by months-end refinancing, both rate/term and cash-out were included in the gains.



Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	69	32.2%	(18.1%)	(43.7%)
	Cash-Out Refinance	9	25.0%	(12.4%)	(85.1%)
	Rate/Term Refinance	4	37.0%	0.9%	(88.1%)
	Total	82	31.6%	(16.7%)	(61.9%)
Refinance Share*		15%	(37 BPS)	138 BPS	(2730 BPS)

*Refinance share changes reflect inter-period delta

“Mortgage rates declined in January, continuing a trend that began in early November 2022,” said Kevin McMahon, president of Optimal Blue, a division of Black Knight. “Conforming rates dropped 36 basis points from where they were at the start of the year, and we saw that rates associated with those FHA/VA/jumbo locks all came down in kind.” He noted that the first increase in activity since March 2022 was driven by declining interest rates but also by “seasonal tailwinds.”

The average 30-year fixed-rate mortgage was 6.15 percent in January, down 36 basis points over the month. The spread between 10-year Treasury rates and the 30-year fixed rate, which has widened over the last year, was 2.64 percent in January. While the 10-year rate has grown 173 basis points since last January, the 30-year fixed rate is up 238 basis points.



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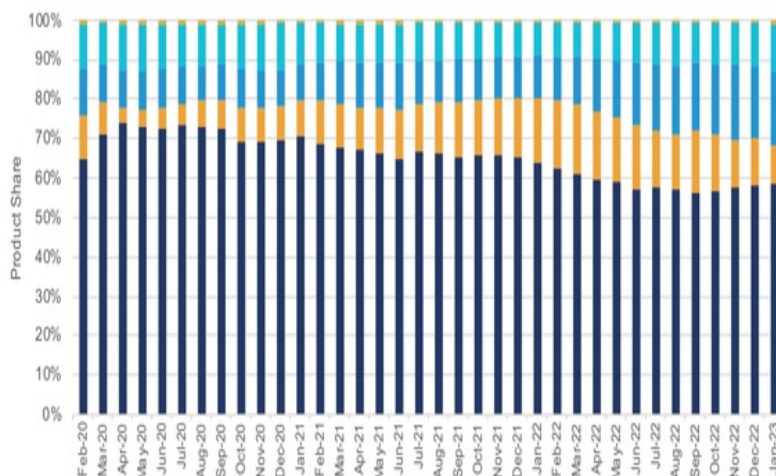




Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
10-Year Treasury	3.52%	(36 BPS)	(58 BPS)	173 BPS
30-Year Conforming	6.16%	(36 BPS)	(90 BPS)	238 BPS
10-Year to 30-Year Spread	2.64%	0 BPS	(32 BPS)	65 BPS

While declining interest rates pushed refinancing volumes higher, they still represented only 15 percent of January’s activity and both purchase and refi locks are significantly lower year-over-year. Purchase locks were down 44 percent from the prior January while refinancing fell 41 percent. On a geographical level, the largest 20 MSAs by lock volume all saw double-digit growth, with Chicago, Nashville, and Charlotte producing 50 percent month-over-month gains from December.

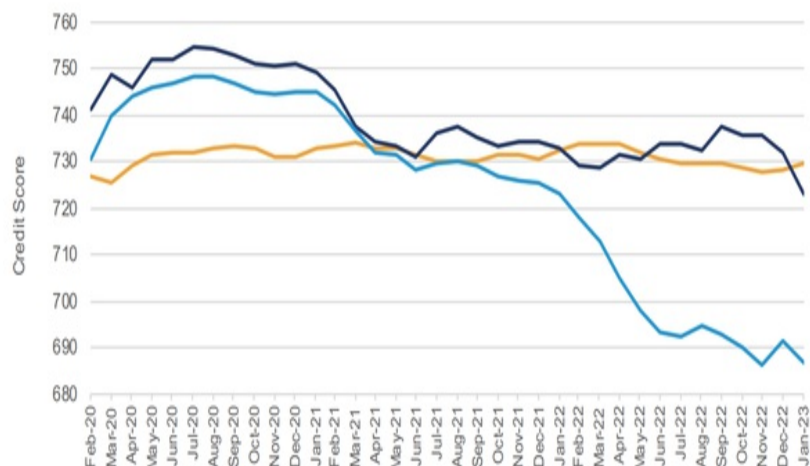
By product type, conforming loans had the largest share of rate locks at 58.4 percent. FHA and VA loans accounted for 18.5 percent and 12.4 percent respectively while jumbo and expanded guideline loans had a total of 10 percent. The ARM share of lending dripped further in January to just above 8% of total locks, as lower rates pushed borrowers back toward fixed-rate offerings



Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	58.5%	55 BPS	195 BPS	(563 BPS)
Nonconforming	9.7%	(256 BPS)	(471 BPS)	(652 BPS)
FHA	18.5%	31 BPS	58 BPS	782 BPS
VA	12.4%	158 BPS	206 BPS	416 BPS
USDA	0.9%	12 BPS	12 BPS	16 BPS

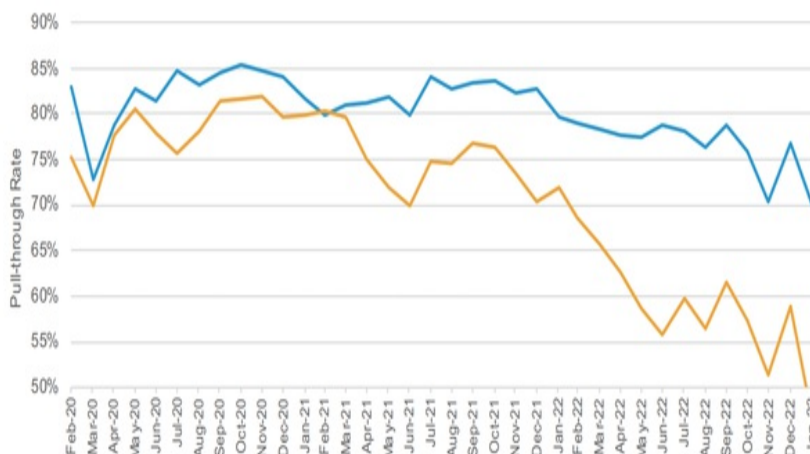
The average loan amount rose from \$336,000 to \$340,000. The average purchase price climbed from \$419,000 to \$421,000.

Credit scores fell 4 points among cash-out refis and are now down 36 points over the past 12 months (down 9 points for rate/terms), and purchase credit scores have risen 1 point.



Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
—	Cash-Out Refi	687	-4	-3	-36
—	Purchase	729	1	1	-3
—	Rate/Term Refi	723	-9	-12	-10

The pull-through rate for purchase loans was at 70 percent in January, significantly below the 85 percent rate in January 2020, the month before the onset of the pandemic. The pull-through for refinancing has now fallen to 50 percent.



Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
—	Purchase Pull-Through	70.2%	(666 BPS)	(574 BPS)	(940 BPS)
—	Refinance Pull-Through	46.9%	(1205 BPS)	(1044 BPS)	(2491 BPS)

McMahon concluded, “While this month’s *Originations Market Monitor* certainly brings welcome news, it’s important to remember that we would have expected to see a seasonal rebound in January, regardless. Mortgage originations continue to face significant rate, affordability, and inventory headwinds, and lock volumes are still down more than 60 percent from the comparable period last year. With rates picking back up in early February, it will be interesting to see whether the rebound in lock activity will hold.”