



Purchase Mortgage Activity Rises Despite Interest Rates

Overall volumes of mortgage loan rate locks appear, as yet, largely unaffected by the recent increases in mortgage interest rates, but have definitely changed their composition. Black Knight says, in its current *Originations Market Monitor*, that total rate lock activity rose 19 percent from February to March, driven by 31 percent growth in those for purchasing. That brought the growth in those locks to 70 percent over the past three months. In the meantime, refinancing locks dropped 13.8 percent in March.

“Mortgage interest rates spiked in March, with 30-year offerings climbing 70 basis points over the course of the month,” said Scott Happ, president, Optimal Blue, a division of Black Knight. “In fact, our Optimal Blue Mortgage Market Indices daily interest rate tracker (OBMMI) showed the average 30-year conforming rate reach as high as 4.93 percent late in the month before pulling back slightly to close out March at 4.79 percent. And yet, despite seeing the fastest one-month rise in rates in nearly 13 years, we saw purchase lock volumes increase by 31 percent from February – likely as prospective buyers moved to lock in their loans before rates climbed any higher.”

While total refinancing fell, cash-out refinances, which are somewhat insulated by continued home value appreciation, increased by a modest 1.6, slightly offsetting the now six-month long slide in rate/term refis. They were down another 15.4 percent in March. for an 81percent year-over-year decline. The share of refinances in the pipeline was 28 percent, the lowest since November 2018.



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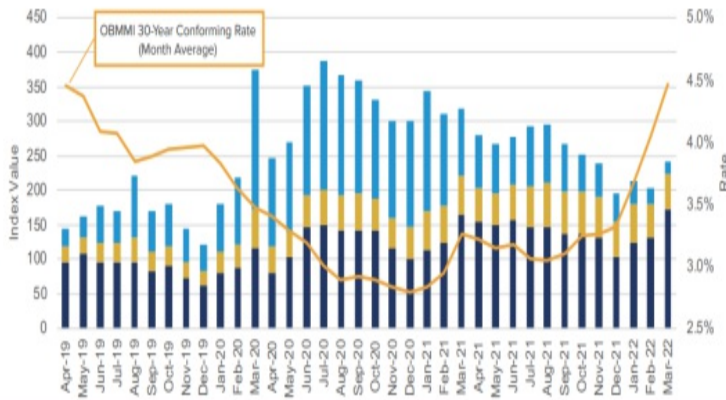
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MARCH 2022 LOCK VOLUME BY LOAN PURPOSE

Here, we break down March'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.



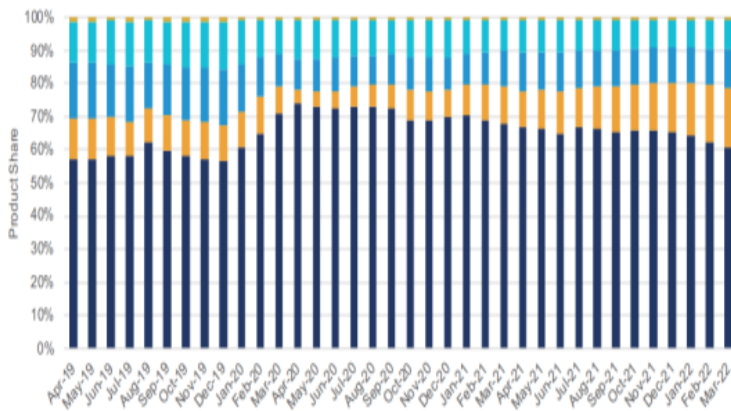
Market Volume Index (Total volume indexed to 100 in March 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	173	31.5%	69.0%	4.3%
	Cash-Out Refinance	50	1.6%	(6.0%)	(8.1%)
	Rate/Term Refinance	19	(15.4%)	(53.4%)	(80.8%)
	Total	242	19.1%	23.4%	(24.0%)
Refinance Share*		28%	(673 BPS)	(1930 BPS)	(1941 BPS)






*Refinance share changes reflect inter-period delta

Another change in the composition was the size of the mortgages. Happ said, “As home prices continue to climb – even in the face of sharply rising interest rates – we’ve seen the average loan amount rise as well. The average loan rose by \$8,000 to just under \$362,000 in March, representing a more than 23 percent increase over February’s rise. In turn, non-conforming products – including both jumbos and loans with expanded guidelines – continued to take market share from conforming loans and accounted for a full 18 percent of the month’s lock activity. The FHA share of lock activity also rose on strong purchase lending demand.”

MARCH 2022 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down March'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.

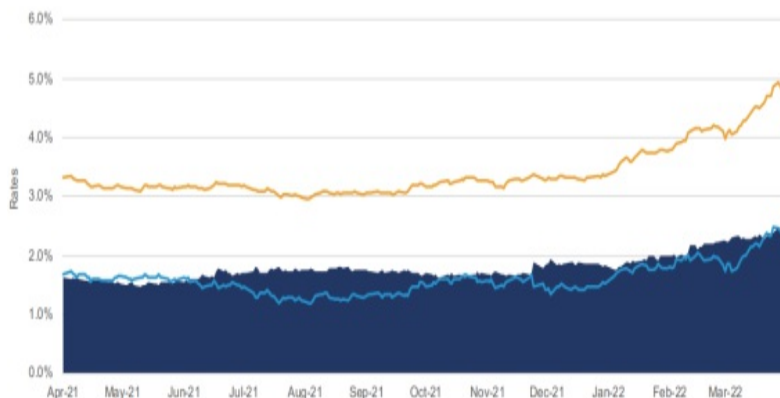





Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	60.9%	(165 BPS)	(448 BPS)	(686 BPS)
	Nonconforming	18.0%	96 BPS	312 BPS	678 BPS
	FHA	11.7%	63 BPS	120 BPS	80 BPS
	VA	8.8%	6 BPS	15 BPS	(51 BPS)
	USDA	0.7%	(1 BPS)	0 BPS	(21 BPS)

The spread between mortgage rates and 10-year Treasuries climbed another 20 basis points as the rise in mortgage rates outpaced the ~50 basis point rise in Treasury yields.

MARCH 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 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	2.32%	49 BPS	80 BPS	58 BPS
	30-Year Conforming	4.79%	69 BPS	144 BPS	145 BPS
	10-Year to 30-Year Spread	2.47%	20 BPS	64 BPS	87 BPS

Credit scores for home purchase loans have risen slightly since the first of the year, but at 734, are unchanged from March 2021. However, scores for refinancing borrowers have fallen sharply in recent months. Cash-out borrowers had an average score of 713, down 5 points in March and 13 points since the first of the year. The score for rate/term refinancers has changed less radically, with declines of 1 and 6 points, respectively. Those borrowers have an average score of 729.



MARCH 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 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
—	Purchase	734	0	4	0
—	Cash-Out Refi	713	-5	-13	-24
—	Rate/Term Refi	729	-1	-6	-9

Pull-through rates – the share of locks that result in funded loans – fell on both purchase and refinance locks, with refi pull-through falling to just 65.7 percent. The pull-through rate for purchases was nearly 13 percentage points higher.



MARCH 2022 PURCHASE & REFI PULL-THROUGH

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	78.2%	(70 BPS)	(437 BPS)	(270 BPS)
—	Refinance Pull-Through	65.7%	(292 BPS)	(474 BPS)	(1393 BPS)

