

## **Black Knight: 2020 On Pace to See More than 9 Million Refinance Transactions; 82% of Refinancing Borrowers Not Retained**

- 6.4 million homeowners have refinanced their mortgages in 2020 through the third quarter, with refinance origination volumes topping \$2 trillion
- Q3 2020 saw the largest single quarter of refinance lending on record at \$867 billion, while purchase (\$455 billion) and total lending (\$1.3 trillion) hit quarterly record highs as well
- Consolidated rate lock data from Black Knight's Compass Analytics and Optimal Blue divisions suggests origination volumes could remain at or above those record levels in Q4 2020
- With 30-year mortgage interest rates at or near record lows, refinance incentive remains at historic highs; as of Nov. 27, there were 19.4 million high-quality refinance candidates in the market
- Despite these record levels of refinance incentive and lending, mortgage servicers continue to struggle to retain the business of refinancing homeowners
- Just 18% of the nearly 2.7 million homeowners who refinanced their mortgages in Q3 2020 were retained, the lowest such retention rate on record
- While 22% of rate/term refinancing homeowners were retained, only a record-low 12% of cash-out refinance borrowers were retained

JACKSONVILLE, Fla. – Dec. 7, 2020 – Today, the [Data & Analytics](#) division of [Black Knight, Inc.](#) (NYSE:BKI) released its latest [Mortgage Monitor Report](#), based upon the company's industry-leading mortgage performance, real estate and public records datasets. This month, the company looked into Q3 2020 mortgage originations – with a focus on refinance lending – and mortgage servicers' success in retaining the business of refinancing homeowners. As Black Knight Data & Analytics President Ben Graboske explained, while Q3 2020 quarterly origination volumes broke records across the board, retention rates have suffered amid the surge of lending activity.

“As our rate lock data had [suggested last month](#), Q3 2020 originations hit record highs in purchase, refinance and overall lending as record-low mortgage rates and a delay to the normal spring home-buying season spurred both the purchase and refinance markets,” said Graboske. “Some 2.7 million homeowners refinanced their first-lien mortgages in the third quarter, bringing the total through September 2020 to 6.4 million. What's more, consolidated rate lock data from Black Knight's Compass Analytics and Optimal Blue divisions suggests that number could climb above 9 million by year's end. And, with rates continuing to sit at record lows, refinance incentive remains at historic highs. As of the last week of November, 19.4 million 30-year mortgage holders could likely both qualify for and benefit

from a refinance.

“However, despite record levels of incentive and lending, mortgage servicers continue to struggle to retain customers, losing the business of more than 80% of homeowners who refinance. Pricing appears to be a significant factor in servicers’ ability to retain customers, as homeowners who changed lenders received noticeably better rates than those whose business was retained. In today’s rate environment, and up against fierce competition, lenders need the most precise product and pricing intelligence available. That said, successful retention likely goes beyond pricing to also include a positive customer experience. This is one reason why Black Knight has invested so heavily in technology that helps our servicing clients provide their own customers with the sort of support and experience that engenders loyalty and improves retention.”

This month’s data also showed 2020 is on pace to reach nearly \$4.4 trillion in first-lien mortgage originations in the calendar year, easily the largest such volume on record. The third quarter saw record levels of refinance lending, at \$867 billion, purchase lending (\$455 billion) and total lending (\$1.3 trillion). Black Knight's rate lock data suggests origination volumes could remain at or above those record levels through Q4 2020, as well. Factoring in a 45-day lock-to-close timeline, and assuming consistent lock-to-close rates, purchase volume is likely to remain roughly level in Q4 2020, while refinances and total lending could edge slightly higher (+5% and +2% respectively). Much more detail can be found in Black Knight’s October 2020 [Mortgage Monitor Report](#).

### **About the Mortgage Monitor**

The Data & Analytics division of Black Knight manages the nation's leading repository of loan-level residential mortgage data and performance information covering the majority of the overall market, including tens of millions of loans across the spectrum of credit products and more than 160 million historical records. The combined insight of the Black Knight HPI and Collateral Analytics’ home price and real estate data provides one of the most complete, accurate and timely measures of home prices available, covering 95% of U.S. residential properties down to the ZIP-code level. In addition, the company maintains one of the most robust public property records databases available, covering 99.9% of the U.S. population and households from more than 3,100 counties.

Black Knight's research experts carefully analyze this data to produce a summary supplemented by dozens of charts and graphs that reflect trend and point-in-time observations for the monthly Mortgage Monitor Report. To review the full report, visit: <https://www.blackknightinc.com/data-reports/>

### **About Black Knight**

Black Knight, Inc. (NYSE:BKI) is an award-winning software, data and analytics company that drives innovation in the mortgage lending and servicing and real estate industries, as well as the capital and secondary markets. Businesses leverage our robust, integrated solutions across the entire homeownership life cycle to help retain existing customers, gain new customers, mitigate risk and operate more effectively.

Our clients rely on our proven, comprehensive, scalable products and our unwavering commitment to delivering superior client support to achieve their strategic goals and better serving their customers. For more information on Black Knight, please visit [www.blackknightinc.com/](http://www.blackknightinc.com/).

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