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MARKET ADVANTAGE

MORTGAGE DATA REPORT

AUGUST 2025

Welcome to the
OPTIMAL BLUE MARKET ADVANTAGE

A Complimentary Monthly Report on Mortgage Origination and Secondary Market Activity

REPORT CONTENTS

MARKET ADVANTAGE MONTHLY PODCAST

Hear additional commentary and insights in the **Market Advantage podcast**.

"When you embark on any new process, you have to – in my opinion – create that 'center of excellence.' What that means is you *bring in* expertise, and you also *grow* expertise *within* your own team."

— Seever Sulaiman

Maximizing Your AI Investment
What factors are calculated into the cost of your AI investment and how do you realize maximum return?

Understanding Language Models
What's the difference between a large language model (LLM) and a small language model (SLM), and when should one be chosen over the other?

Episode Guest:

Seever Sulaiman
Chief Technology Officer
Optimal Blue

Optimal Blue Hosts:

Olivia DeLancey
Brennan O'Connell
Mike Vough

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MARKET
ADVANTAGE
MONTHLY PODCAST

AUGUST 2025 DATA

Measuring Returns and Maximizing Value on AI Investments

KEY FINDINGS: AUGUST 2025

VOLUME TRENDS AND MARKET COMPOSITION

- **Lock volumes dip:** Overall activity slowed 1.8% in August as the seasonal decline in purchase demand outpaced gains in refinance activity.

- **Purchase volumes slip:** Purchase volume fell 9.8% MoM but remained flat YoY, ushering in the typical post–peak season slowdown.

- **Refis surge:** Refinances rose to 26% of originations, up sharply MoM and YoY, as rate-and-term refinances surged 69.8% while cash-outs gained 2.2%.

RATES AND PRICING

- **Benchmark rates drop:** The OBMMI ended August at 6.49%, down nearly a quarter point from July. Jumbo rates fell 32 bps to 6.57%, FHA decreased 24 bps to 6.26% and VA declined 33 bps to 6.00%, creating opportunities across loan types.

- **Pricing strength improves:** Loans sold at the highest pricing tier rose to 75%, a 5-point increase, suggesting lenders delivered cleaner loan profiles and captured stronger pricing.

- **MSR valuations soften:** MSR values dipped to 1.15% for conforming 30-year loans, down 4 bps, in line with lower rates that compressed servicing valuations.

CHANNEL AND EXECUTION

- **Cash share declines:** Agency cash window sales fell 200 bps to 24% as lenders leaned less on cash executions in favor of strategic delivery methods.

- **MBS executions rise:** Agency MBS executions climbed to 40%, reflecting increased securitization by larger lenders optimizing capital markets execution and market share.

- **Pull-through rates mixed:** Purchase pull-through rose 22 bps to 84.2%, while refinance pull-through slipped 15 bps to 61%, indicating some softening in refi pipeline performance.

PRODUCT MIX AND BORROWER PROFILES

- **Non-QM hits record:** Non-QM share rose to 8.34% of all originations in August, up from 8.03% in July and setting a new record high.

- **Conforming declines:** Conforming share fell 123 bps to 51%. VA loans gained 78 bps to 12.1%, non-conforming increased 48 bps to 17.3%, FHA edged up 1 bp to 19% and USDA dipped 5 bps to 0.7%.

- **New build activity softens:** Planned unit development (PUD) lending fell below 28% of production, down more than 4.5% YoY as new construction market share continued to contract.

- **FTHB activity steady:** First-time homebuyer share held flat for conforming and FHA loans and dipped slightly for VA.

- **Borrower profiles remain strong:** The average conforming FICO Score was 756, unchanged MoM. Average loan amounts rose to $386,387 from $382,476 in July, ranging from $600,110 in metro New York to $304,511 in Indianapolis. Average LTVs ranged from 73.56 in New York to 81.61 in Indianapolis.

- **ARMs hold:** Adjustable-rate mortgages accounted for 10.25% of overall lock activity.

SECTION I

ORIGINATION DATA

This section provides a view of early-stage origination activity by reviewing lender rate lock data from the Optimal Blue® PPE – the mortgage industry's most widely used product, pricing, and eligibility engine. Unlike self-reported survey data, Optimal Blue's mortgage lock data is direct-source data that accurately reflects the in-process loans in lenders' pipelines.

NATIONAL RATE LOCK METRICS
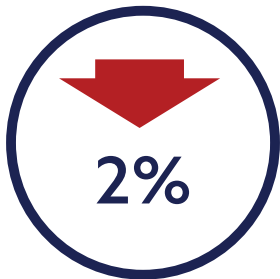
RATE LOCK VOLUME

Overall activity slowed 1.8% MoM in August as the seasonal decline in purchase demand outpaced gains in refi activity.
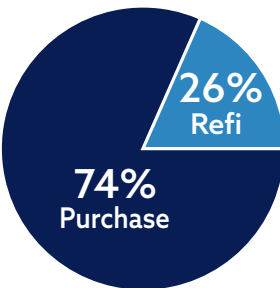
2%

MONTH-END CONFORMING RATE

The benchmark Optimal Blue Mortgage Market Indices 30-year conforming interest rate ended August at 6.49%, down nearly a quarter point from July.

6.49%

AVERAGE LOAN AMOUNT

The average loan amount rose to $386,387 from $382,476 in July.

$386K

MARKET MIX

Refinances rose to 26% of originations, up sharply MoM and YoY, as rate-and-term refis surged 69.8% and cash-outs gained 2.2%.

26% Refi
74% Purchase

MARKET RATE INDICES

The **Optimal Blue Mortgage Market Indices (OBMMI)** are calculated from actual locked rates with consumers in the Optimal Blue PPE across approximately 35% of all mortgage transactions nationwide. OBMMI data includes mortgage points and seller concessions. It does not include borrower fees.
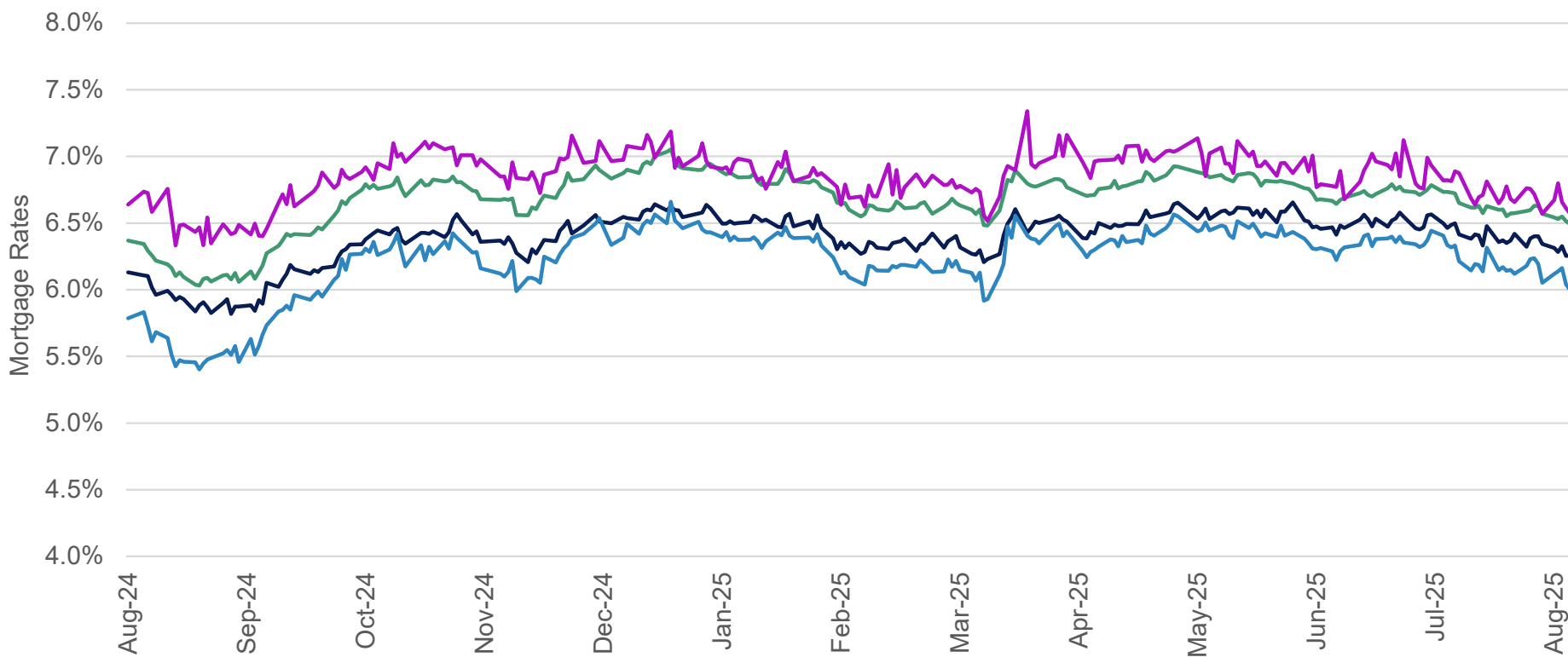
Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	6.49%	(23 bps)	(35 bps)	13 bps
30-Year Jumbo	6.57%	(32 bps)	(45 bps)	(7 bps)
30-Year FHA	6.26%	(24 bps)	(27 bps)	13 bps
30-Year VA	6.00%	(33 bps)	(45 bps)	21 bps

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. Spread indicates investor appetite and lender profit margin for mortgage-backed securities in relation to Treasury securities. Higher spreads indicate that investors require greater yield in comparison to Treasurys, which may result in higher mortgage rates being offered to consumers. This data is sourced from the CompassEdge hedging and loan trading platform.
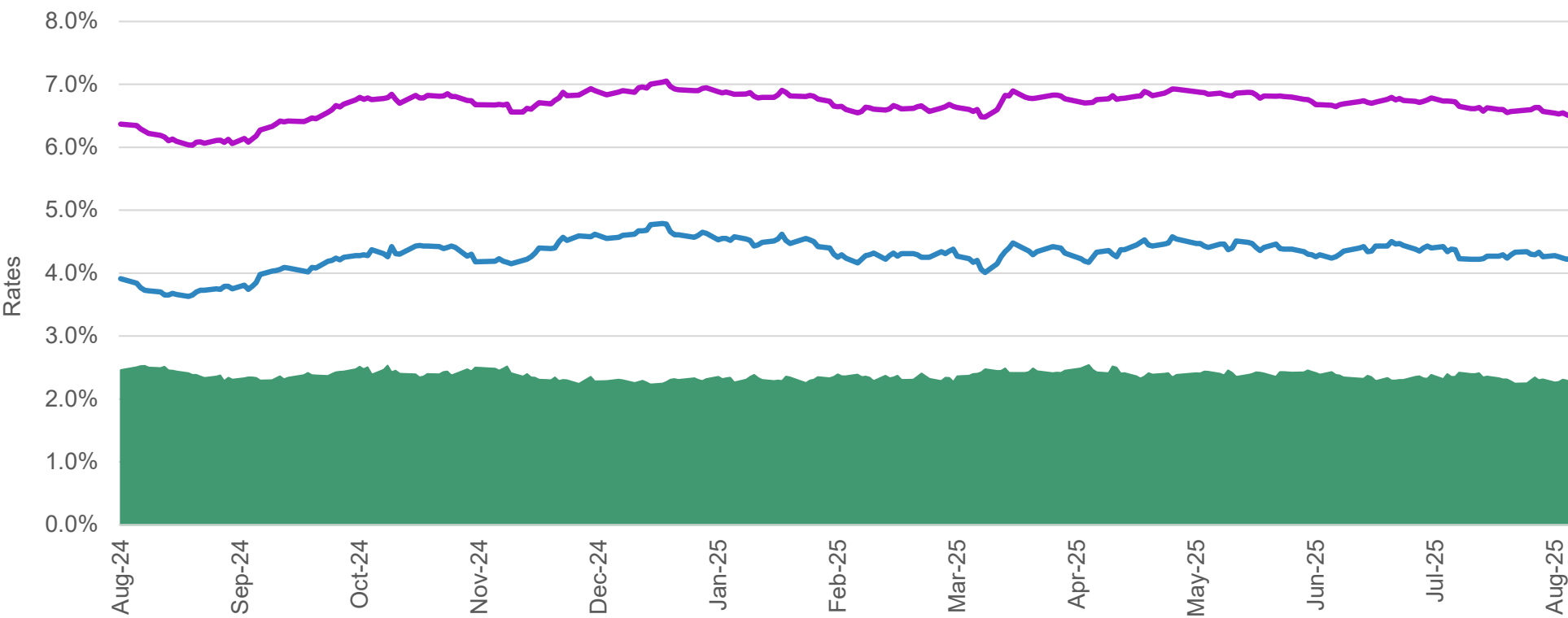
Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
10-Year Treasury	4.23%	(14 bps)	(18 bps)	32 bps
30-Year Conforming	6.49%	(23 bps)	(35 bps)	13 bps
10-Year to 30-Year Spread	2.26%	(9 bps)	(17 bps)	(19 bps)

LOCK VOLUME BY LOAN PURPOSE

Loan purpose indicates how a borrower will use mortgage financing: to purchase a property or refinance an existing mortgage. A cash-out refinance exchanges a portion of home equity for cash, while a rate/term refinance helps a consumer access a lower interest rate on an existing loan. This data is sourced from the **Optimal Blue PPE**.

OBMMI 30-Year Conforming Rate (Month Average)
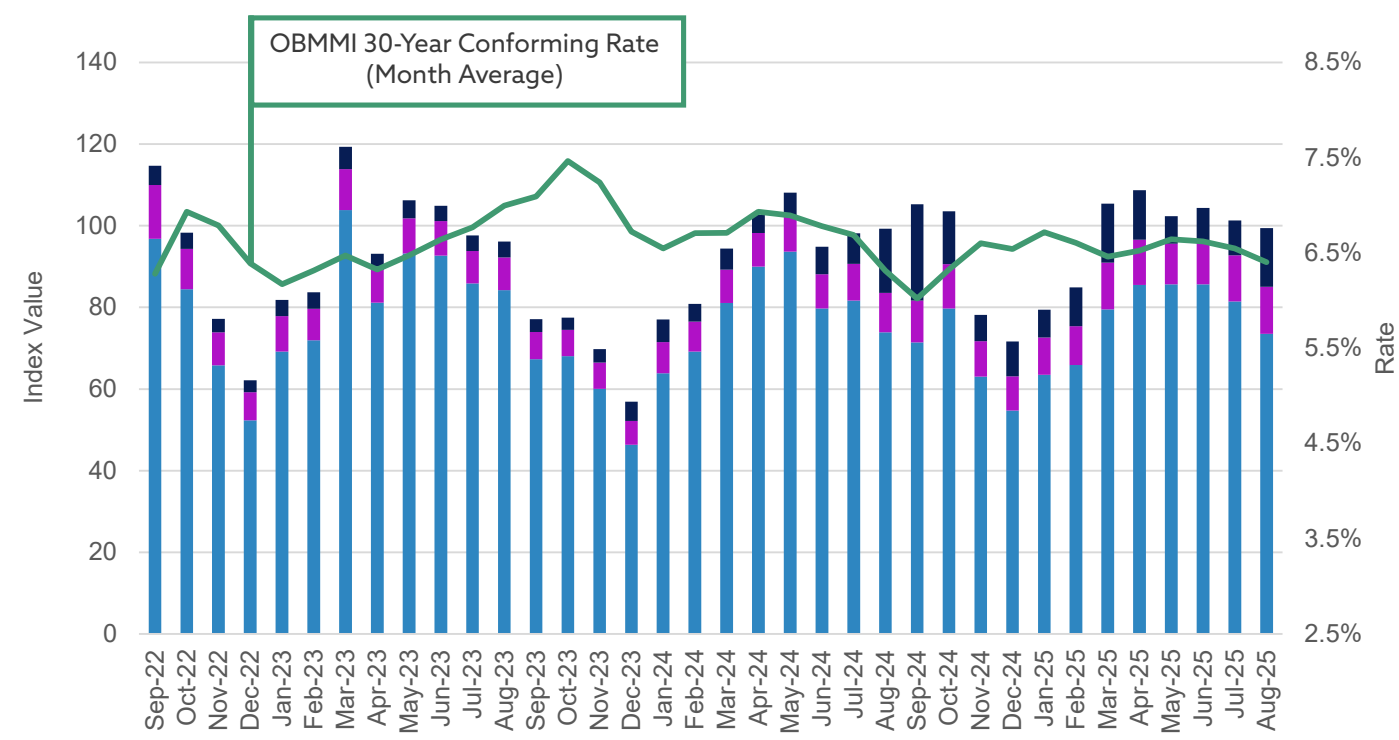
Market Volume Index (Total volume indexed to 100 in January 2018)	Current Value	1-Month % Change	3-Month % Change	12-Month % Change
Purchase	73	(9.8%)	(14.2%)	(0.5%)
Cash-Out Refinance	12	2.2%	15.8%	19.9%
Rate/Term Refinance	14	69.8%	112.7%	(8.7%)
Total	99	(1.8%)	(2.9%)	0.1%
Refinance Share*	26%	656 bps	973 bps	51 bps

*Refinance share changes reflect inter-period delta

MIX OF BUSINESS BY LOAN PRODUCT

Loan product refers to the type of mortgage a consumer locks. Conforming (i.e., QM) loans meet the guidelines set by Fannie Mae and Freddie Mac, while noncomforming (i.e., non-QM) loans do not. FHA loans are insured by the Federal Housing Administration and allow for lower credit scores. VA loans are designed for military members and veterans, and they are guaranteed by the U.S. Department of Veterans Affairs. USDA loans are backed by the U.S. Department of Agriculture to help low-to-moderate income buyers in rural areas. This data is sourced from the **Optimal Blue PPE**.
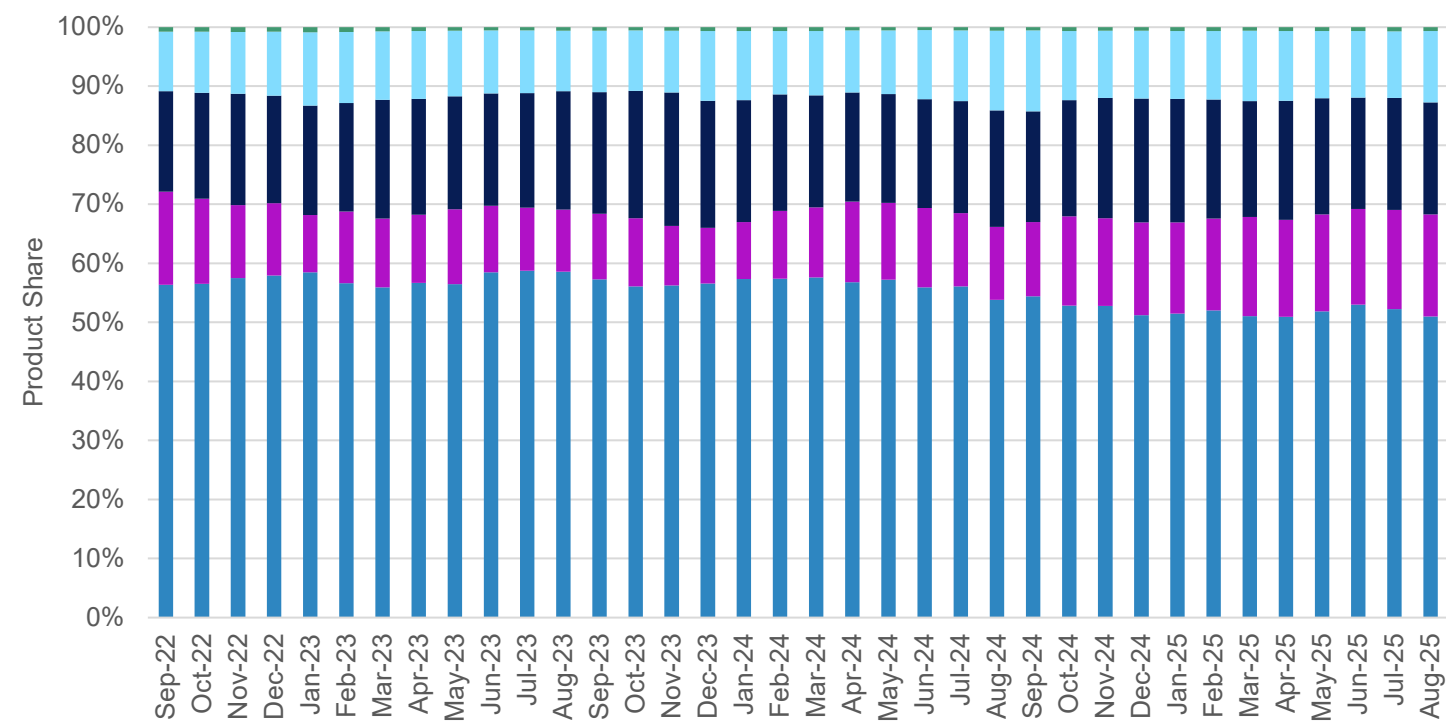
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
———	Conforming	51.0%	(123 bps)	(87 bps)	(282 bps)
———	Nonconforming	17.3%	48 bps	86 bps	492 bps
———	FHA	19.0%	1 bps	(71 bps)	(76 bps)
———	VA	12.1%	78 bps	71 bps	(143 bps)
———	USDA	0.7%	(5 bps)	1 bps	9 bps

PROPERTY TYPE

Property type is a classification of structure based on intended use and physical characteristics. *Planned unit development (PUD) includes new construction. This data is sourced from the **Optimal Blue PPE**.
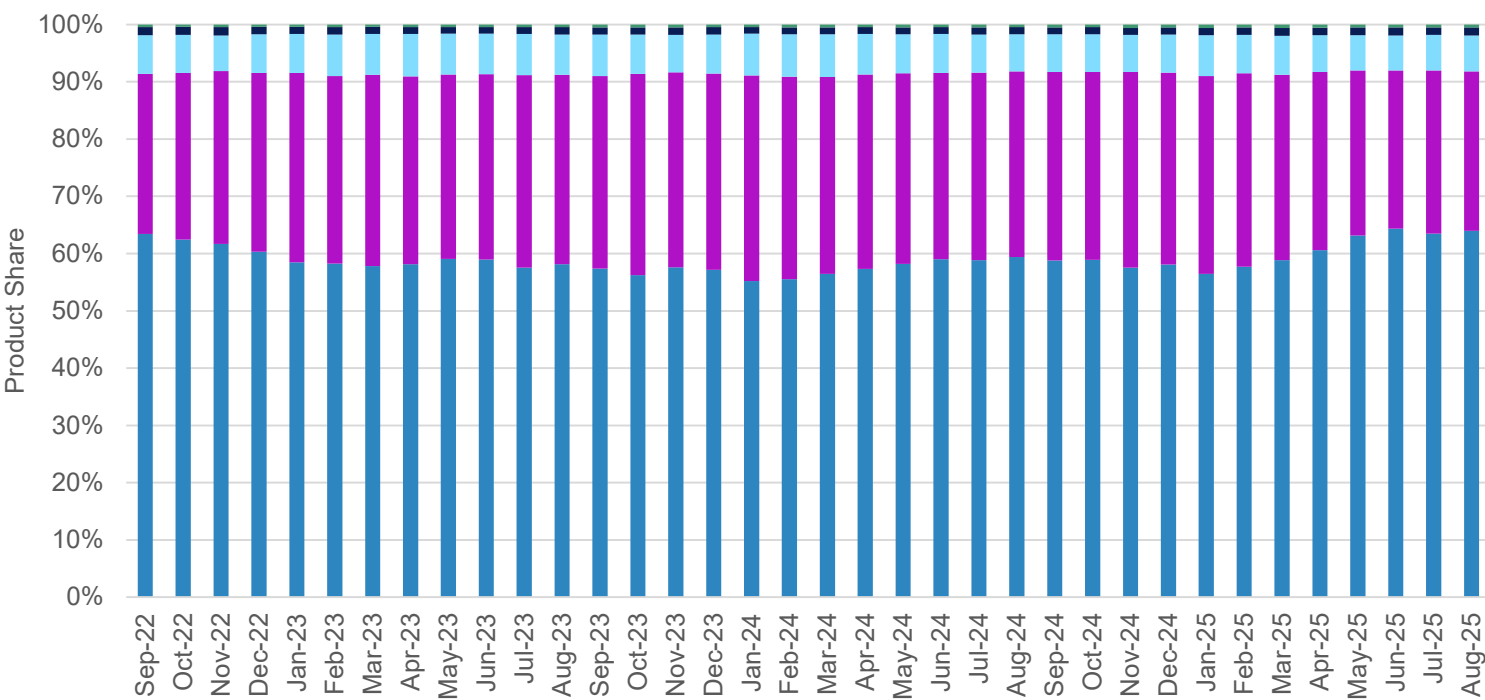
Property Type Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
———	Single Family	64.0%	50 bps	81 bps	456 bps
———	PUD*	27.9%	(64 bps)	(93 bps)	(456 bps)
———	Condo	6.2%	5 bps	4 bps	(23 bps)
———	Manufactured	1.4%	10 bps	9 bps	19 bps
———	All Other	0.5%	(bps)	(1 bps)	5 bps

DEBT-TO-INCOME RATIO

Debt-to-income (DTI) ratio is considered an indicator of a borrower's financial health, with lower DTI typically indicating greater financial flexibility. This data is sourced from the **Optimal Blue PPE**.
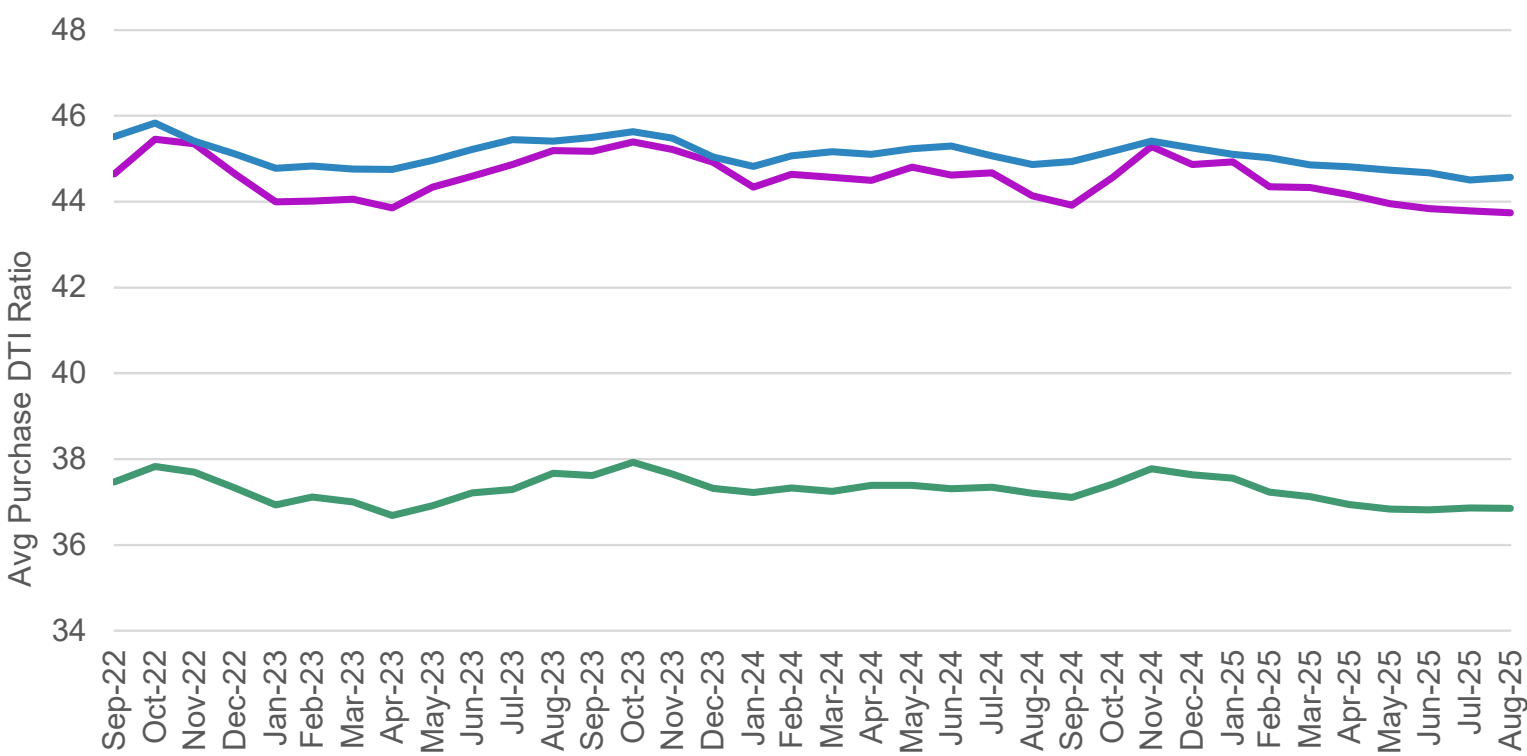
DTI Ratio by Product		Current Avg DTI Ratio	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	36.9	0.0	0.0	(0.3)
	FHA	44.6	0.1	(0.2)	(0.3)
	VA	43.7	0.0	(0.2)	(0.4)

AVERAGE CREDIT SCORES BY LOAN PURPOSE

Credit score is considered an indicator of a borrower's financial health, with higher credit scores indicating greater financial flexibility.
This data is sourced from the **Optimal Blue PPE**.
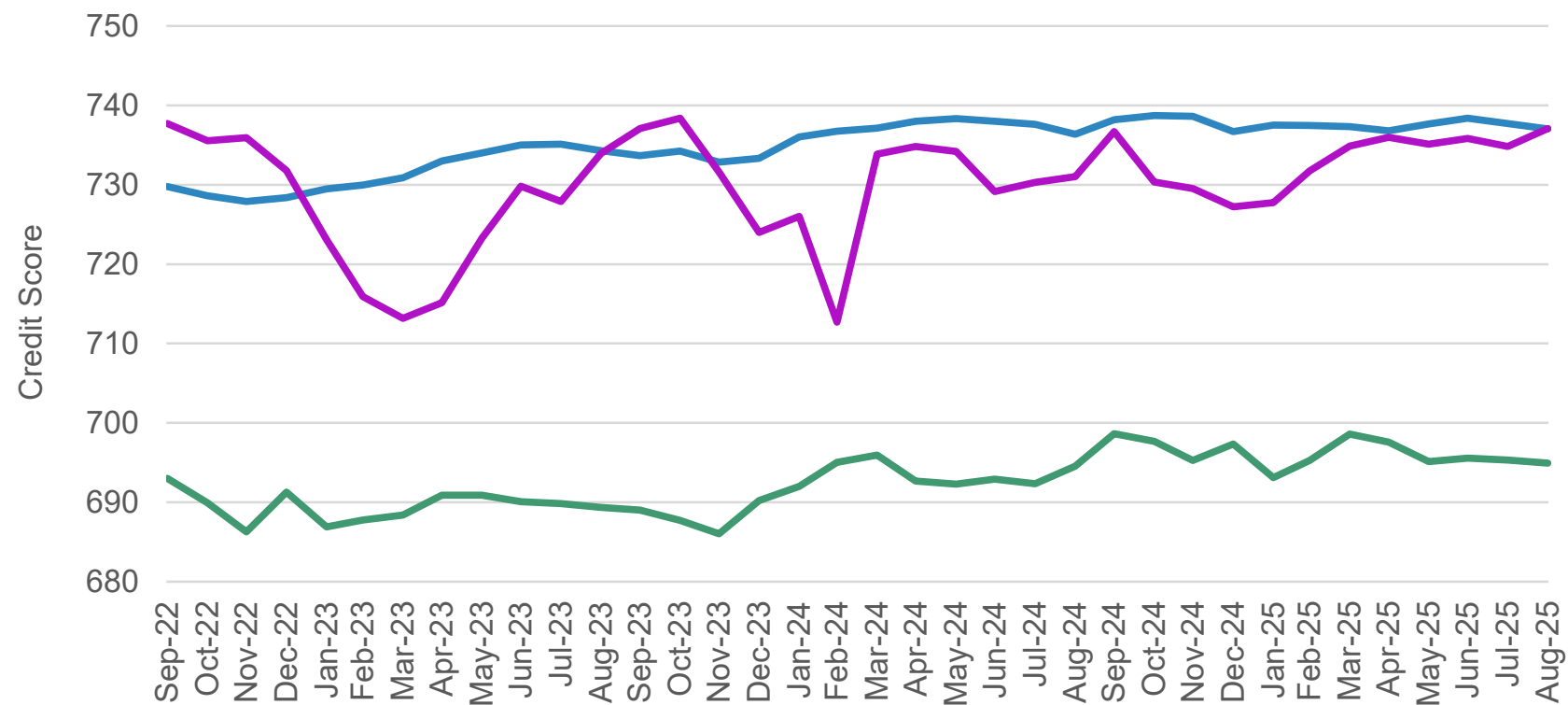
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	737	(1)	(1)	1
	Cash Out Refi	695	0	0	0
	Rate/Term Refi	737	2	2	6

AVERAGE CREDIT SCORES BY LOAN PRODUCT

Credit score is considered an indicator of a borrower's financial health, with higher credit scores indicating greater financial flexibility.
This data is sourced from the **Optimal Blue PPE**.
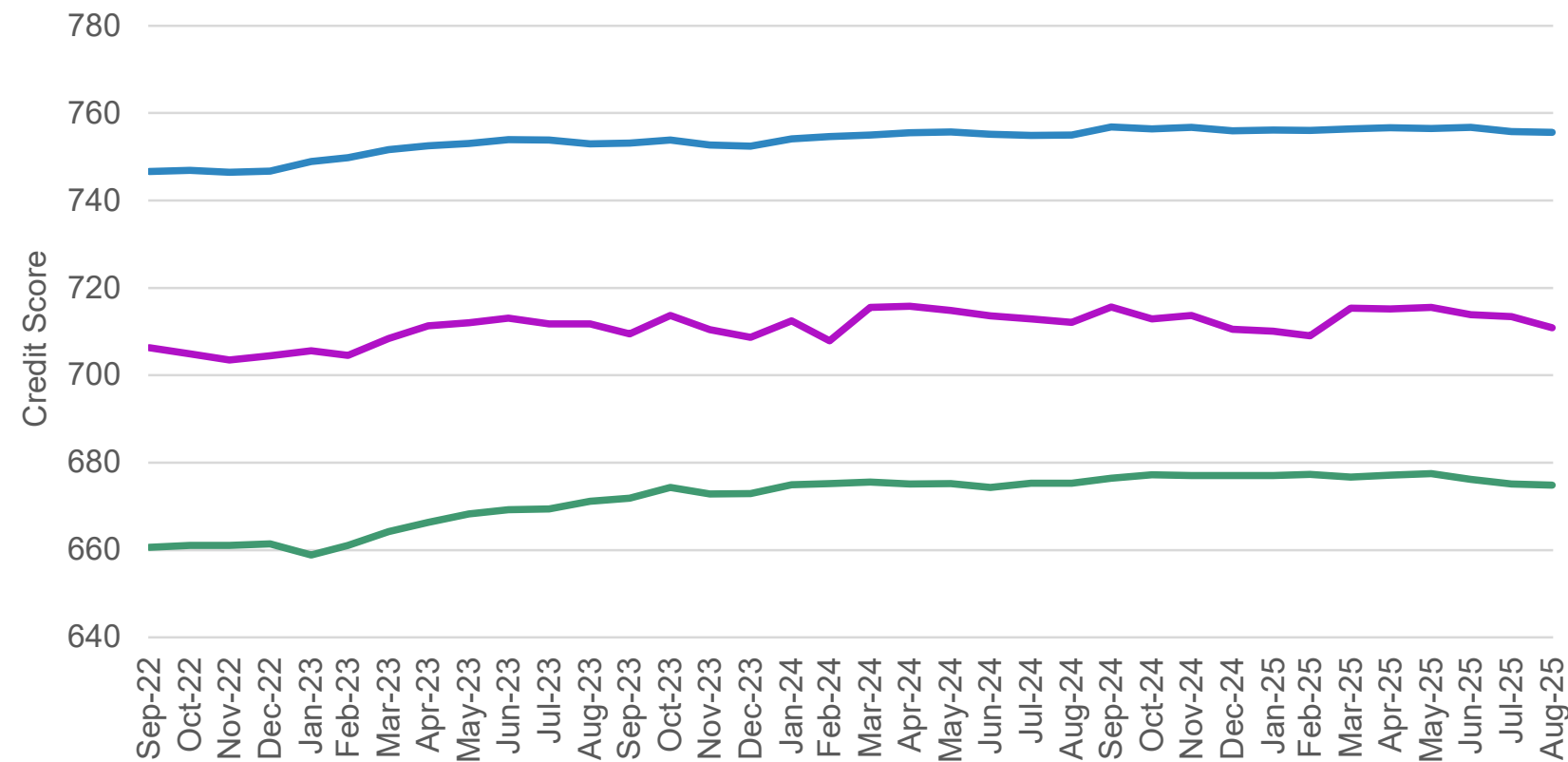
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
——	Conforming	756	0	(1)	1
——	FHA	675	0	(3)	0
——	VA	711	(3)	(5)	(1)

FIRST-TIME HOMEBUYER STATUS

First-time homebuyers frequently take advantage of loan-level pricing adjustment (LLPA) relief and may qualify for lower rates.
This data is sourced from the **Optimal Blue PPE**.
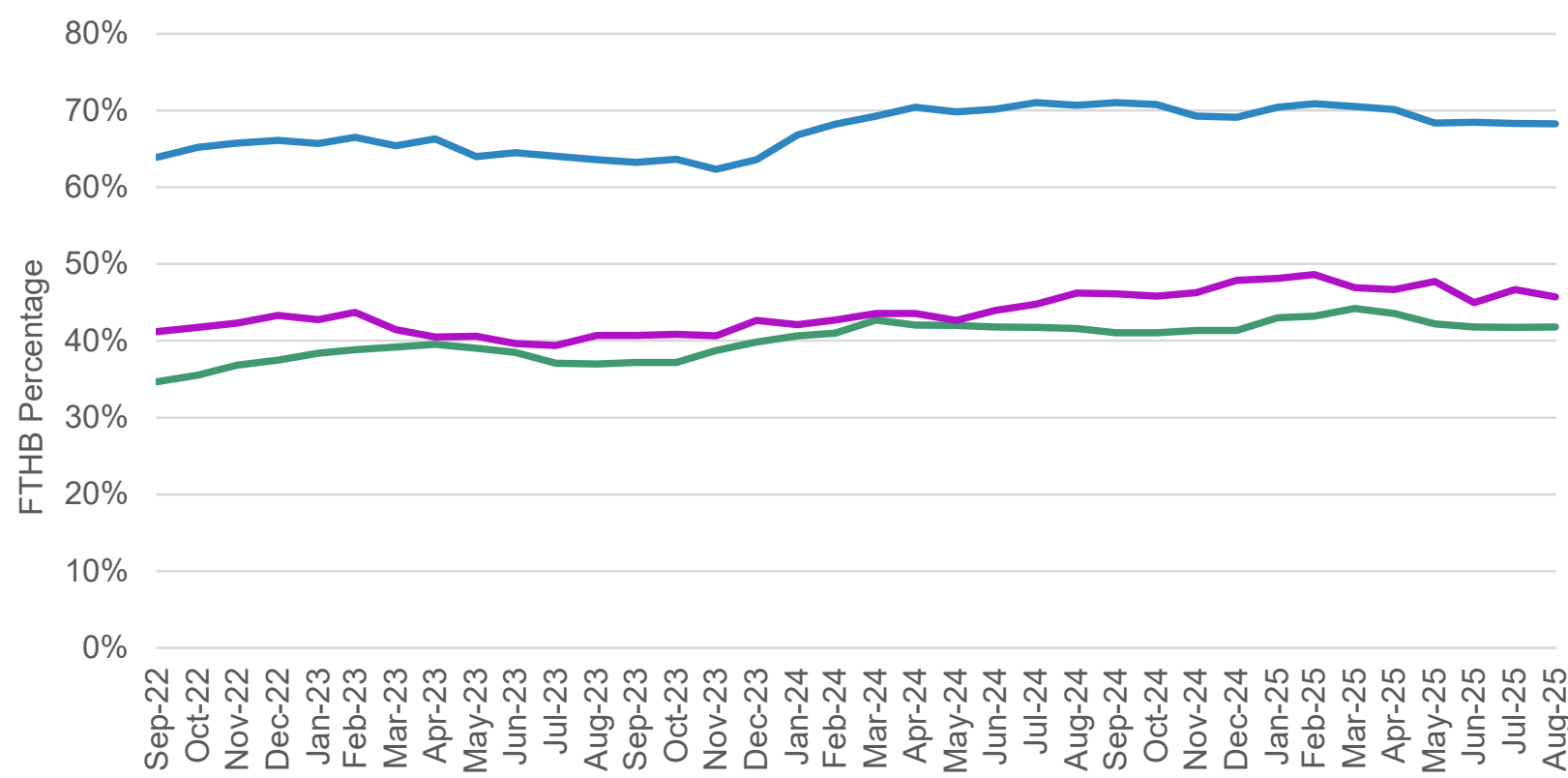
First-Time Homebuyer by Product	Current Ratio	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	42%	0%	0%	0%
FHA	68%	0%	0%	-2%
VA	46%	-1%	-2%	0%

NON-QM LOAN PRODUCTS

In contrast to agency-production loans, non-QM loans use different and/or more flexible criteria to verify borrower income. The categories below reflect ways lenders may verify income for borrowers who would not traditionally qualify for a conforming (i.e., QM) loan. This data is sourced from the **Optimal Blue PPE**.
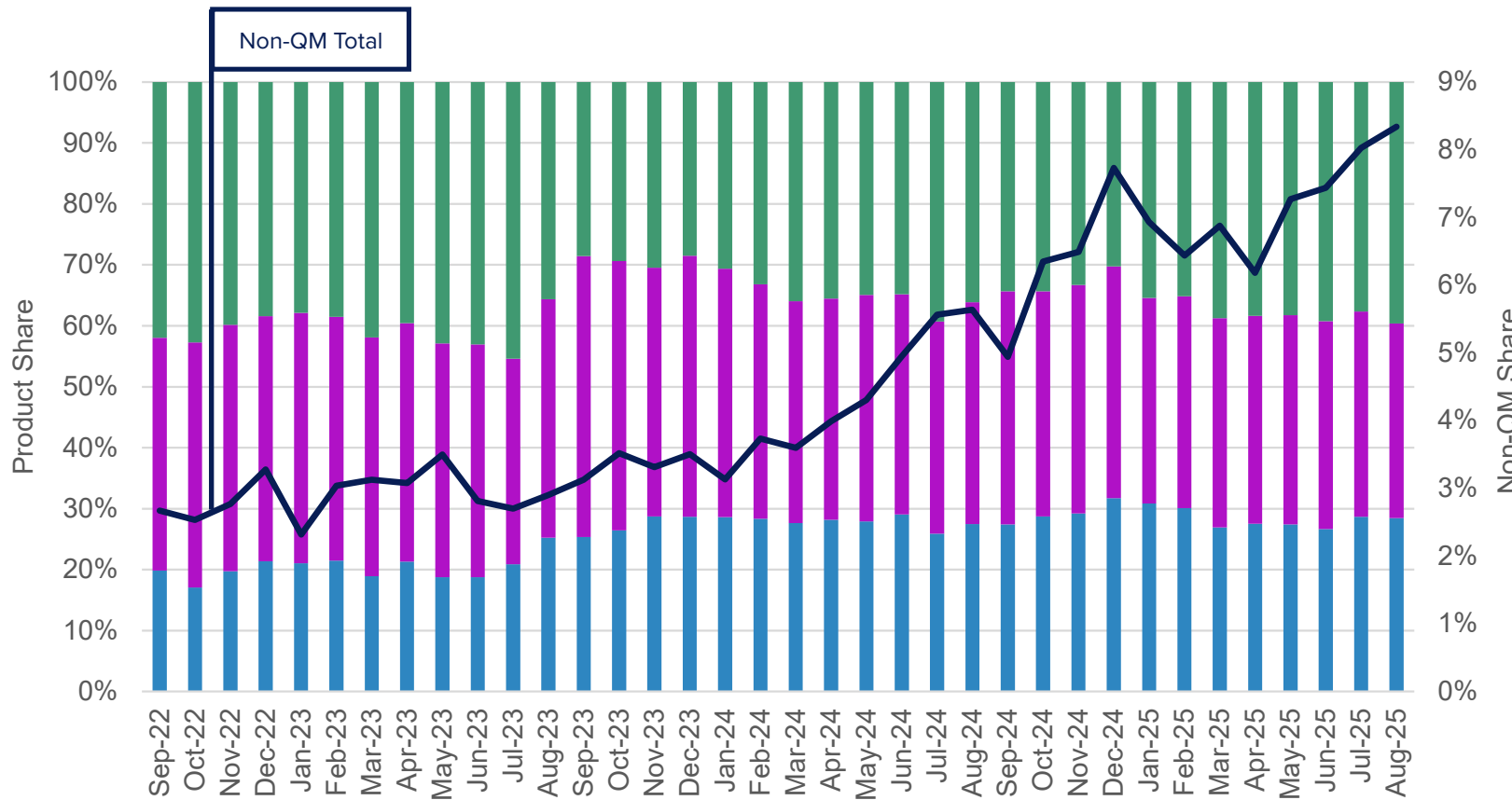
Non-QM Market		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
———	Investor/DSCR	28.5%	(20 bps)	103 bps	101 bps
———	Bank Statement	31.9%	(178 bps)	(241 bps)	(447 bps)
———	All Other	39.6%	197 bps	138 bps	347 bps

BORROWER CITIZENSHIP

Borrowers may be subject to different eligibility and verification requirements based on their citizenship status. Citizenship data provides additional insight into demographics of homebuyers in America. This data is sourced from the **Optimal Blue PPE**.
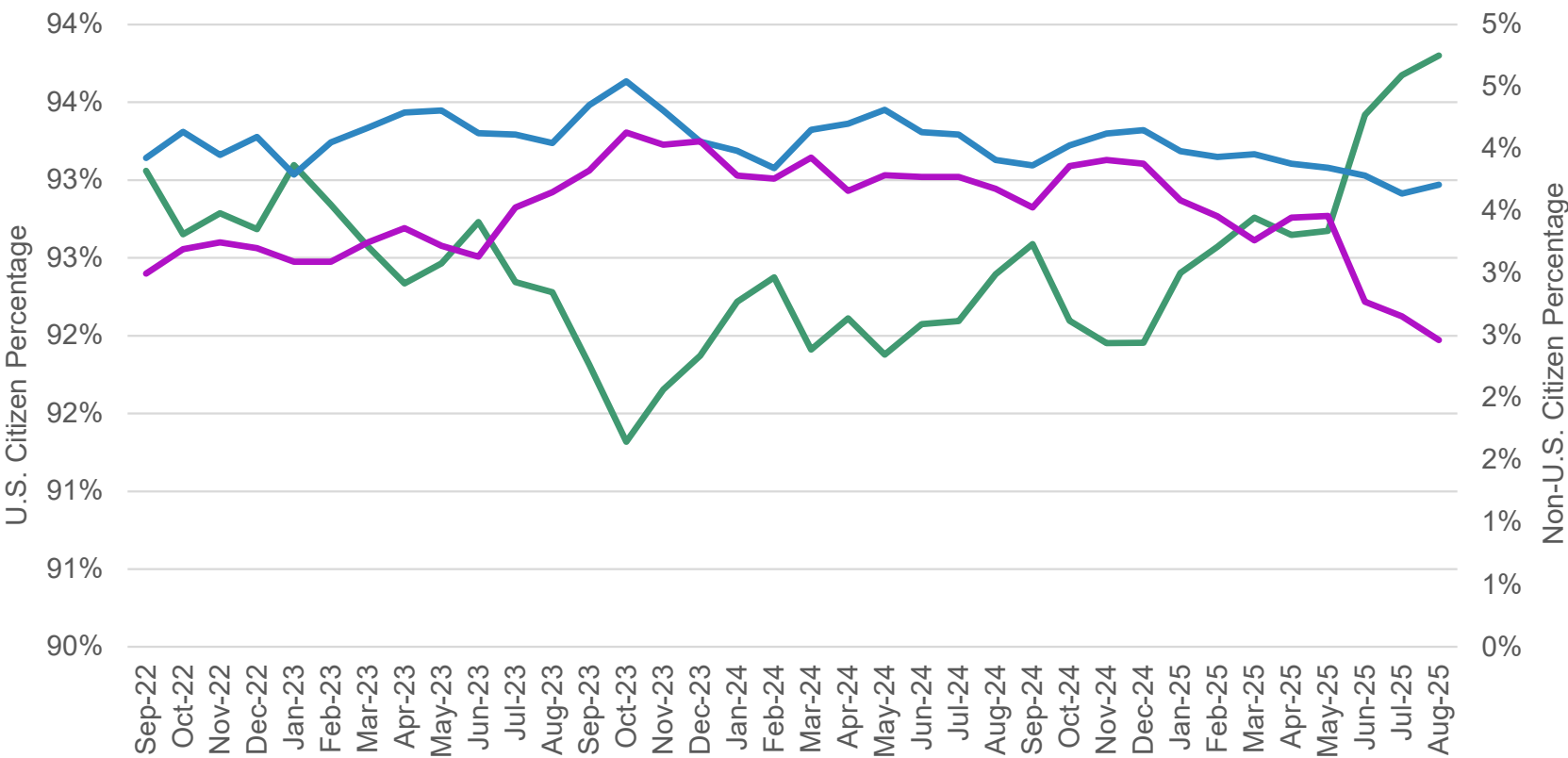
Citizenship Status	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
U.S. Citizen	93.8%	13 bps	113 bps	140 bps
Perm. Resident	3.7%	7 bps	(14 bps)	(20 bps)
Non-Perm. Resident	2.5%	(19 bps)	(100 bps)	(122 bps)

TOP 20 METROPOLITAN AREAS

Reviewing metropolitan statistical area by share of origination volume provides insight into regional economic trends, including local housing markets, overall stability of a region, and competitive landscape. This data is sourced from the **Optimal Blue® PPE**.

	Metropolitan Statistical Area	% of Lock Volume	MoM Change	Avg Loan Amount ($)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
	NATIONAL	**100.0%**	**-1.8%**	**$386,387**	**6.402**	**731**	**80**	**74%**	**26%**
1	New York-Newark-Jersey City, NY-NJ-PA	5.0%	-5.7%	$600,110	6.503	746	74	75%	25%
2	Chicago-Naperville-Elgin, IL-IN-WI	3.6%	3.3%	$371,746	6.611	740	80	70%	30%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.4%	-8.4%	$556,237	6.373	741	81	74%	26%
4	Dallas-Fort Worth-Arlington, TX	3.0%	-3.9%	$395,543	6.172	731	82	81%	19%
5	Los Angeles-Long Beach-Anaheim, CA	3.0%	1.6%	$790,458	6.595	745	70	59%	41%
6	Boston-Cambridge-Newton, MA-NH	2.6%	-1.1%	$618,350	6.455	748	75	69%	31%
7	Phoenix-Mesa-Scottsdale, AZ	2.2%	0.2%	$437,353	6.153	732	80	75%	25%
8	Atlanta-Sandy Springs-Roswell, GA	2.2%	1.6%	$387,790	6.384	721	80	72%	28%
9	Houston-The Woodlands-Sugar Land, TX	2.1%	-5.4%	$338,253	6.029	725	85	86%	14%
10	Seattle-Tacoma-Bellevue, WA	2.0%	-2.1%	$631,399	6.414	752	76	75%	25%

TOP 20 METROPOLITAN AREAS

Reviewing metropolitan statistical area by share of origination volume provides insight into regional economic trends, including local housing markets, overall stability of a region, and competitive landscape. This data is sourced from the **Optimal Blue® PPE**.

	Metropolitan Statistical Area	% of Lock Volume	MoM Change	Avg Loan Amount ($)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
	NATIONAL	**100.0%**	**-1.8%**	**$386,387**	**6.402**	**731**	**80**	**74%**	**26%**
11	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.9%	-7.6%	$387,640	6.484	734	78	79%	21%
12	Denver-Aurora-Lakewood, CO	1.7%	5.4%	$500,586	6.119	744	78	74%	26%
13	San Francisco-Oakland-Hayward, CA	1.5%	19.8%	$883,631	6.512	762	70	63%	37%
14	Miami-Fort Lauderdale-West Palm Beach, FL	1.5%	10.2%	$532,707	6.468	731	76	68%	32%
15	Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	-4.7%	$374,822	6.456	747	81	80%	20%
16	Riverside-San Bernardino-Ontario, CA	1.4%	-1.7%	$485,151	6.194	723	80	73%	27%
17	Charlotte-Concord-Gastonia, NC-SC	1.2%	-5.3%	$409,442	6.350	736	80	74%	26%
18	San Diego-Carlsbad, CA	1.2%	8.9%	$772,342	6.346	752	73	63%	37%
19	Nashville-Davidson--Murfreesboro--Franklin, TN	1.2%	1.7%	$443,389	6.370	735	80	74%	26%
20	Baltimore-Columbia-Towson, MD	1.1%	-9.2%	$405,662	6.467	733	83	78%	22%

SECTION II

SECONDARY MARKET DATA

The secondary market is where most mortgages are purchased and sold between originating entities and investors. These exchanges provide liquidity to keep home financing accessible and affordable for borrowers.

Once a mortgage is locked, a lender is exposed to interest rate risk until the loan is sold into the secondary market. The data in this section, sourced from the **CompassEdge** hedging and loan trading system, provides insight into how lenders are hedging this risk, as well as their strategies for selling loans. These activities are directly tied to mortgage lending profitability and thus, the rates and products offered to consumers.

BEST EFFORTS TO MANDATORY SPREAD

A lender will typically see greater yields by selling loans via mandatory delivery or participating in the secondary market, while best efforts delivery carries less risk.
This data is sourced from the **CompassEdge** hedging and loan trading platform.
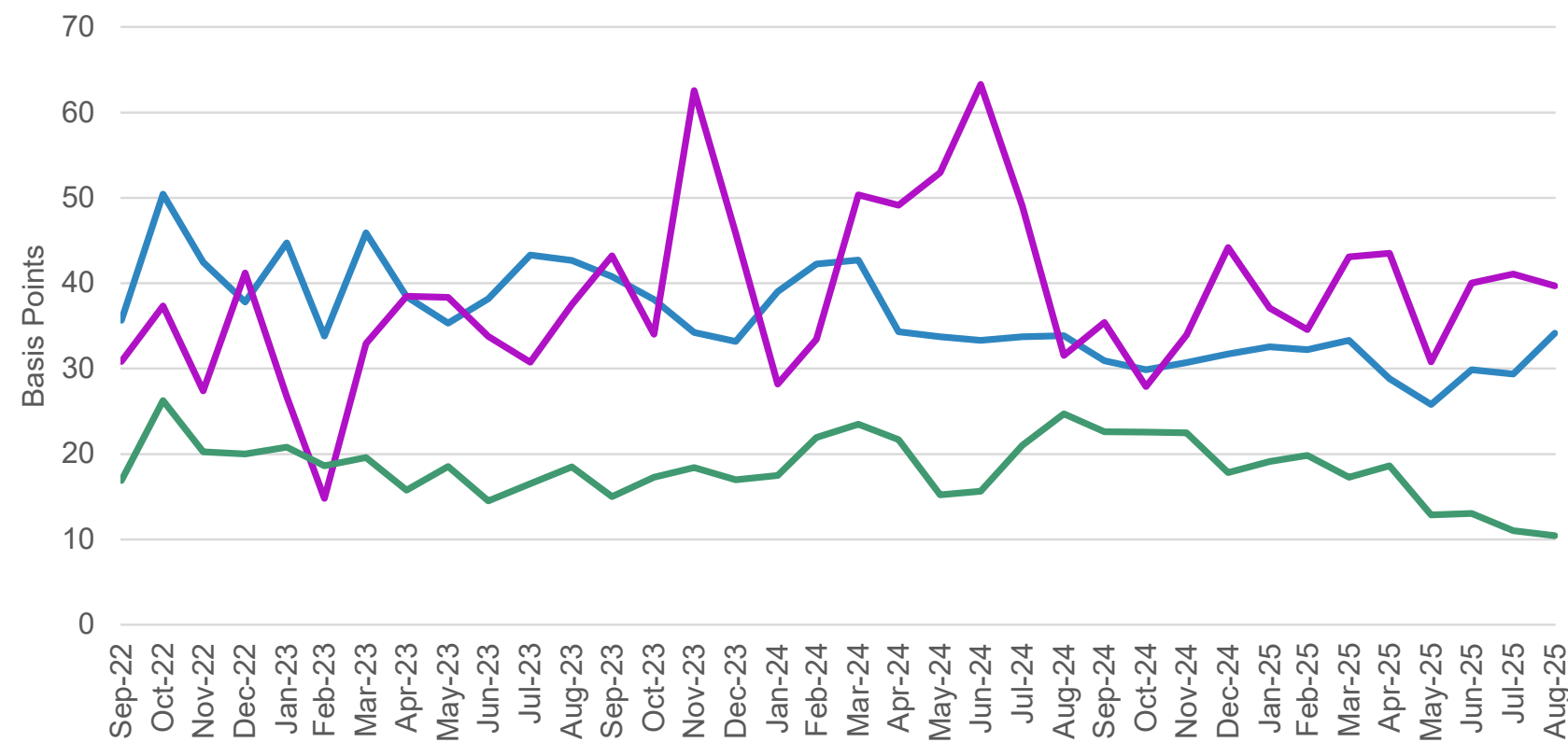
Best Efforts vs. Mandatory	Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	34 bps	5 bps	8 bps	bps
15-Year Conforming	40 bps	(1 bps)	9 bps	8 bps
30-Year Government	10 bps	(1 bps)	(2 bps)	(14 bps)

LOAN PULL-THROUGH

Pull-through indicates the percentage of loans locked that successfully close and fund, which is a measure of how effectively a mortgage lender converts loan applications into closed loans. Lower pull-through typically indicates greater cost for an originator, and thus, the need to compensate by increasing margin. Higher pull-through indicates lower origination cost and an opportunity to lower margin and thus, the rate offered to a consumer. This data is sourced from the **CompassEdge** hedging and loan trading platform.
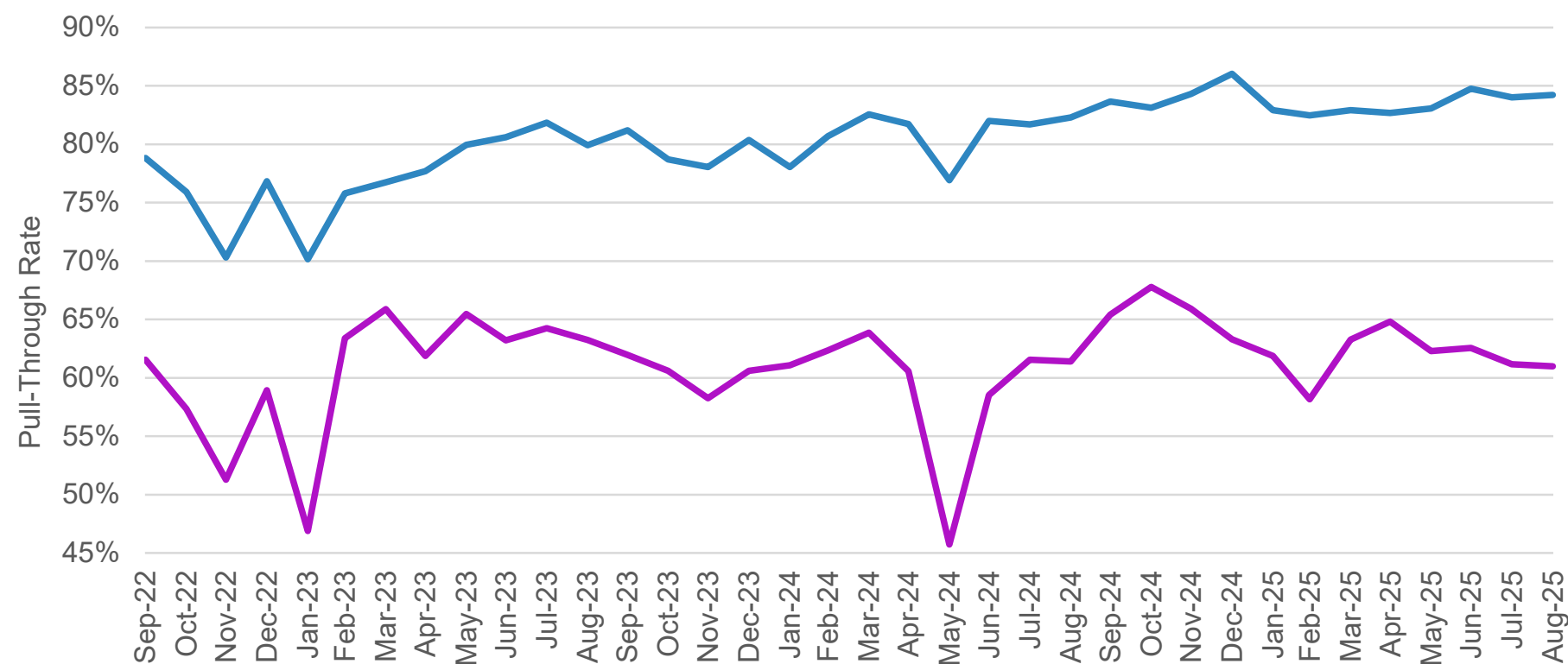
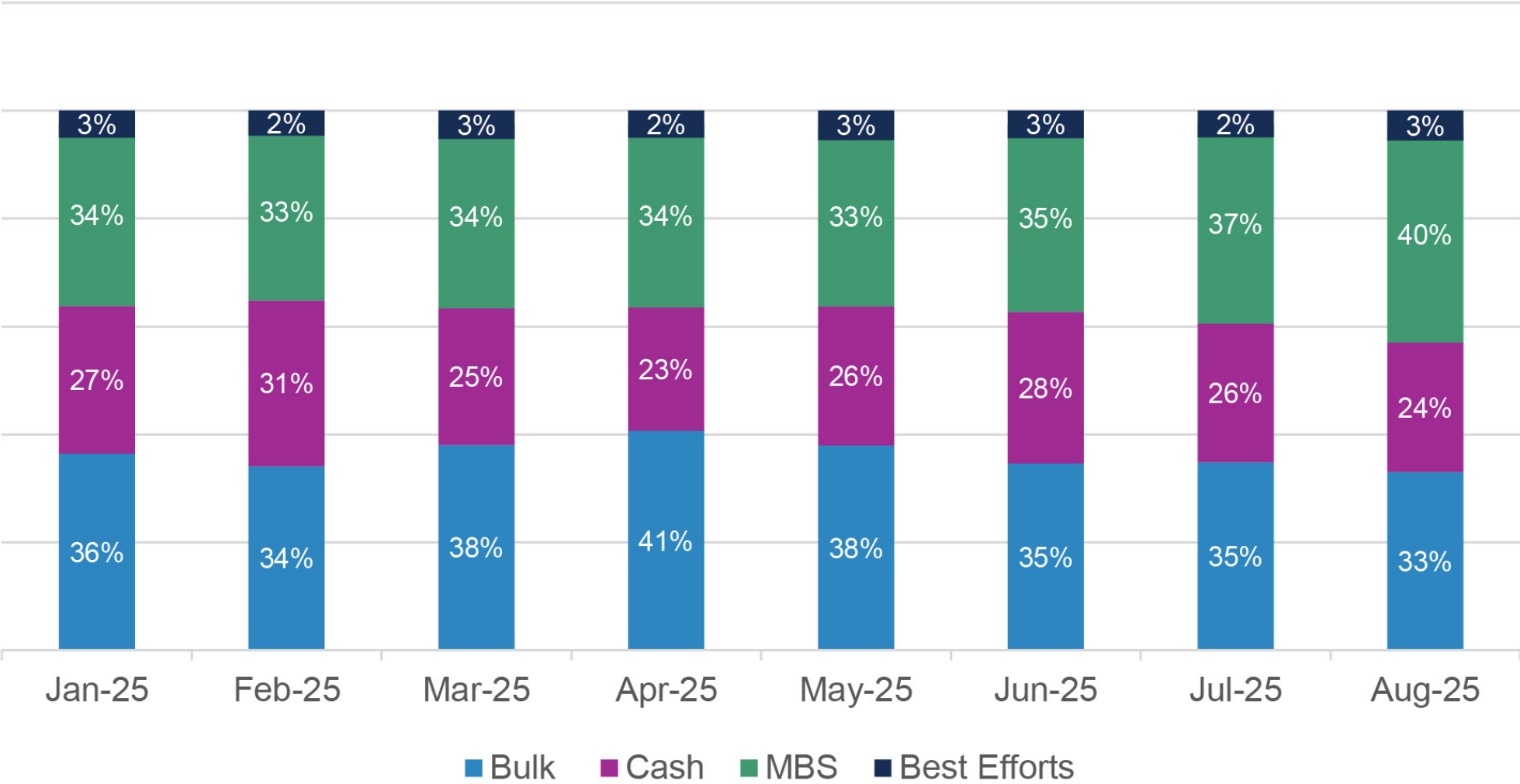| Pull-Through Rate by Purpose	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
Purchase Pull-Through	84.2%	22 bps	116 bps	193 bps
Refinance Pull-Through	61.0%	(15 bps)	(128 bps)	(39 bps)

HEDGED LOAN SALE STATISTICS

When loans are funded and sold into the secondary market, a lender can leverage a variety of delivery methods to maximize profitability. These sale methods may provide insight into a lender's profitability on a transaction, which can have downstream impacts on a lender's front-end pricing strategy. This data is sourced from the **CompassEdge** hedging and loan trading platform.

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Best Efforts	3%	2%	3%	2%	3%	3%	2%	3%
MBS	34%	33%	34%	34%	33%	35%	37%	40%
Cash	27%	31%	25%	23%	26%	28%	26%	24%
Bulk	36%	34%	38%	41%	38%	35%	35%	33%

■ Bulk ■ Cash ■ MBS ■ Best Efforts

LOAN SALE BY PRICE

When loans are funded and sold into the secondary market, a lender typically sells to the best price, but other factors may impact execution. For example, a lender may not sell to the highest price due to eligibility concerns, underwriting or operational concerns, investor representative mix, or other reasons. If unable to sell to the highest price, there may be impacts to profitability expectations and the rate offered to borrowers. This data is sourced from the **CompassEdge** hedging and loan trading platform.

Chart: Loan Sale by Price (monthly Jan-25 through Aug-25)

Month	Best Ex	2nd Ex	3rd Ex	4th or Worse
Jan-25	69%	14%	4%	13%
Feb-25	71%	13%	4%	11%
Mar-25	71%	14%	5%	10%
Apr-25	70%	14%	5%	12%
May-25	68%	14%	5%	13%
Jun-25	69%	14%	5%	12%
Jul-25	70%	14%	5%	11%
Aug-25	75%	13%	3%	9%

Legend: ■ Best Ex ■ 2nd Ex ■ 3rd Ex ■ 4th or Worse

NEW
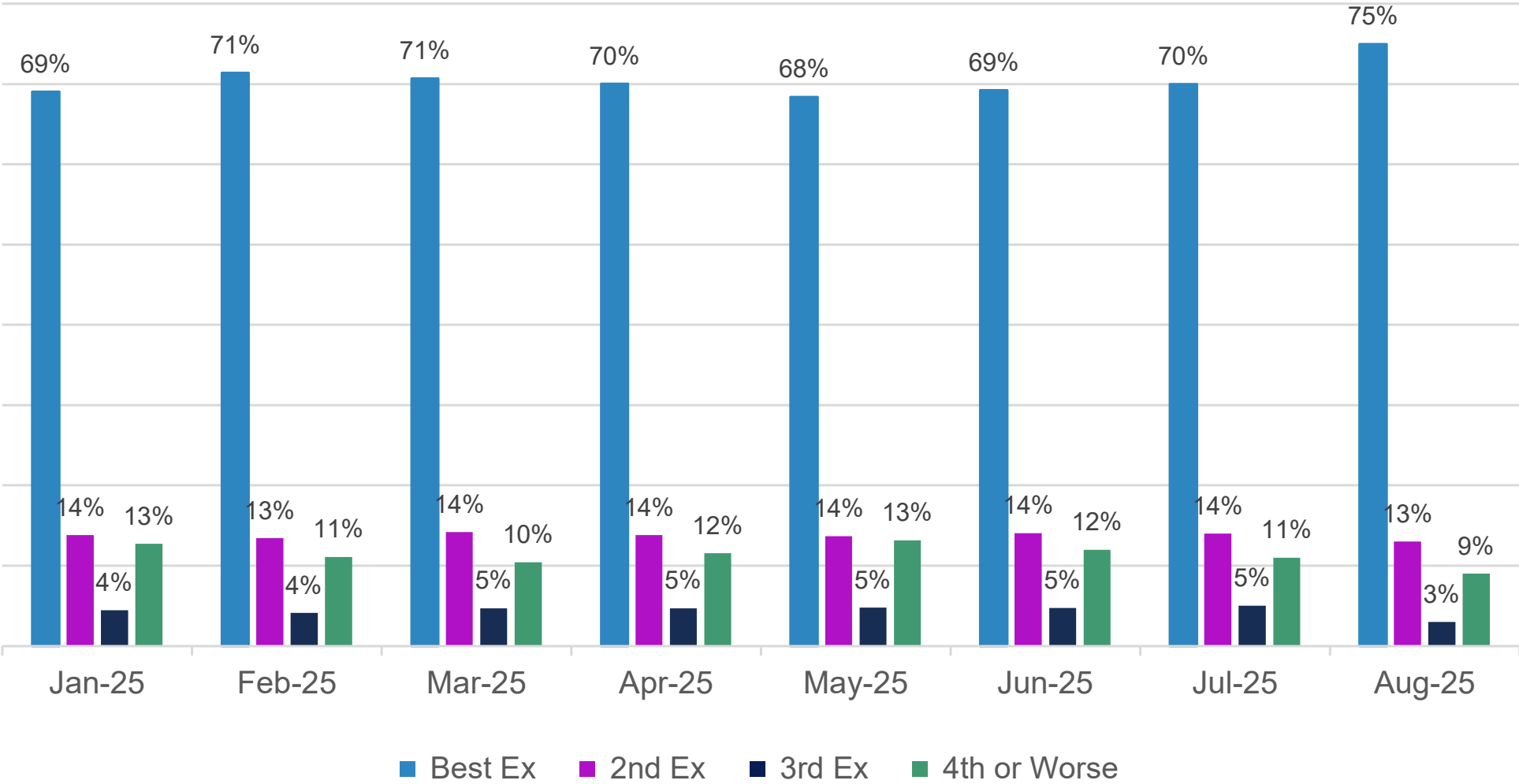
SERVICING RIGHTS & MARKET RATE INDICES

A mortgage servicing right (MSR) is a right to ancillary cash flows associated with servicing a mortgage. MSRs represent a significant component of a lender's margin and are commonly traded in the secondary market based on a lender's economics or strategy. MSRs typically move in alignment with rate movement, and this asset can explain movement in mortgage rates compared to other fixed income rates. This data is sourced from the **CompassEdge** hedging and loan trading platform.

*30-year conforming fixed rate
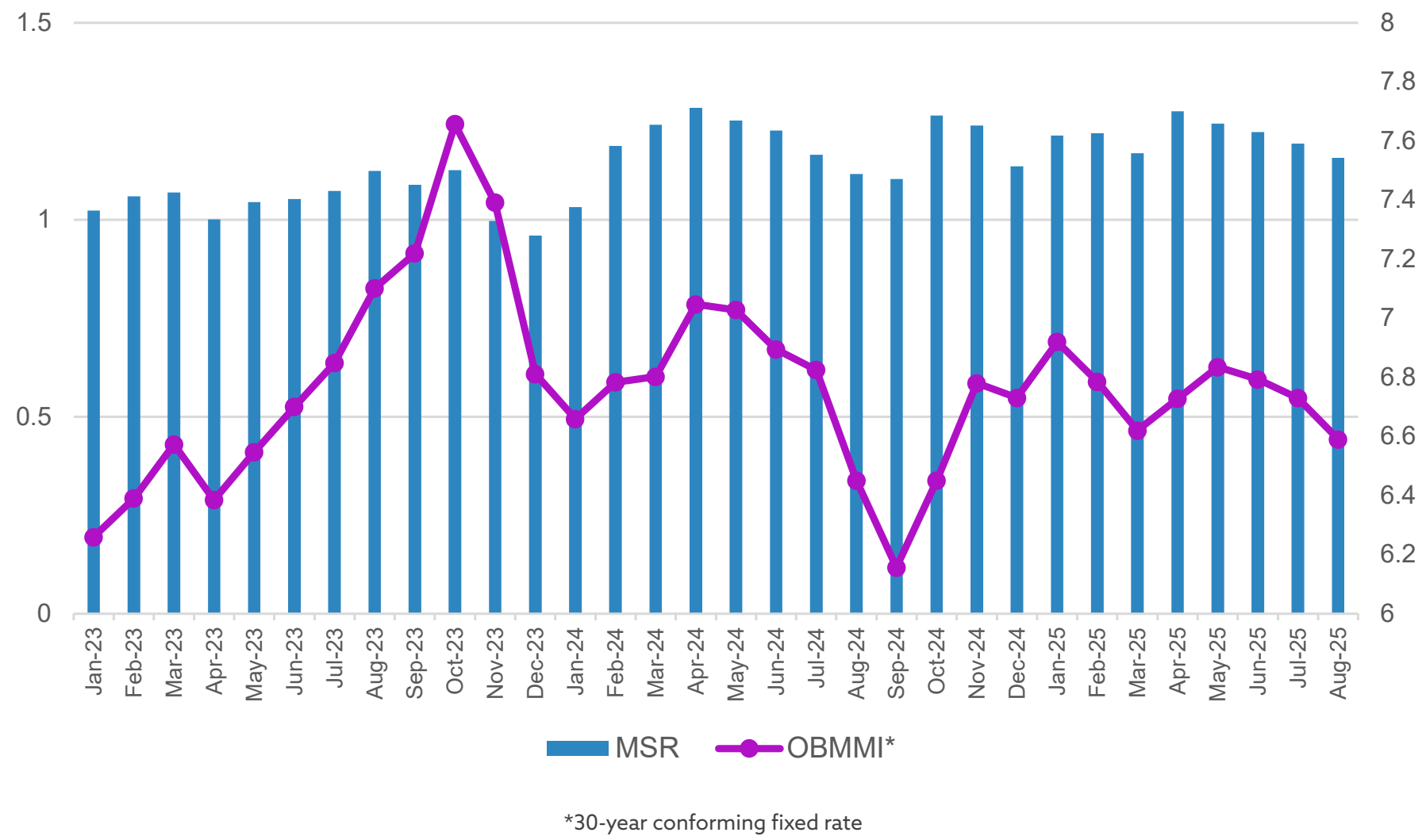
AVERAGE INVESTOR COUNT AT LOAN SALE

The number of investors bidding at time of loan sale is an indicator of demand. Fluctuations in this number can impact both expected and actual profitability for a lender, which can have downstream effects on a lender's front-end pricing. This data is sourced from the **CompassEdge** hedging and loan trading platform.

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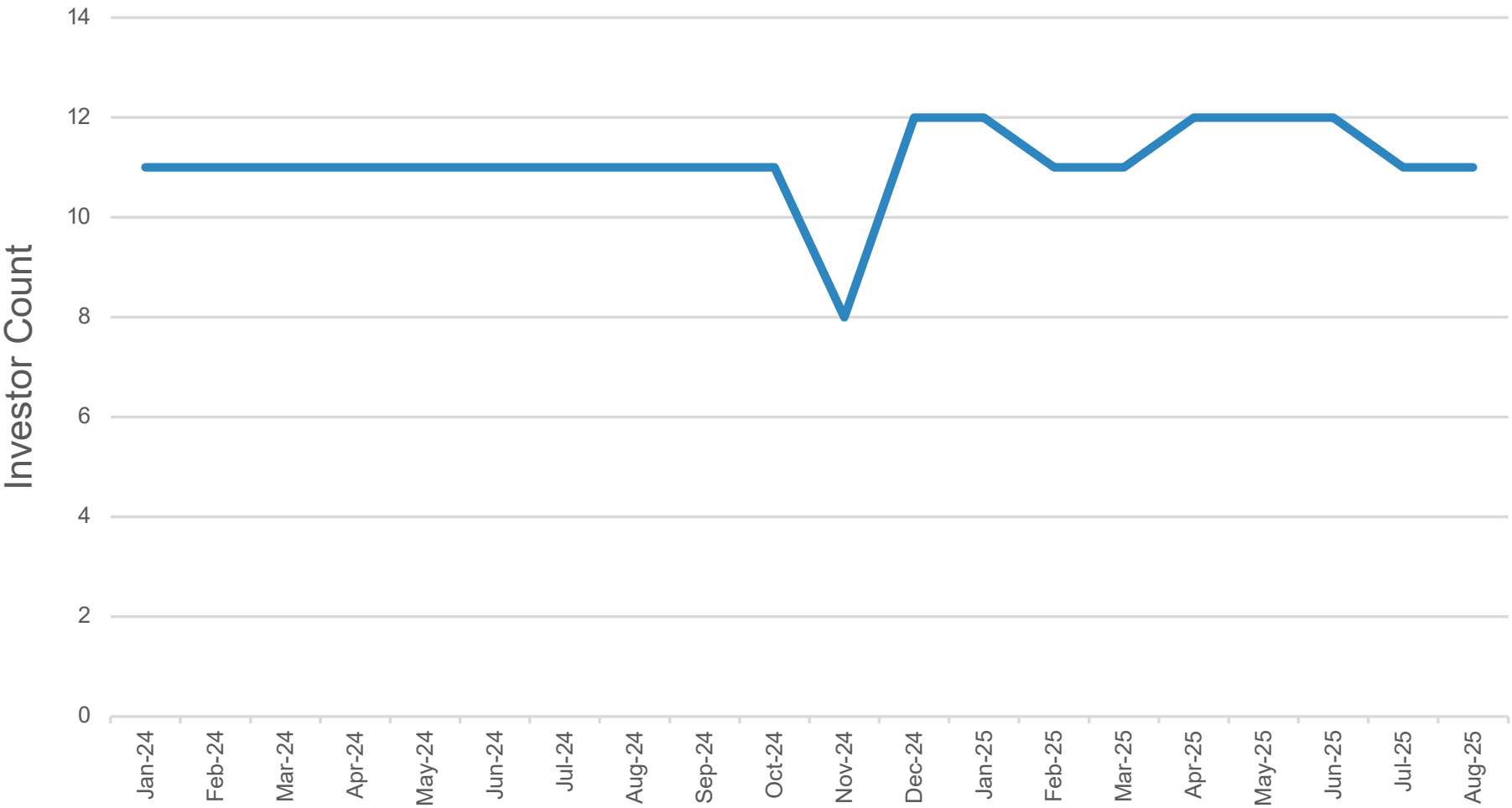
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