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MARKET ADVANTAGE

MORTGAGE DATA REPORT

JANUARY 2026

Welcome to the OPTIMAL BLUE MARKET ADVANTAGE

A Complimentary Monthly Report on Mortgage Origination and Secondary Market Activity

REPORT CONTENTS

KEY FINDINGS: JANUARY 2026

VOLUME TRENDS AND MARKET COMPOSITION

- **Sharp pickup in refis:** Refinance activity surged in January as falling rates quickly translated into borrower demand. Rate-and-term refinance locks increased 50% MoM and were more than four times higher YoY. Cash-out refinances also gained momentum, rising 11% MoM and 38% YoY.
- **Purchase activity lags:** Purchase volume increased a modest 3% MoM but remained down 5% YoY. The slower response reflects the typical lag in purchase demand relative to rate movements, particularly early in the year.
- **Non-QM share pulls back:** Non-qualified mortgage share declined to 8% in January, down 160 bps from December but 70 bps higher YoY.
- **VA gains momentum:** VA lending captured a larger share of January activity as borrowers moved quickly to take advantage of lower rates, positioning VA portfolios for increased refinance-related payoffs as those loans move through the pipeline. VA loans accounted for 14% of locks, up 125 bps MoM and 212 bps YoY.
- **PUD share retreats:** Planned unit developments (PUDs) accounted for 28% of locks in January, down 95 bps MoM and 651 bps YoY.

RATES AND PRICING

- **Rates edge down:** Mortgage rates moved lower across most products in January. OBMMI for the 30-year conforming fixed rate declined 7 bps to 6.07%. Jumbo rates fell 16 bps to 6.25%, VA rates declined 7 bps to 5.64% and FHA rates were largely flat at 5.99%.
- **MSR values tick higher:** MSR values for conforming 30-year loans increased 2 bps to 1.16%, representing a 4.65 multiple, diverging from declining benchmark rates.
- **Spreads widen on rate moves:** Best-efforts-to-mandatory spreads increased for 30-year products in January, with the conforming 30-year spread widening 3 bps and the government 30-year spread increasing 8 bps. The conforming 15-year spread narrowed by 8 bps during the month.
- **Pricing discipline persists:** The share of loans sold at the highest price tier remained flat at 79%, while second-tier executions increased 200 bps to 13%, reflecting continued use of eligibility-based delivery strategies with less price concession.

CHANNEL AND EXECUTION

- **Execution mix tilts to securitization:** Lenders shifted hedged execution toward agency MBS in January, with securitization share increasing 300 bps MoM to 47%, the largest share since 2024.
- **Aggregator and cash executions ease:** Loan sales to bulk aggregators declined 100 bps MoM, while cash window executions also decreased 100 bps during the month.
- **Investor participation continues to expand:** The number of active investors increased to 14 in January, extending the expansion in investor participation that began late last year.

PRODUCT MIX AND BORROWER PROFILES

- **Credit quality improves:** Average credit scores increased for both cash-out refis (up 2 points) and rate-and-term refis (up 5 points). Credit scores also rose across all major products, including conforming (up 1 point), FHA (up 1 point) and VA (up 4 points) loans.
- **Affordability metrics improve:** Purchase debt-to-income (DTI) ratios declined across all loan types in January and fell 1 to 2 percentage points YoY. The share of first-time homebuyers also increased, rising to 45% of conforming loans and 70% of FHA loans.
- **Loan amounts edge up:** The average loan amount increased from $394,502 in December to $400,667. January loan amounts ranged from $868,498 in greater San Francisco to $316,638 in San Antonio. Loan-to-value ratios ranged from 70.21% in greater Los Angeles to 88.44% in San Antonio, with a national average of 80.06%.

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

16%

RATE LOCK VOLUME

Total rate-lock volume rose 16% MoM and finished January 36% higher YoY, led by a surge in rate-and-term refinances.

6.07%

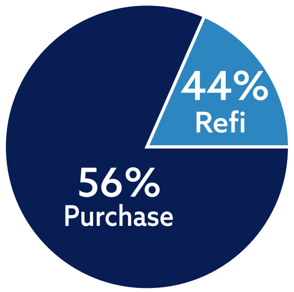
MONTH-END CONFORMING RATE

The benchmark Optimal Blue Mortgage Market Indices 30-year conforming interest rate ended January at 6.07%, down 7 bps MoM.

$401K

AVERAGE LOAN AMOUNT

The average loan amount increased from $394,502 in December to $400,667 in January.



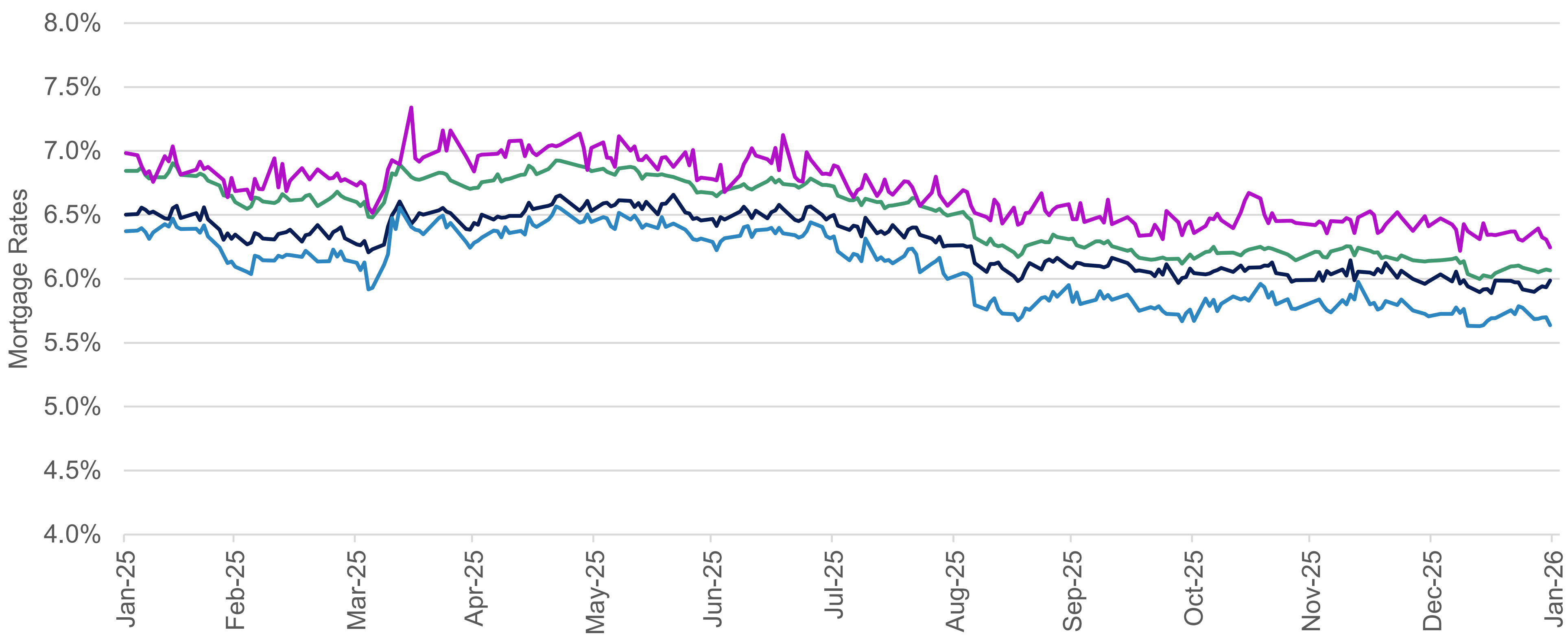
MARKET MIX

Refinances accounted for 44% of all locks in January, up 690 bps MoM. Both rate-and-term and cash-out refi activity increased in January, rising 50% and 11% MoM, respectively.

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.

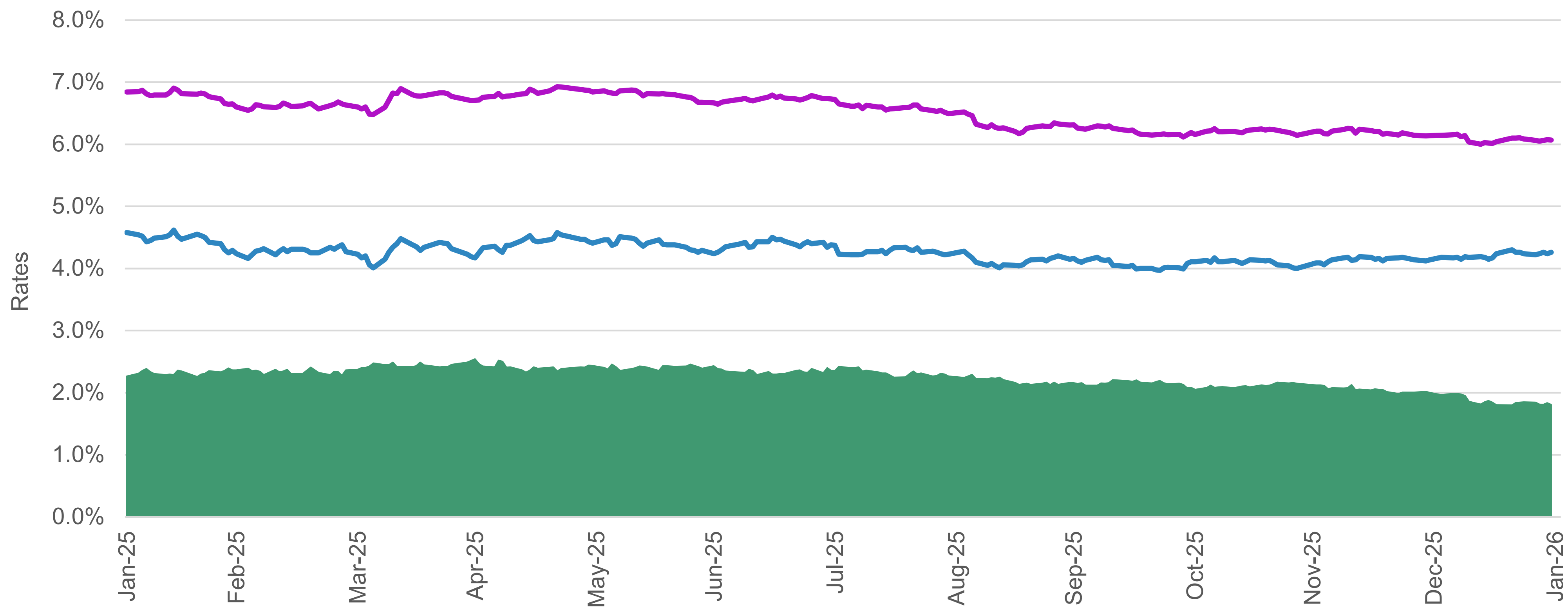
DID YOU KNOW?
Optimal Blue's 30-year conforming fixed rate is the benchmark for the CME Group Mortgage Rate futures.



Market Index		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.07%	(7 bps)	(9 bps)	(78 bps)
	30-Year Jumbo	6.25%	(16 bps)	(11 bps)	(74 bps)
	30-Year FHA	5.99%	1 bp	(6 bps)	(51 bps)
	30-Year VA	5.64%	(7 bps)	(3 bps)	(74 bps)

30-YEAR TO 10-YEAR TREASURY SPREAD

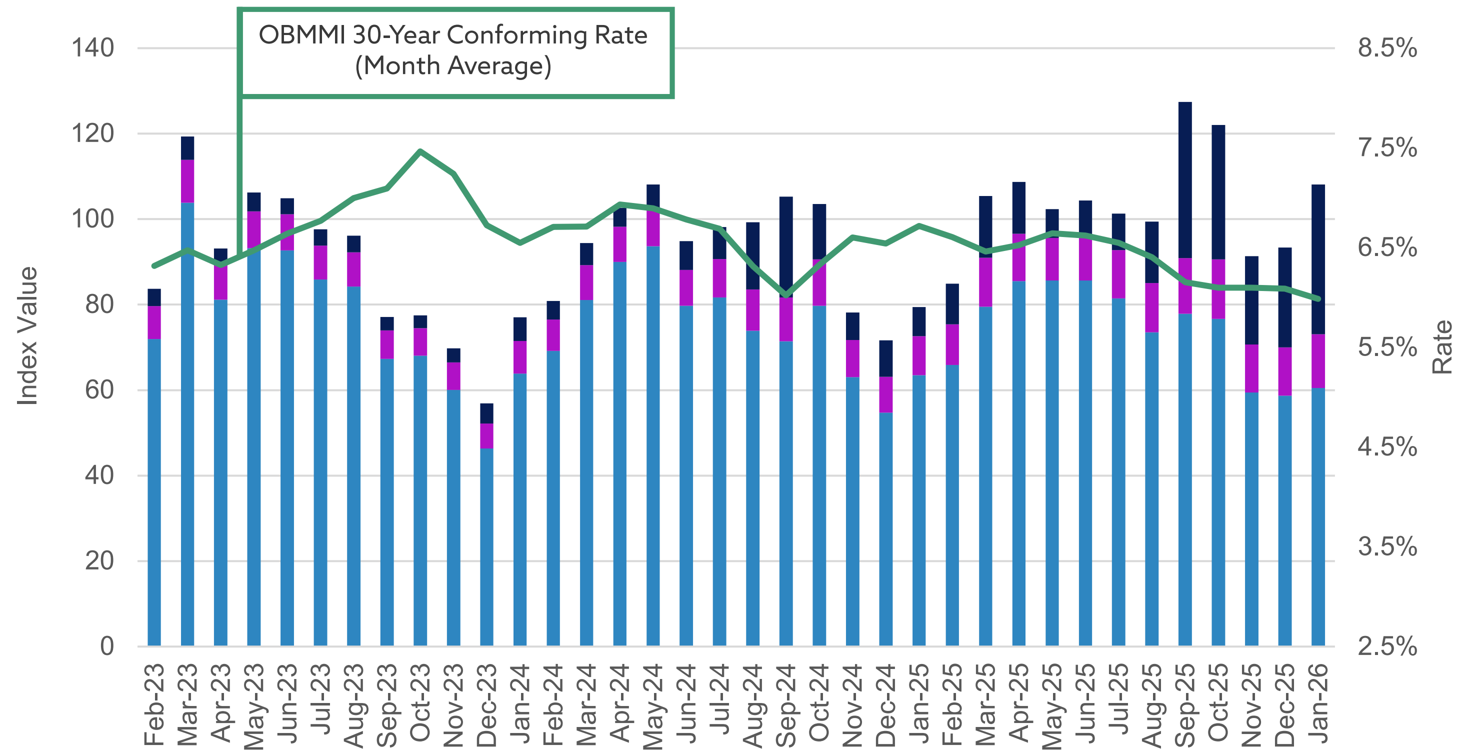
Mortgage rates are loosely tied to 10-year Treasury bond rates, but the spread between the two can vary. Spread indicates investor appetite and lender profit margin for mortgage-backed securities in relation to Treasury securities. Higher spreads indicate that investors require greater yield in comparison 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	4.26%	12 bps	15 bps	(32 bps)
	30-Year Conforming	6.07%	(7 bps)	(9 bps)	(78 bps)
	10-Year to 30-Year Spread	1.81%	(19 bps)	(24 bps)	(46 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.

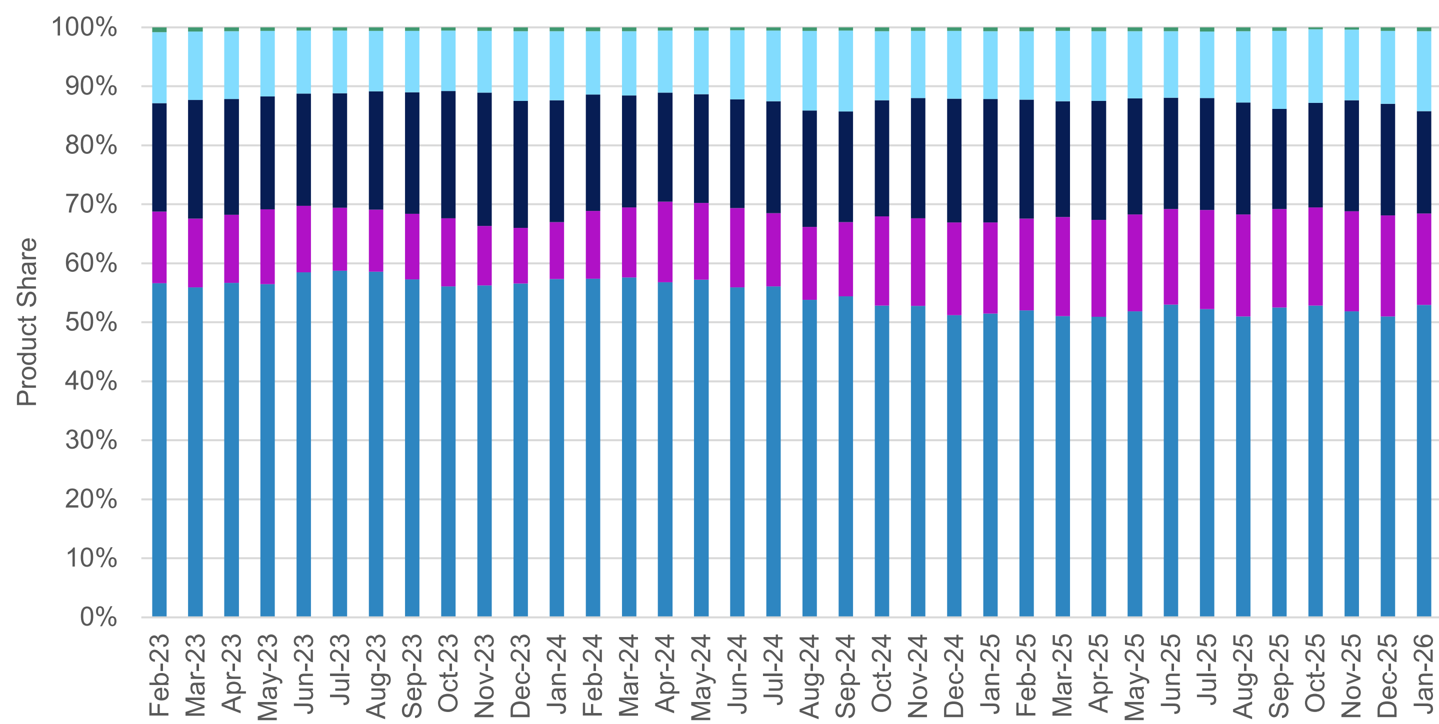


Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	60	3.1%	(21.1%)	(4.7%)
	Cash-Out Refinance	13	11.0%	(9.3%)	37.8%
	Rate/Term Refinance	35	50.1%	11.2%	413.0%
	Total	108	15.8%	(11.5%)	36.1%
Refinance Share*		44%	690 bps	687 bps	2394 bps

*Refinance share changes reflect inter-period delta

MIX OF BUSINESS BY LOAN PRODUCT

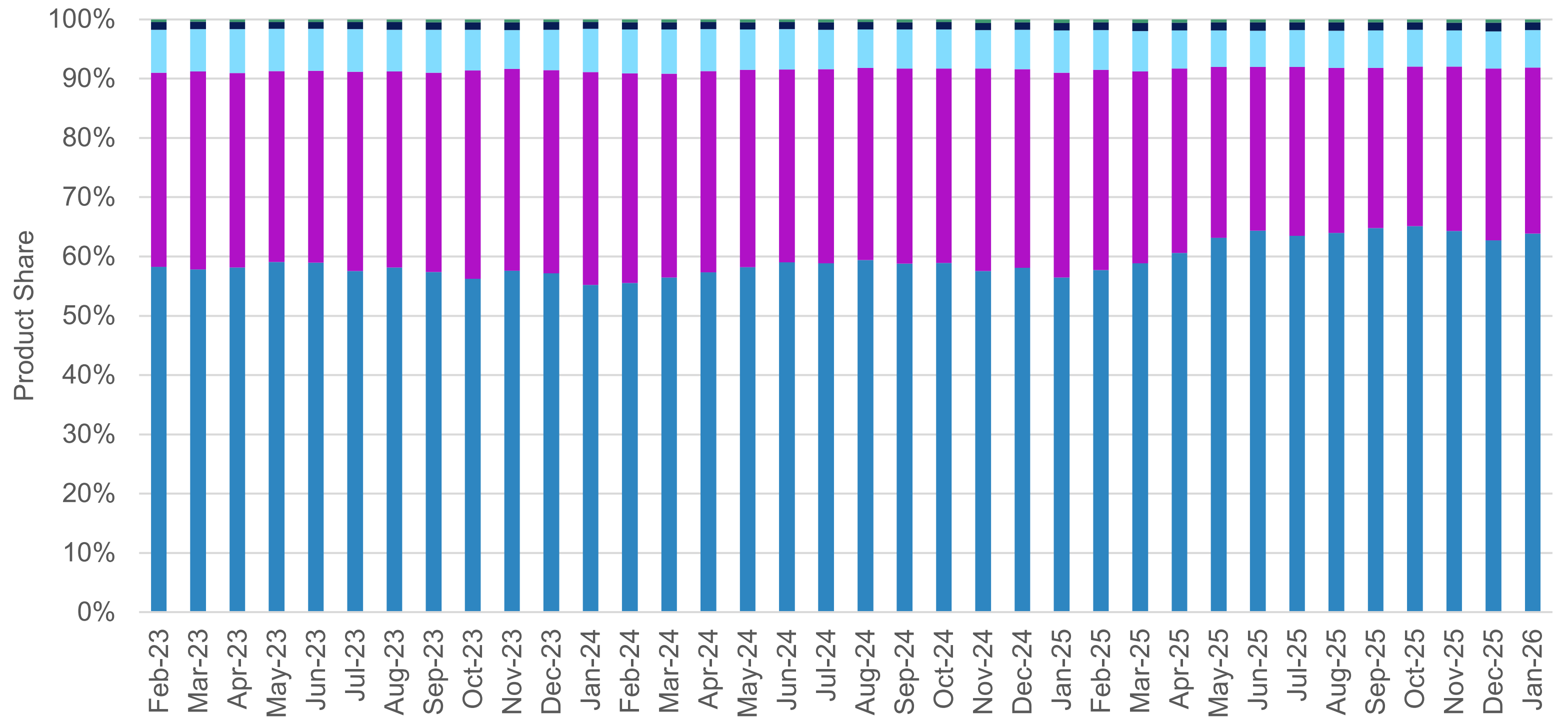
Loan product refers to the type of mortgage a consumer locks. Conforming (i.e., QM) loans meet the guidelines set by Fannie Mae and Freddie Mac, while noncomforming (i.e., non-QM) loans do not. FHA loans are insured by the Federal Housing Administration and allow for lower credit scores. VA loans are 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	52.9%	192 bps	7 bps	147 bps
	Nonconforming	15.5%	(161 bps)	(110 bps)	4 bps
	FHA	17.3%	(160 bps)	(41 bps)	(359 bps)
	VA	13.6%	125 bps	112 bps	212 bps
	USDA	0.6%	4 bps	32 bps	(4 bps)

PROPERTY TYPE

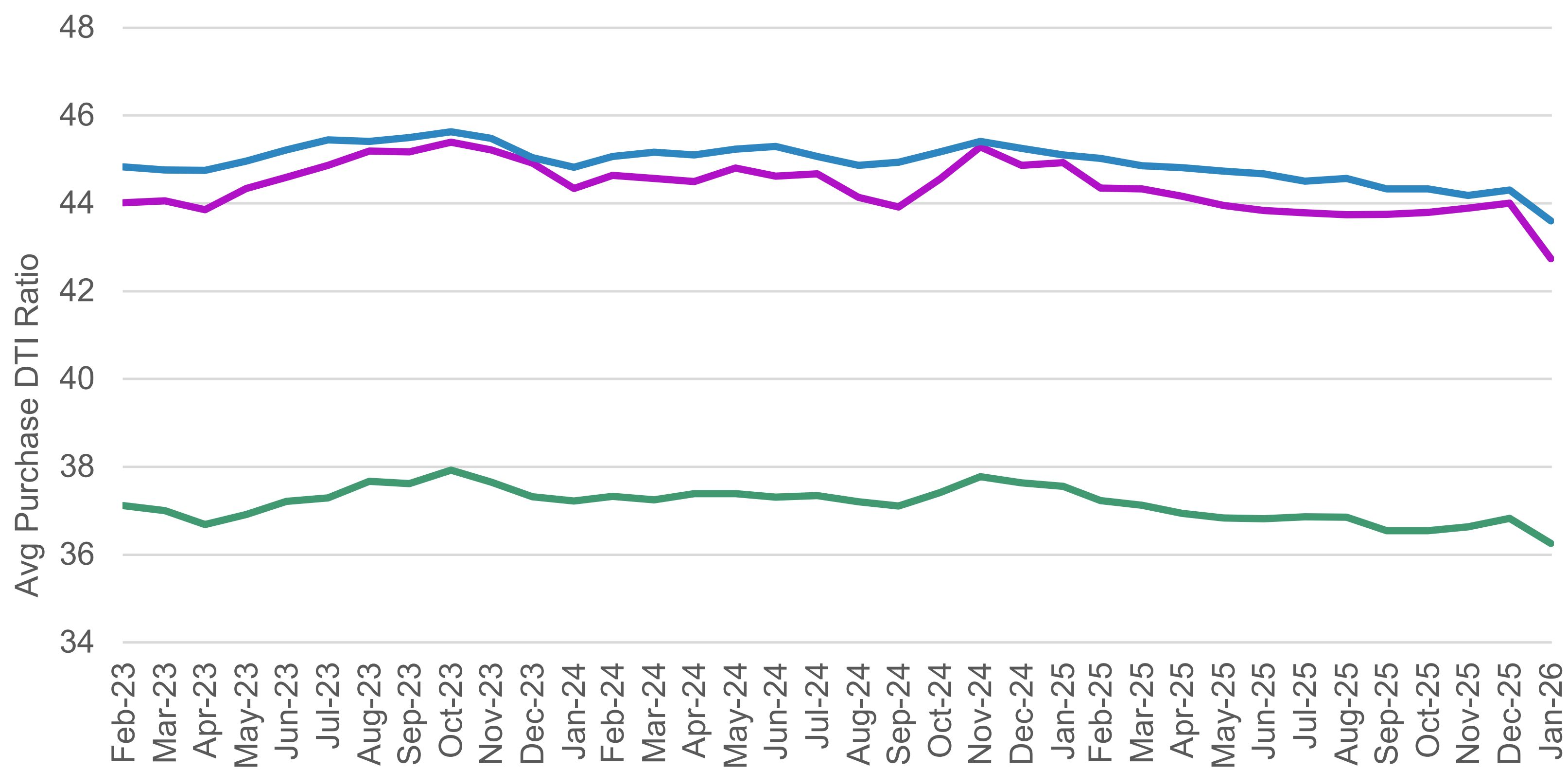
Property type is a classification of structure based on intended use and physical characteristics. *Planned unit development (PUD) includes new construction.
This data is sourced from the **Optimal Blue PPE**.



Property Type Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Single Family	63.9%	112 bps	(124 bps)	741 bps
	PUD*	28.0%	(95 bps)	113 bps	(651 bps)
	Condo	6.3%	0 bps	6 bps	(85 bps)
	Manufactured	1.3%	(11 bps)	6 bps	4 bps
	All Other	0.5%	(7 bps)	0 bps	(9 bps)

DEBT-TO-INCOME RATIO

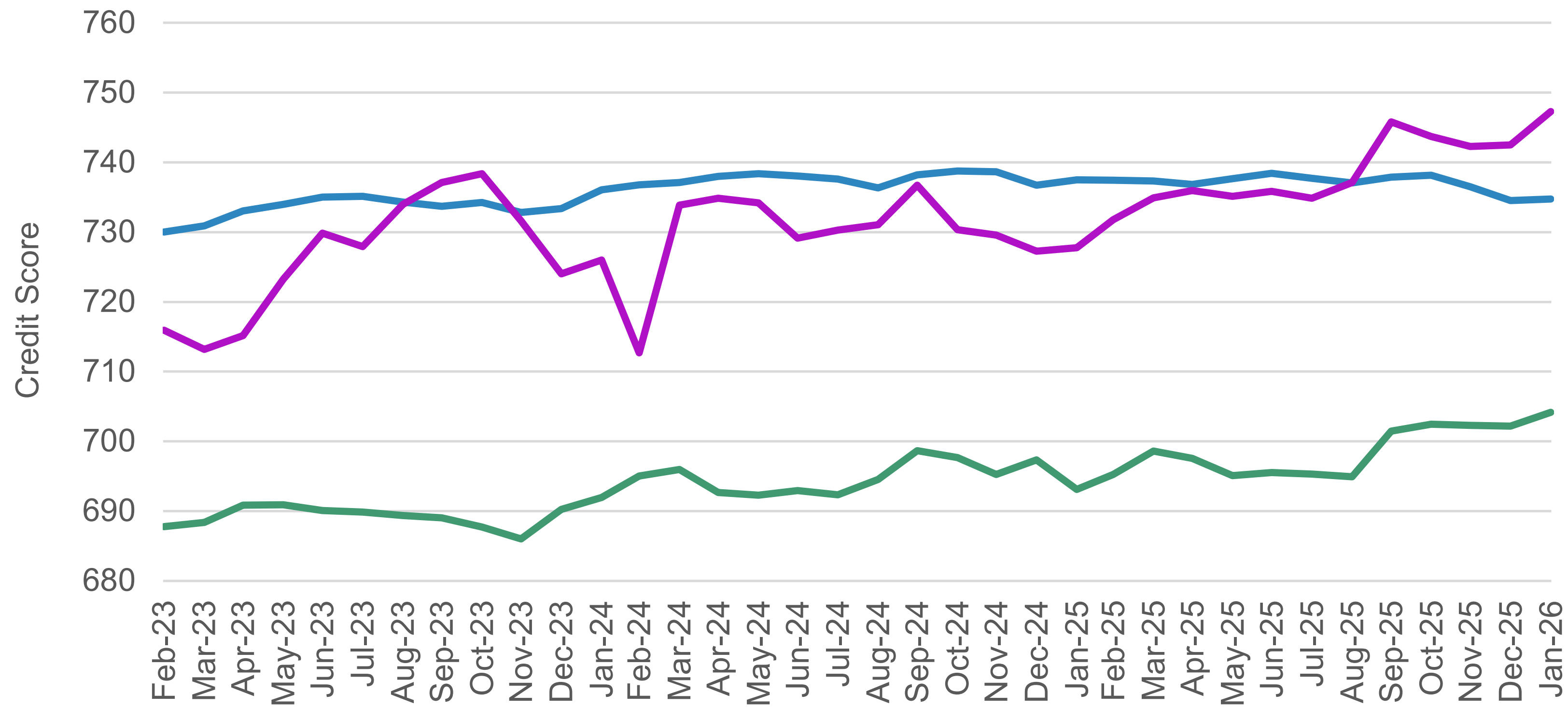
Debt-to-income (DTI) ratio is considered an indicator of a borrower's financial health, with lower DTI typically indicating greater financial flexibility. This data is sourced from the **Optimal Blue PPE**.



DTI Ratio by Product		Current Avg DTI Ratio	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	36.3	(0.6)	(0.3)	(1.3)
	FHA	43.6	(0.7)	(0.7)	(1.5)
	VA	42.7	(1.3)	(1.1)	(2.2)

AVERAGE CREDIT SCORES BY LOAN PURPOSE

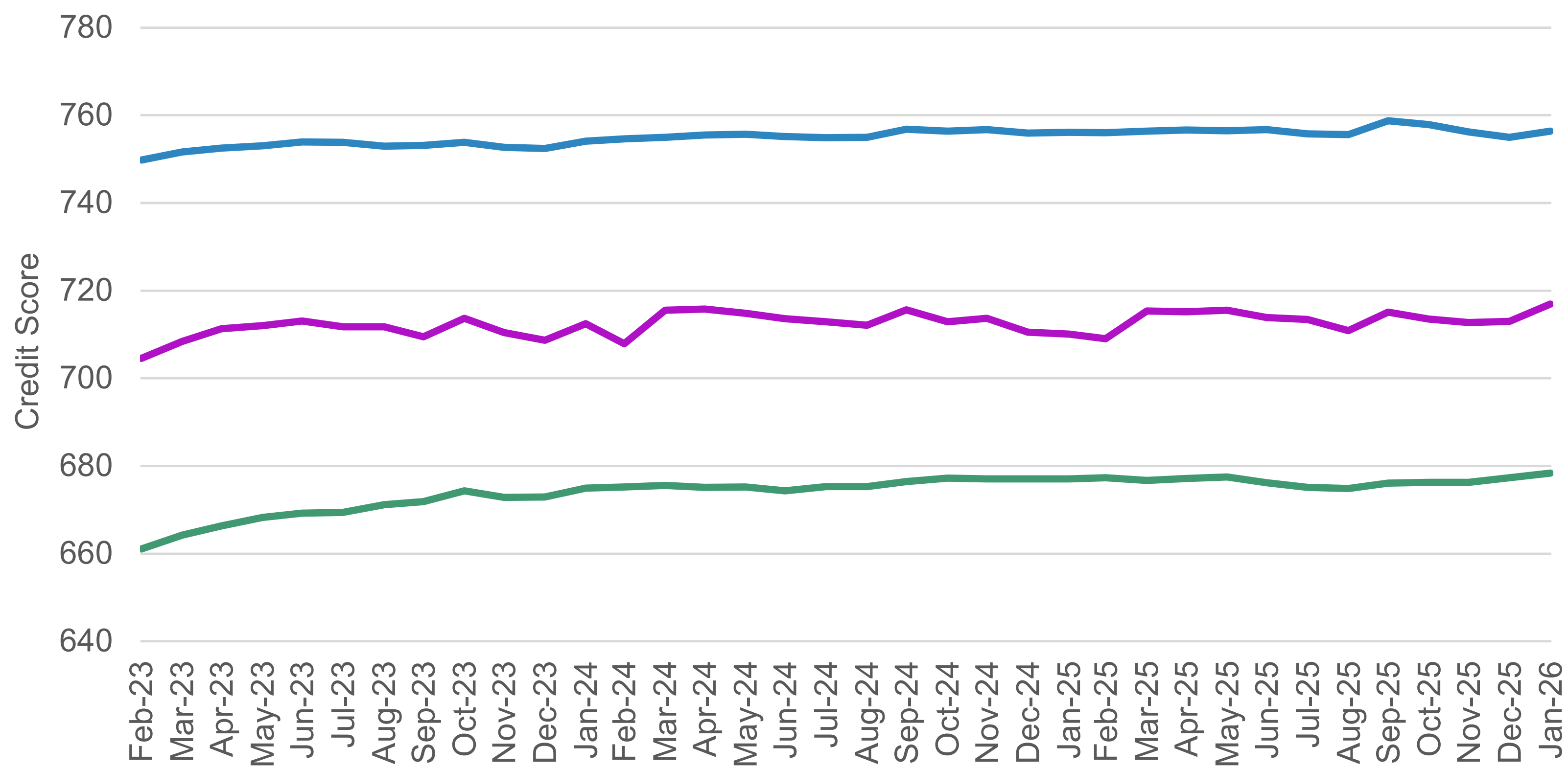
Credit score is considered an indicator of a borrower's financial health, with higher credit scores indicating greater financial flexibility. This data is sourced from the **Optimal Blue PPE**.



Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	735	0	(3)	(3)
	Cash Out Refi	704	2	2	11
	Rate/Term Refi	747	5	4	19

AVERAGE CREDIT SCORES BY LOAN PRODUCT

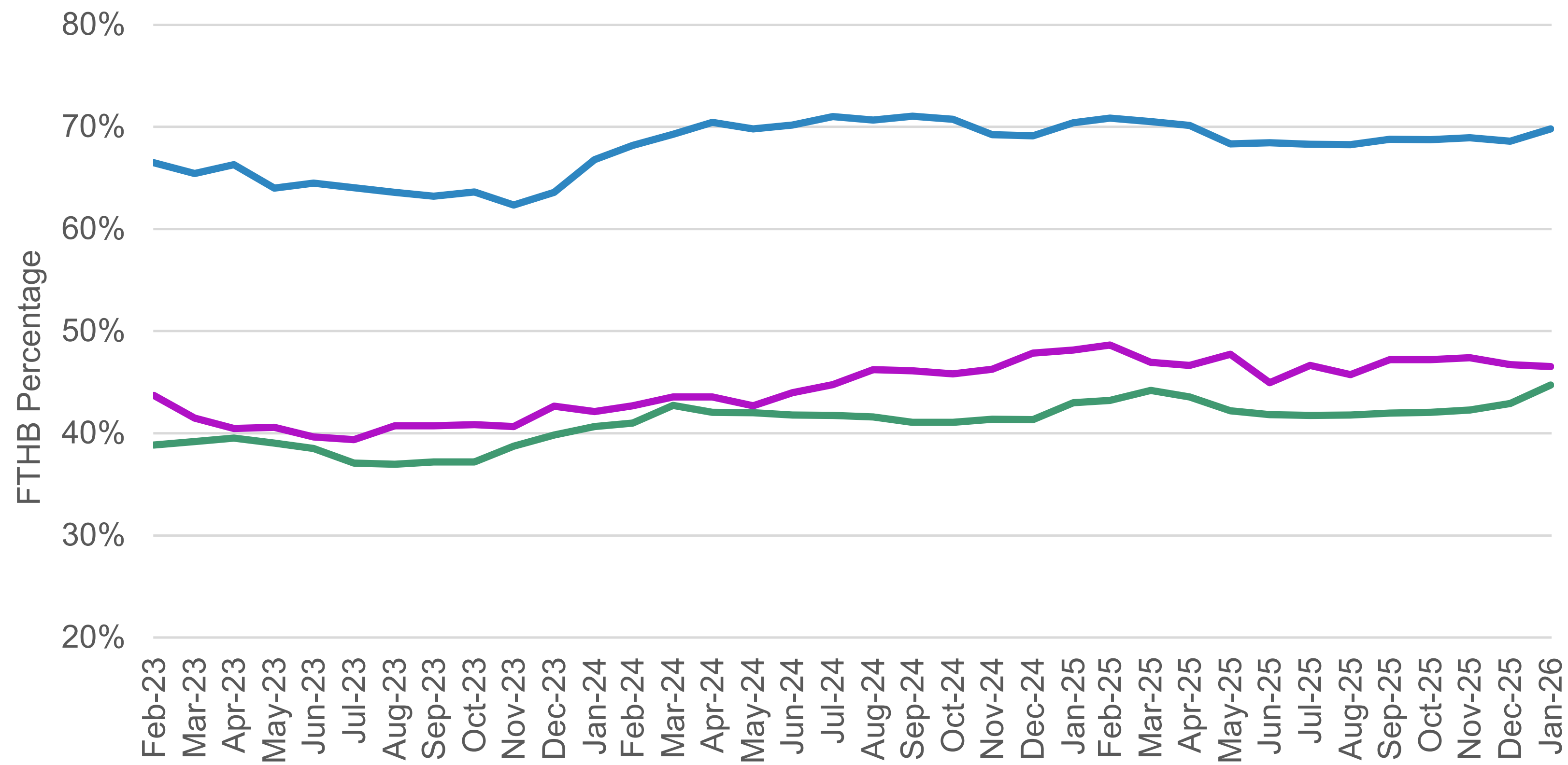
Credit score is considered an indicator of a borrower's financial health, with higher credit scores indicating greater financial flexibility. This data is sourced from the **Optimal Blue PPE**.



Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	756	1	(2)	0
	FHA	678	1	2	1
	VA	717	4	3	7

FIRST-TIME HOMEBUYER STATUS

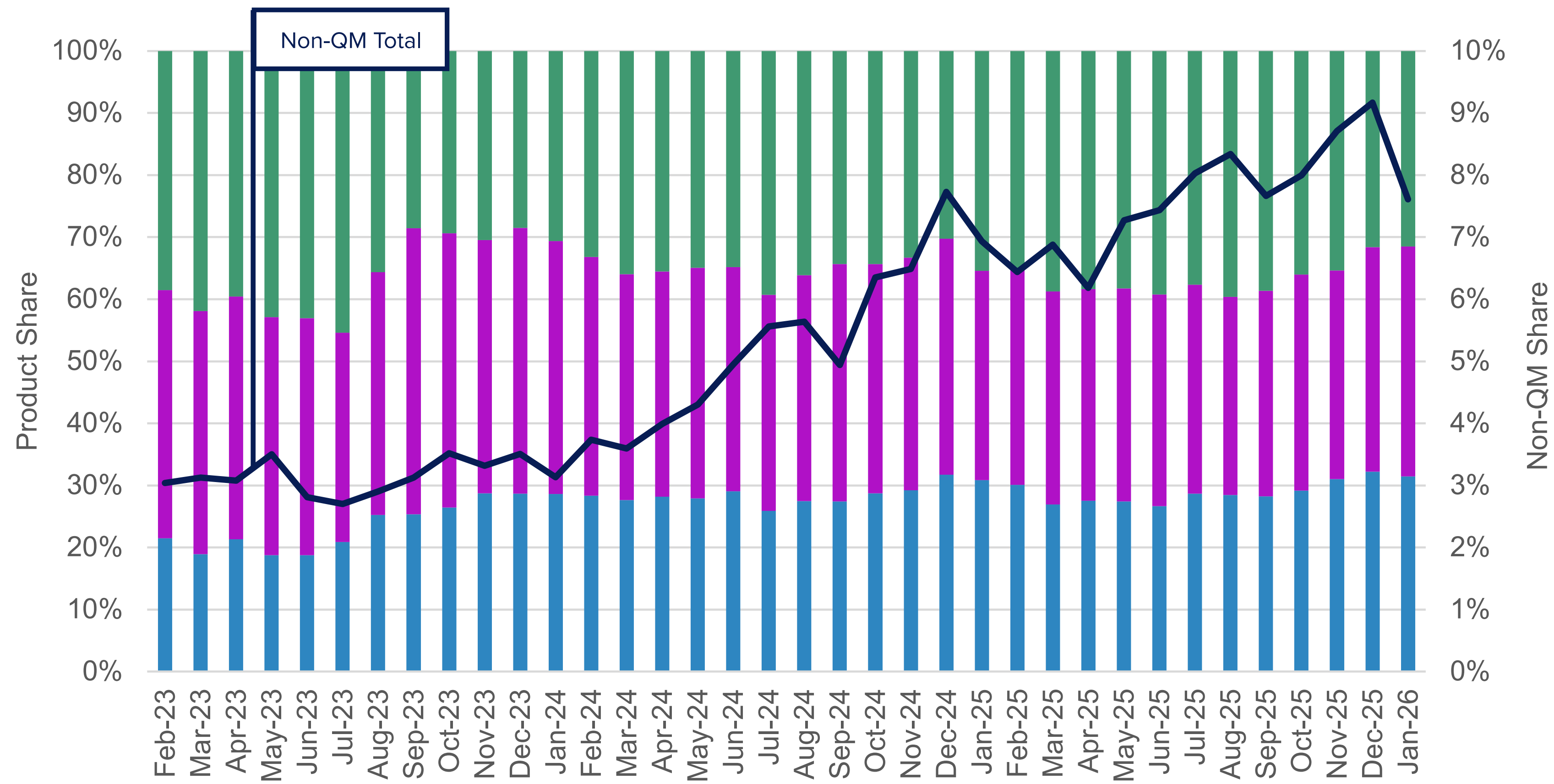
First-time homebuyers frequently take advantage of loan-level pricing adjustment (LLPA) relief and may qualify for lower rates.
This data is sourced from the **Optimal Blue PPE**.



First-Time Homebuyer by Product		Current Ratio	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	45%	2%	3%	2%
	FHA	70%	1%	1%	(1%)
	VA	47%	0%	(1%)	(2%)

NON-QM LOAN PRODUCTS

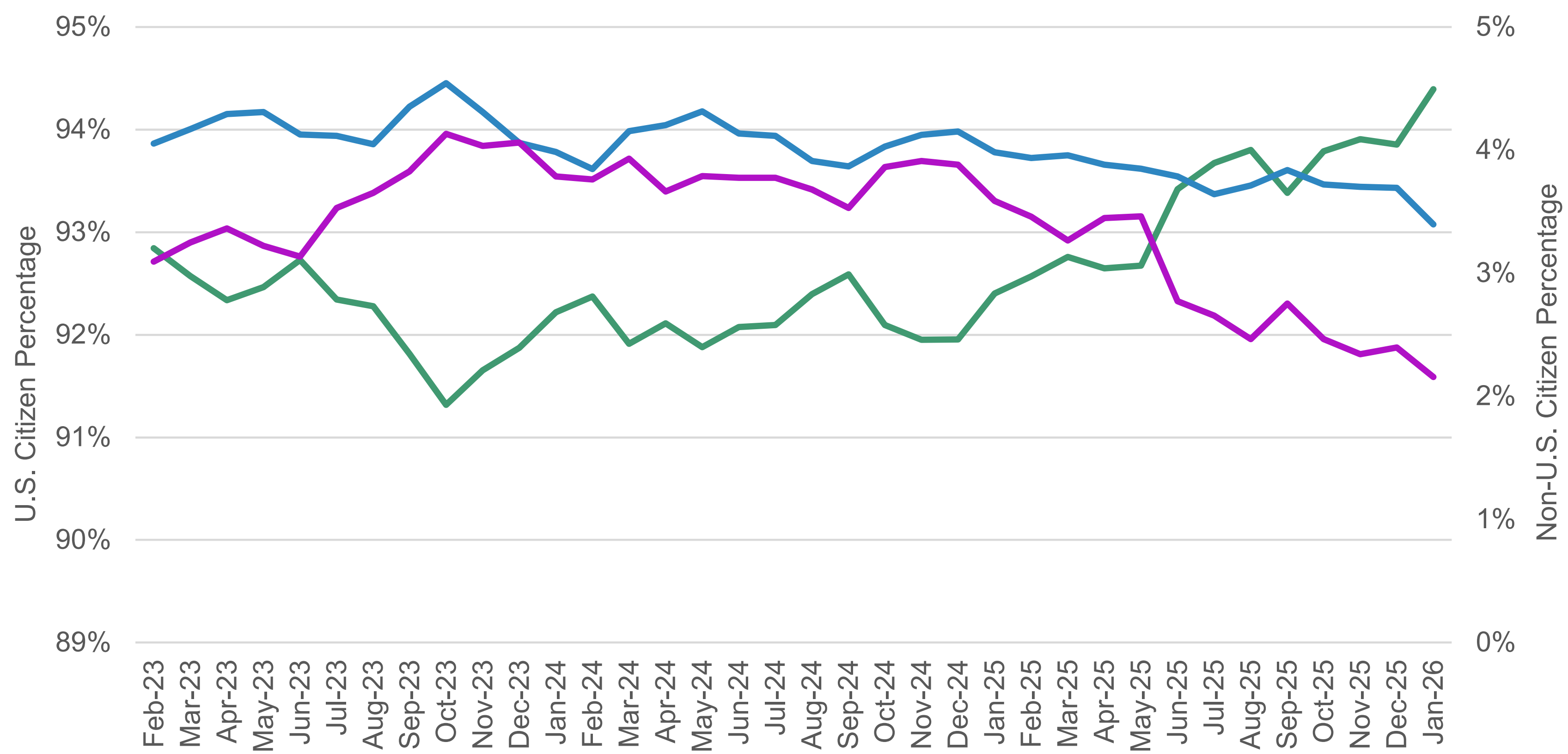
In contrast to agency-production loans, non-QM loans use different and/or more flexible criteria to verify borrower income. The categories below reflect ways lenders may verify income for borrowers who would not traditionally qualify for a conforming (i.e., QM) loan. This data is sourced from the **Optimal Blue PPE**.



Non-QM Market		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Investor/DSCR	31.5%	(78 bps)	227 bps	59 bps
	Bank Statement	37.1%	91 bps	228 bps	336 bps
	All Other	31.5%	(13 bps)	(455 bps)	(394 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	94.4%	54 bps	60 bps	199 bps
	Perm. Resident	3.4%	(30 bps)	(33 bps)	(59 bps)
	Non-Perm. Resident	2.2%	(24 bps)	(31 bps)	(143 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%	15.8%	$400,667	5.985	734	80	56%	44%
1	New York-Newark-Jersey City, NY-NJ-PA	4.6%	-3.4%	$604,394	6.098	746	72	53%	47%
2	Chicago-Naperville-Elgin, IL-IN-WI	3.8%	36.1%	$384,617	6.118	746	77	45%	55%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.7%	21.7%	$568,119	5.903	746	81	53%	47%
4	Los Angeles-Long Beach-Anaheim, CA	3.3%	23.9%	$797,424	6.192	750	70	44%	56%
5	Dallas-Fort Worth-Arlington, TX	2.9%	7.4%	$411,528	5.837	731	82	62%	38%
6	Boston-Cambridge-Newton, MA-NH	2.6%	18.9%	$609,770	6.039	755	72	39%	61%
7	Phoenix-Mesa-Scottsdale, AZ	2.6%	14.0%	$456,836	5.750	735	81	66%	34%
8	Atlanta-Sandy Springs-Roswell, GA	2.4%	19.4%	$398,085	5.947	723	81	60%	40%
9	Seattle-Tacoma-Bellevue, WA	2.1%	19.2%	$646,457	6.016	755	75	46%	54%
10	Houston-The Woodlands-Sugar Land, TX	1.9%	9.2%	$352,428	5.707	723	84	71%	29%

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%	15.8%	$400,667	5.985	734	80	56%	44%
11	Denver-Aurora-Lakewood, CO	1.8%	35.0%	$519,199	5.829	747	78	53%	47%
12	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	12.9%	$379,280	6.061	735	78	59%	41%
13	San Francisco-Oakland-Hayward, CA	1.5%	29.2%	$868,498	6.049	763	69	34%	66%
14	Riverside-San Bernardino-Ontario, CA	1.5%	2.9%	$500,530	5.850	726	81	60%	40%
15	Miami-Fort Lauderdale-West Palm Beach, FL	1.4%	5.7%	$524,570	6.106	730	76	62%	38%
16	San Diego-Carlsbad, CA	1.3%	22.1%	$799,555	5.928	756	73	46%	54%
17	Charlotte-Concord-Gastonia, NC-SC	1.3%	15.5%	$418,609	5.885	738	81	58%	42%
18	Minneapolis-St. Paul-Bloomington, MN-WI	1.3%	16.4%	$392,013	5.991	751	81	53%	47%
19	Baltimore-Columbia-Towson, MD	1.2%	22.3%	$425,720	6.049	742	82	55%	45%
20	Tampa-St. Petersburg-Clearwater, FL	1.2%	20.6%	$380,438	5.732	729	82	69%	31%

SECTION II

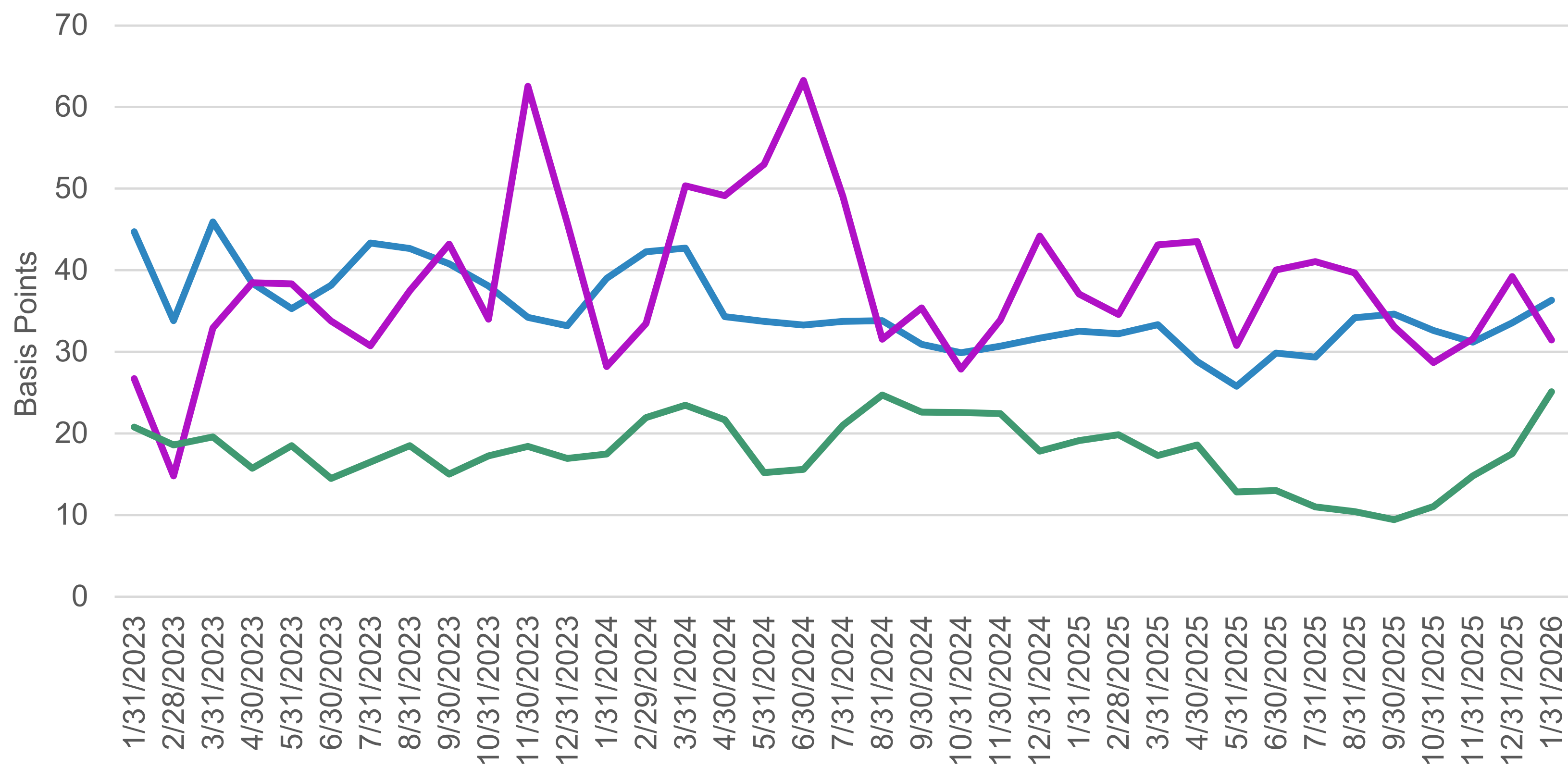
SECONDARY MARKET DATA

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

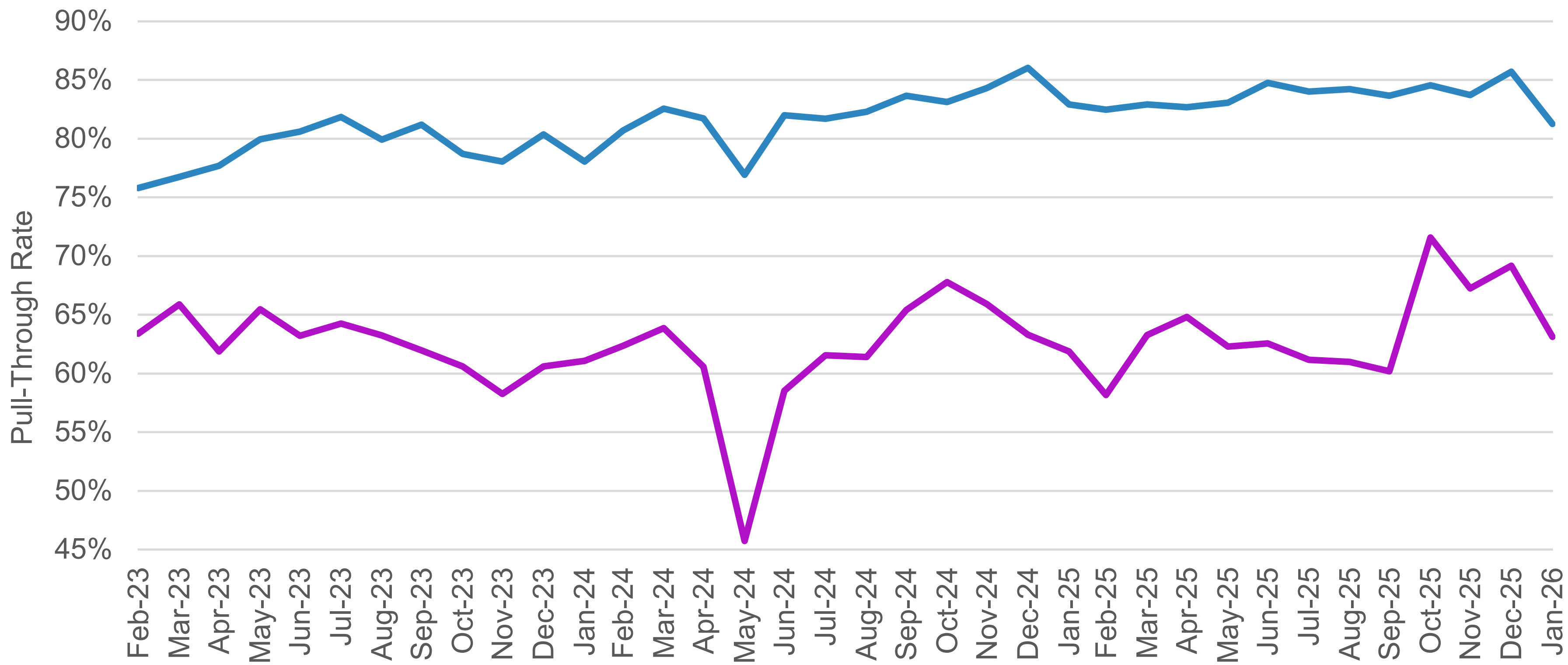
A lender will typically see greater yields by selling loans via mandatory delivery or participating in the secondary market, while best efforts delivery carries less risk. This data is sourced from the **CompassEdge** hedging and loan trading platform.



Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	36 bps	3 bps	4 bps	4 bps
	15-Year Conforming	31 bps	(8 bps)	3 bps	(6 bps)
	30-Year Government	25 bps	8 bps	14 bps	6 bps

LOAN PULL-THROUGH

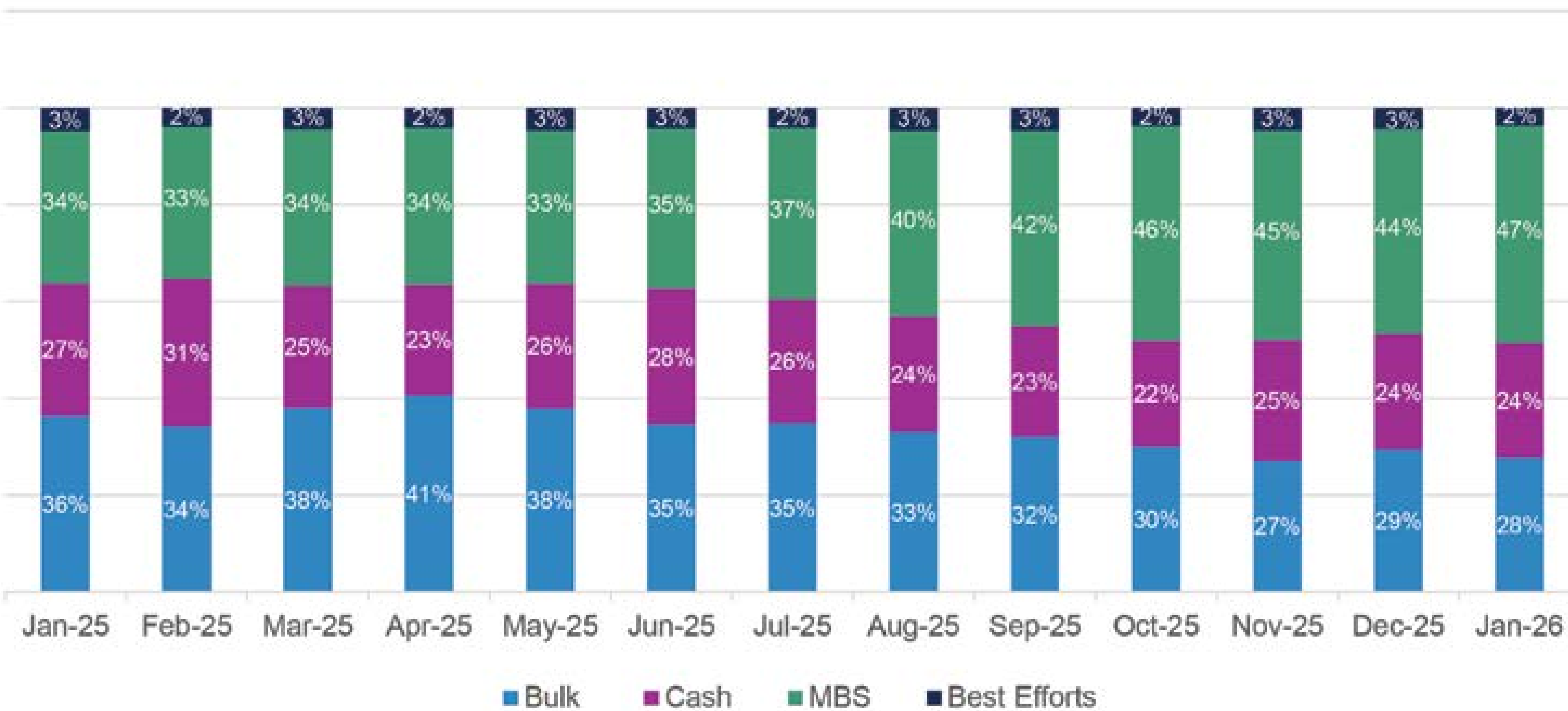
Pull-through indicates the percentage of loans locked that successfully close and fund, which is a measure of how effectively a mortgage lender converts loan applications into closed loans. Lower pull-through typically indicates greater cost for an originator, and thus, the need to compensate by increasing 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	81.2%	(445 bps)	(331 bps)	(166 bps)
	Refinance Pull-Through	63.1%	(607 bps)	(846 bps)	125 bps

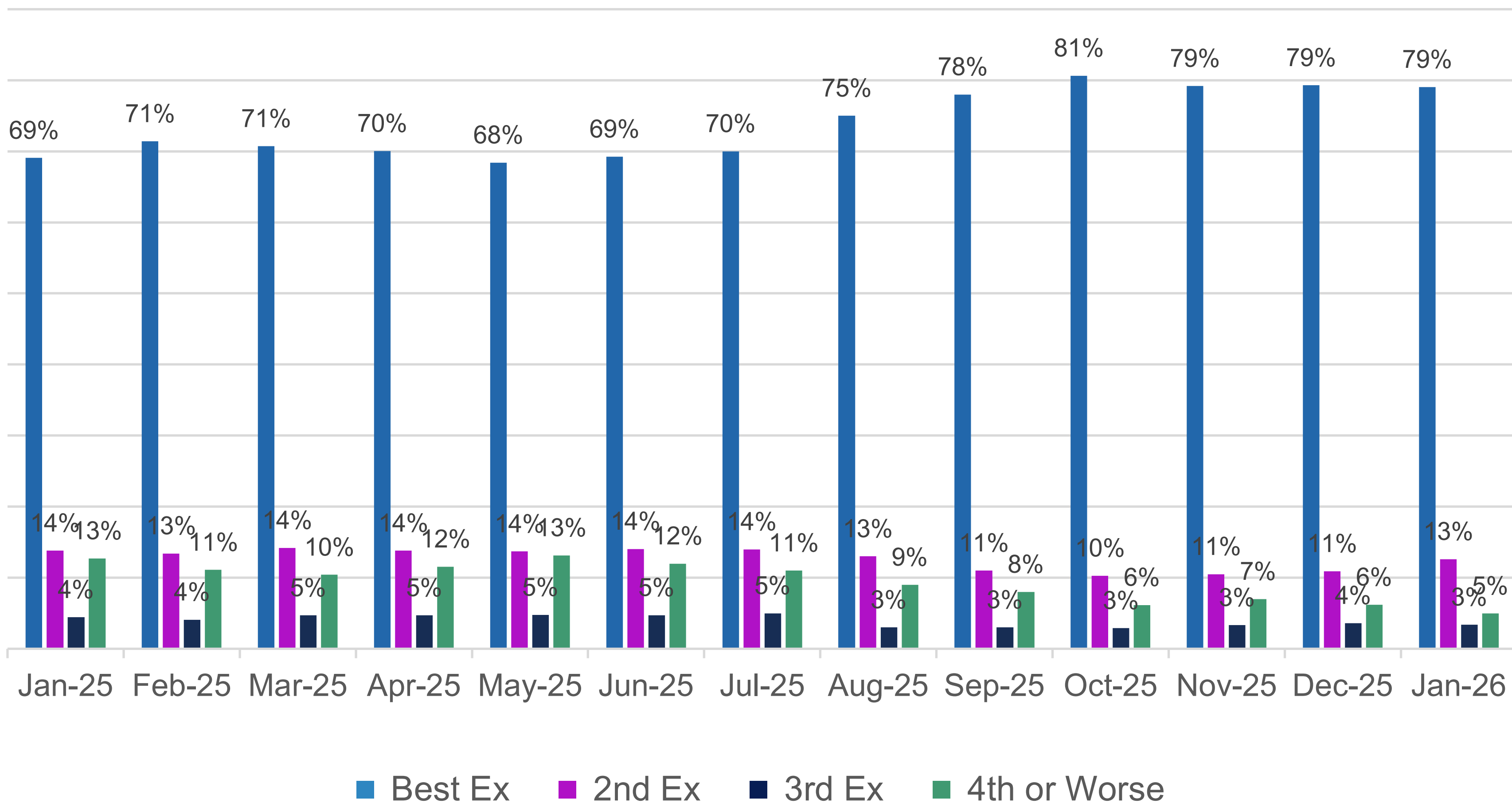
HEDGED LOAN SALE STATISTICS

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.



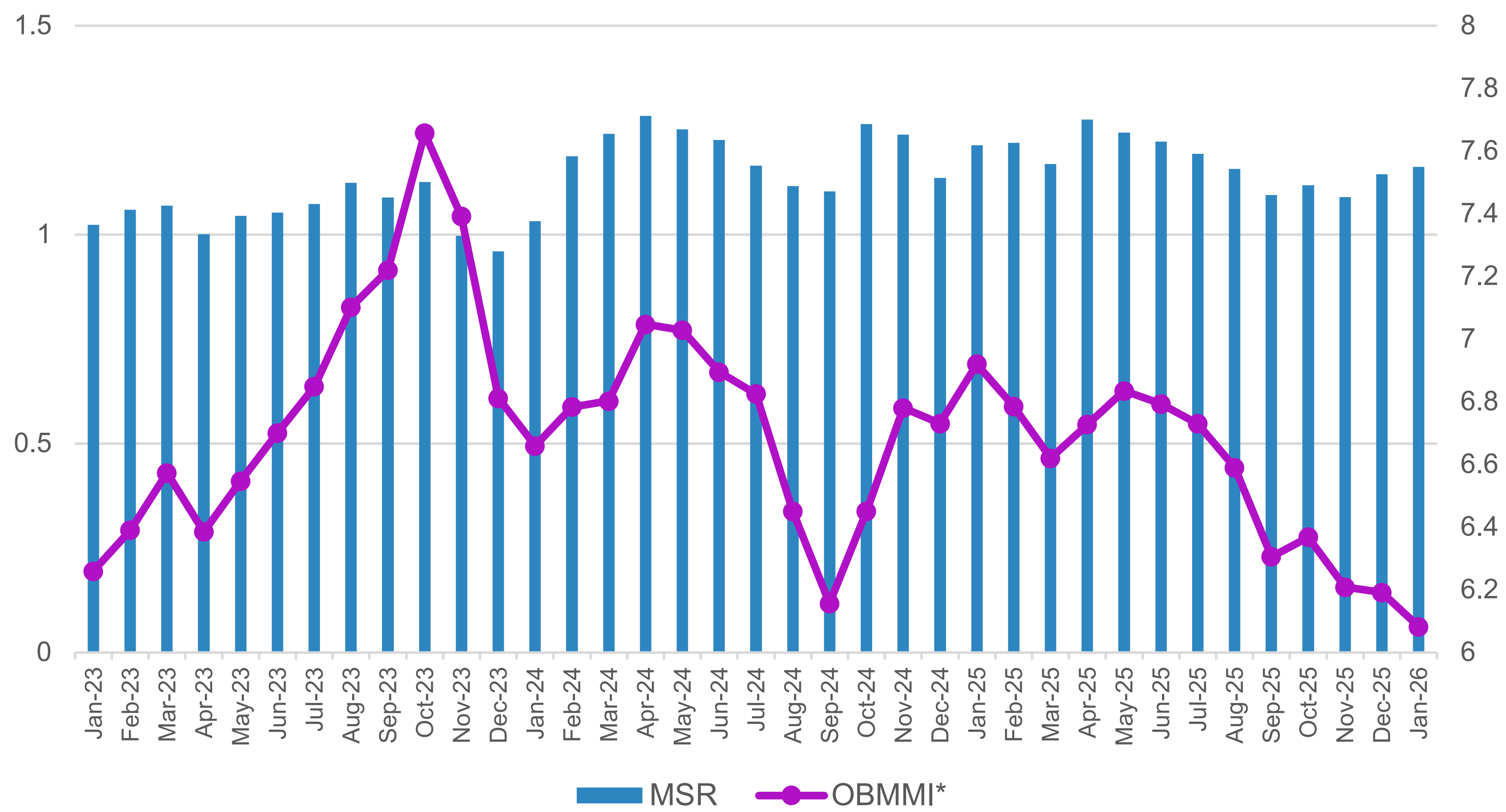
LOAN SALE BY PRICE

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.



SERVICING RIGHTS & MARKET RATE INDICES

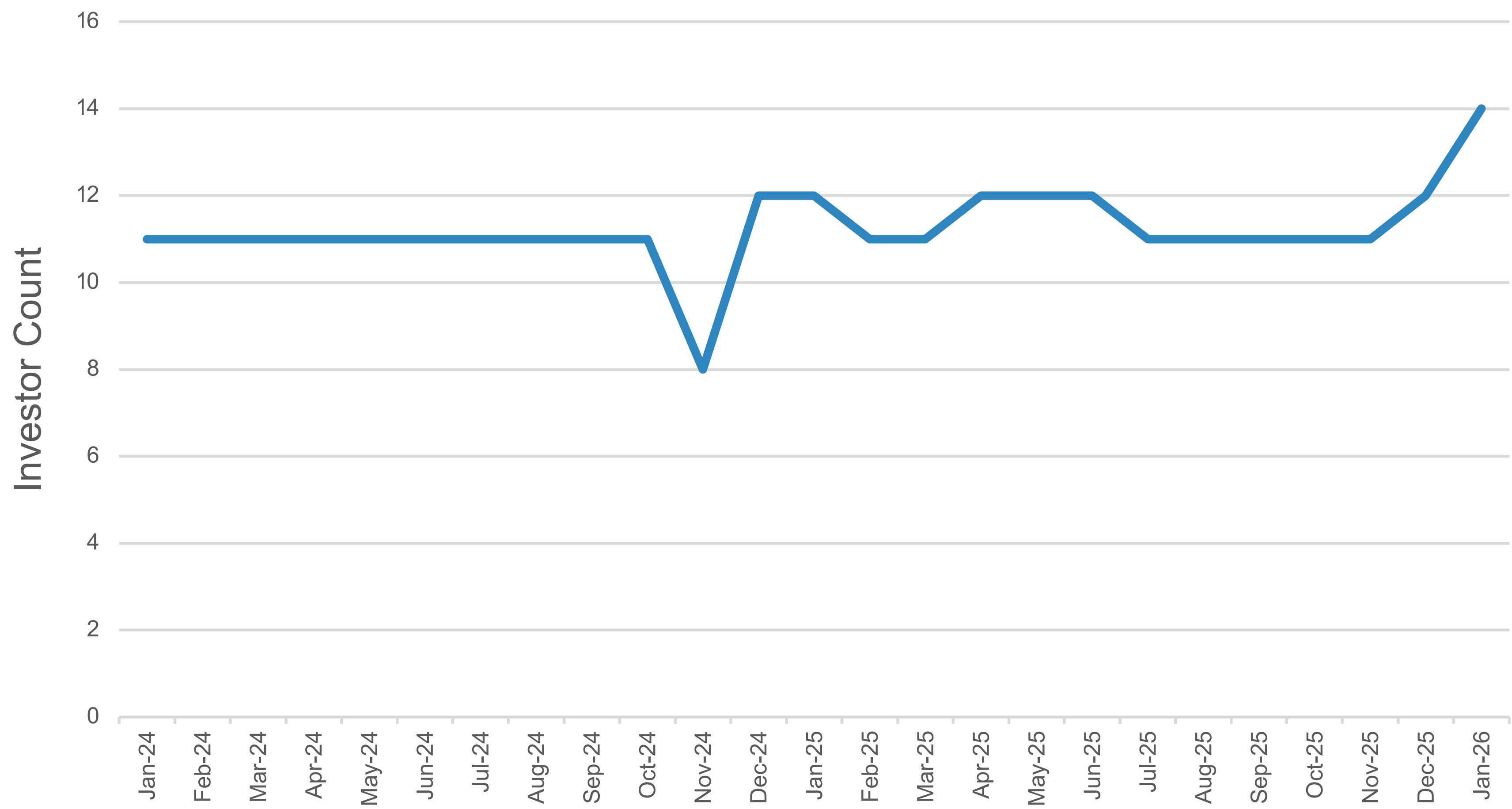
A mortgage servicing right (MSR) is a right to ancillary cash flows associated with servicing a mortgage. MSRs represent a significant component of a lender's margin and are commonly traded in the secondary market based on a lender's economics or strategy. MSRs typically move in alignment with rate movement, 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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