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# MARKET ADVANTAGE

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## MORTGAGE DATA REPORT

JULY 2025

# Welcome to the OPTIMAL BLUE MARKET ADVANTAGE

A Complimentary Monthly Report on Mortgage Origination and Secondary Market Activity

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# MARKET ADVANTAGE MONTHLY PODCAST

Hear additional commentary and insights in the [Market Advantage podcast](#).

"The Basis Point believes the second half of '25 and '26 are going to be the start of the ROI phase of the FinTech era. The first 10, 12 years of the FinTech era was modernization – going from paper to digital. Now we're getting to the ROI phase and AI is a big, big part of that."

— Julian Hebron

## Episode Guest:

**Julian Hebron**

Founder  
[The Basis Point](#)



## Four Big Lending Trends in 2025

Non-QM, non-agency prime, HELOC, and bridge loans are trending. Does this indicate a fundamental market change?

## Rate Outlook

Hear The Basis Point's take on where rates are headed and factors that will impact them.



## Optimal Blue Hosts:

Olivia DeLancey  
Brennan O'Connell  
Mike Vough

JULY 2025 DATA

## Lending Trends and Tech Innovation With Julian Hebron

# KEY FINDINGS: JULY 2025

## VOLUME TRENDS AND MARKET COMPOSITION

- **Volume down:** Total locks declined 3% MoM in July, driven primarily by a 5% drop in purchase activity and reflecting ongoing affordability challenges.
- **Refinance share increases:** Although only 20% of the market, refis are gaining traction as borrowers with post-2022 loans find opportunities to lower monthly payments. Cash-out and rate-and-term refis rose 5% and 7%, respectively.
- **PUD volume rises:** Planned unit development (PUD) activity grew 0.85% to 28.5% of all production, while single-family homes declined by 0.87% to 63.5%. Despite the monthly increase, new construction market share is down 4% YoY, pointing to a broader builder pullback.

## CHANNEL AND EXECUTION

- **Conventional share slips:** The GSE-eligible share declined 0.78% to 52.2%, while non-conforming originations (including jumbo and non-QM) rose 0.62% to 16.8%. FHA, VA and USDA volumes remained flat MoM.
- **Hedged loan sales shift:** Sales to the agency cash window fell 200 bps to 26%, while agency mortgage-backed security (MBS) executions rose to 37%, reflecting stronger securitization activity among large lenders and potential for market share increase from this cohort.
- **Loan sales favor higher pricing tiers:** The share of loans sold at the highest price rose to 70% (+100 bps), while loans sold in the fourth tier or worse fell to 11% (-100 bps), suggesting that eligibility exceptions and representative delivery profiles played a smaller role in pricing decisions than in prior months.

## RATES AND PRICING

- **Benchmark rates climb:** The OBMMI ended July at 6.72%, up 5 bps after dipping to ~6.625% earlier in the month. FHA rose 3 bps to 6.50%, VA increased 4 bps to 6.33% and jumbo jumped 11 bps to 6.89%.
- **MSRs dip:** Mortgage servicing rights (MSRs) for conforming 30-year loans fell 3 bps to 1.19, moving in counter to OBMMI, but impacted by increases in intramonth volatility.
- **Futures activity rises:** CME futures tied to the OBMMI are attracting increased interest from MSR holders and pipeline hedgers seeking to manage rate risk. MSR values tend to fluctuate with interest rate expectations, and recent activity suggests growing demand for tools that help mitigate exposure.

## PRODUCT MIX AND BORROWER PROFILES

- **Non-QM reaches record:** The share of non-QM loans hit 8% of total volume for the first time, with investor/DSCR at 29%, bank statement loans at 34% and other non-traditional income documentation methods at 38%.
- **ARMs gain:** Adjustable-rate mortgages (ARMs) rose to 9.52% of overall volume in July, up from 8.81% in June, despite the SOFR curve flattening with the 2-year/10-year spread dropping ~ 7 bps, but remaining positively sloped.
- **Average credit scores:** Conforming FICO scores fell 1 point to 756, and FHA scores dropped to 675, while VA remained flat at 713.
- **Loan amounts dip:** The average loan amount was \$382,476, down from \$386,084 in June. Of the top 30 MSAs, average loan amounts ranged from a high of \$609,008 in the New York region to a low of \$476,637 in Sacramento, California.

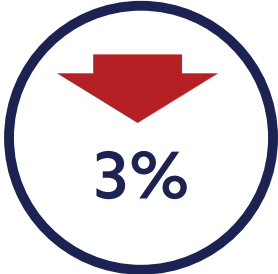
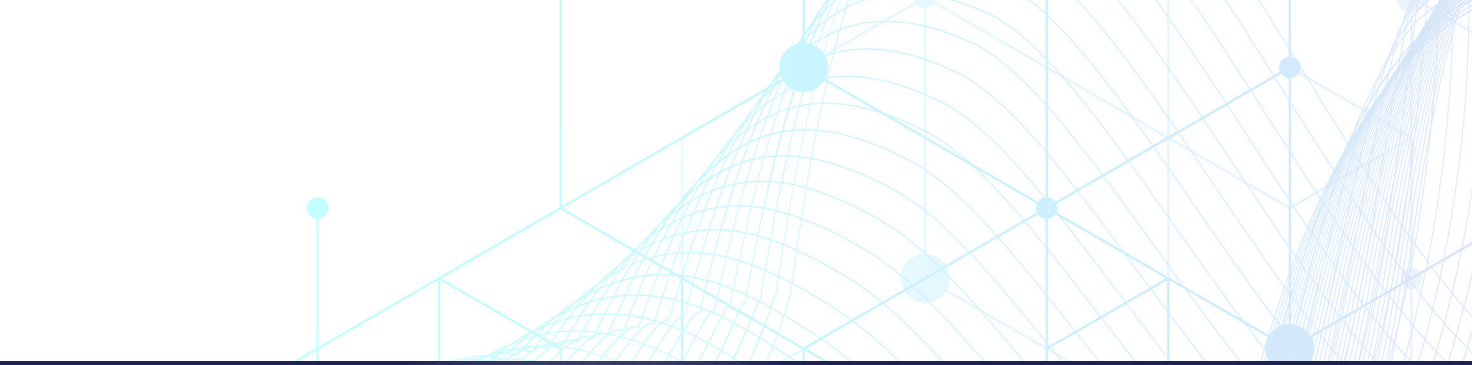


## SECTION I

# 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

Total locks declined 3% MoM in July, driven primarily by a 5% drop in purchase activity.



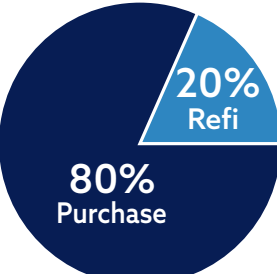
### MONTH-END CONFORMING RATE

The benchmark Optimal Blue Mortgage Market Indices 30-year conforming interest rate ended July at 6.72%, up 5 bps after dipping to ~6.625% earlier in the month.



### AVERAGE LOAN AMOUNT

The average loan amount was \$382,476 in July, down from \$386,084 in June.



### MARKET MIX

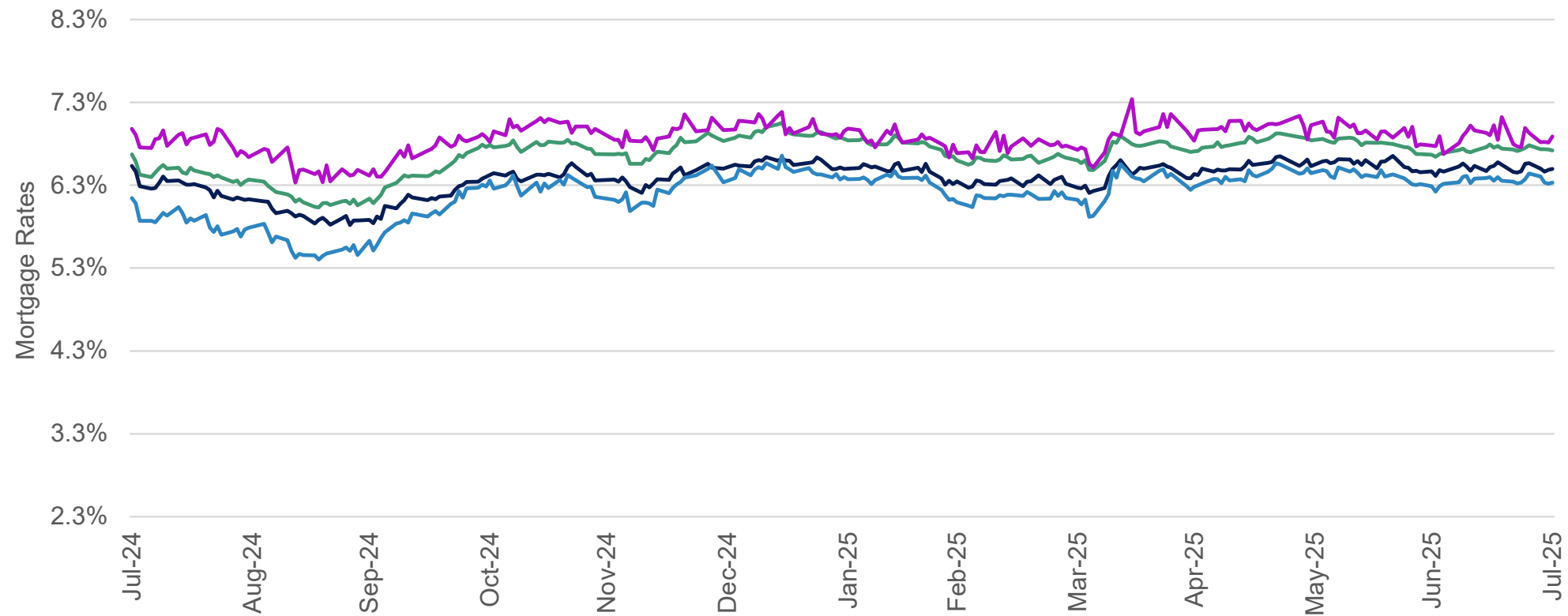
Although only 20% of the market, refis gained traction in July, with cash-out and rate-and-term refis rising 5% and 7%, respectively.





# 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?

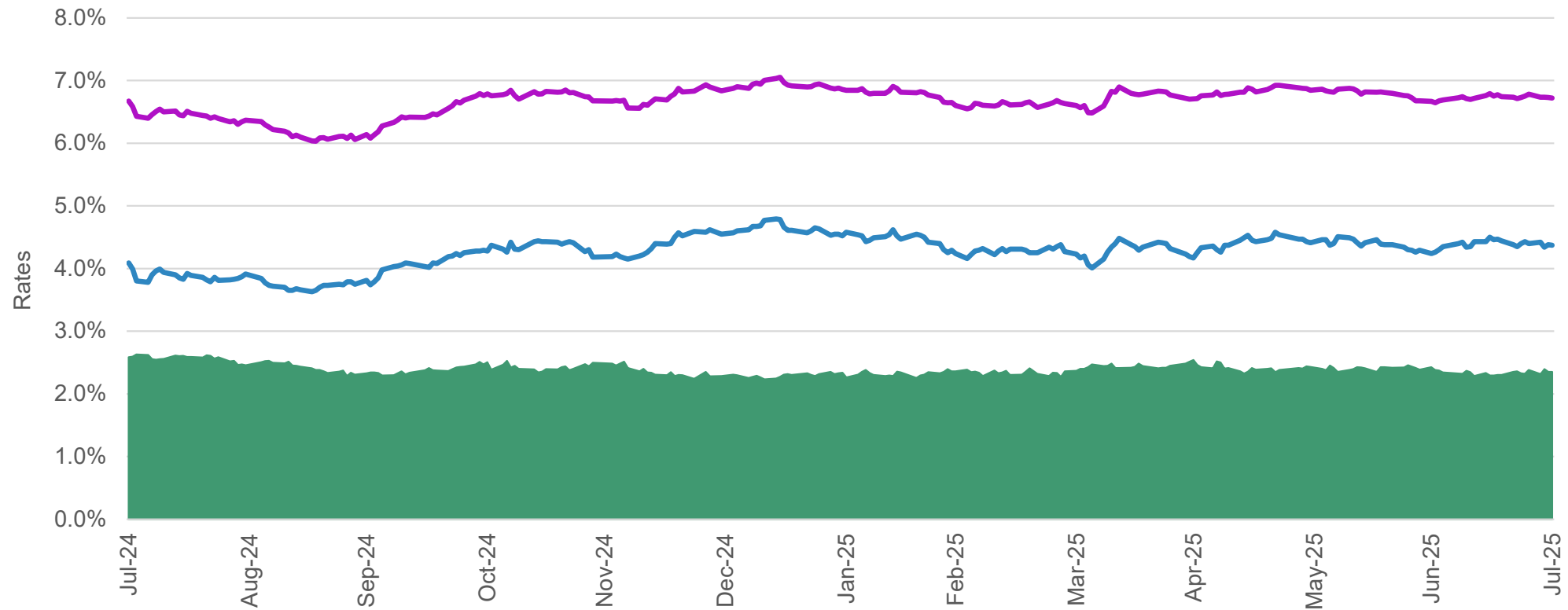
Optimal Blue's 30-year conforming fixed rate is the benchmark for the [CME Group Mortgage Rate futures](#).






	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.72%	5 bps	1 bp	5 bps
	30-Year Jumbo	6.89%	11 bps	5 bps	(9 bps)
	30-Year FHA	6.50%	3 bps	6 bps	(3 bps)
	30-Year VA	6.33%	4 bps	5 bps	19 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 Treasuries, which may result in higher mortgage rates being offered to consumers. This data is sourced from the [CompassEdge](#) hedging and loan trading platform.

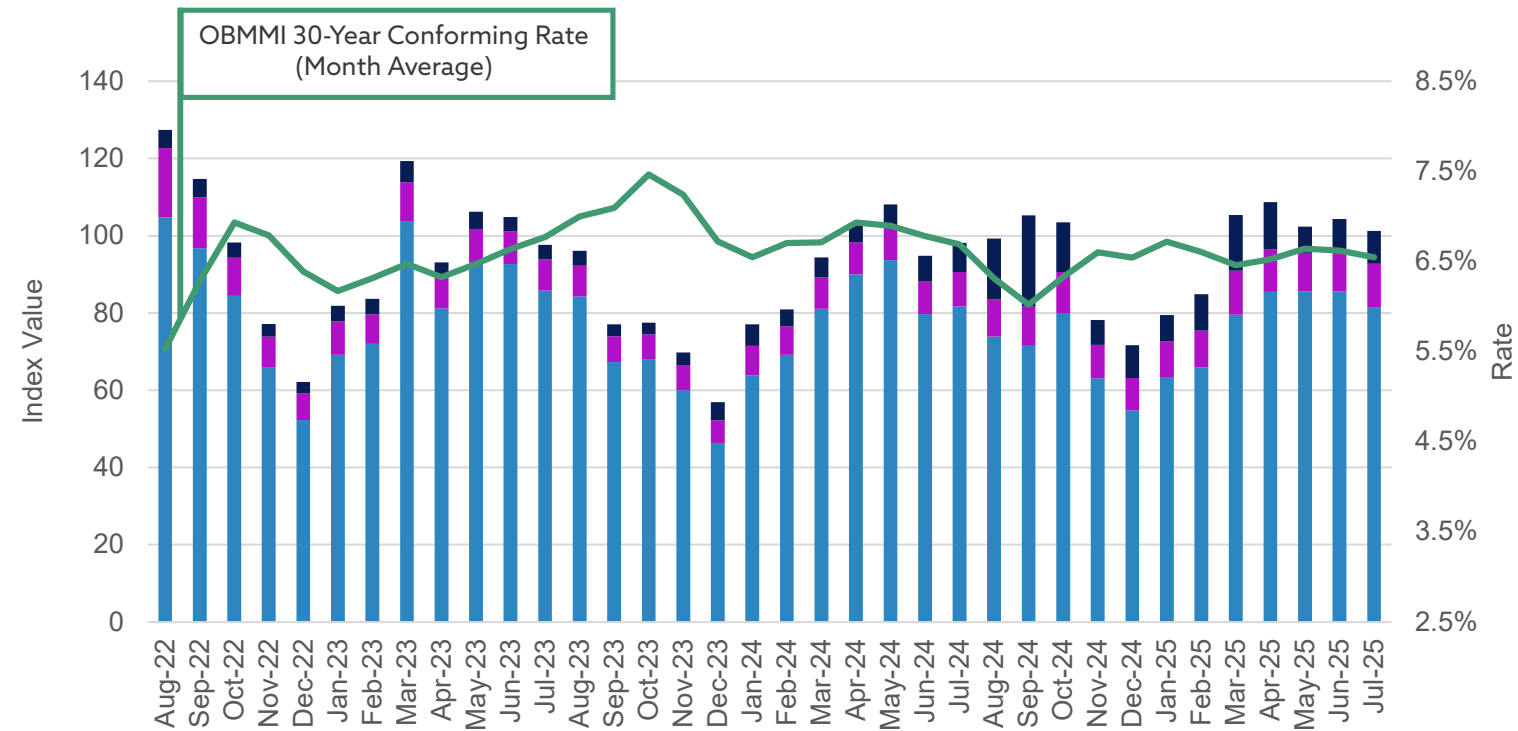






	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	4.37%	13 bps	20 bps	28 bps
	30-Year Conforming	6.72%	5 bps	1 bp	5 bps
	10-Year to 30-Year Spread	2.35%	(8 bps)	(19 bps)	(23 bps)



# 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](#).

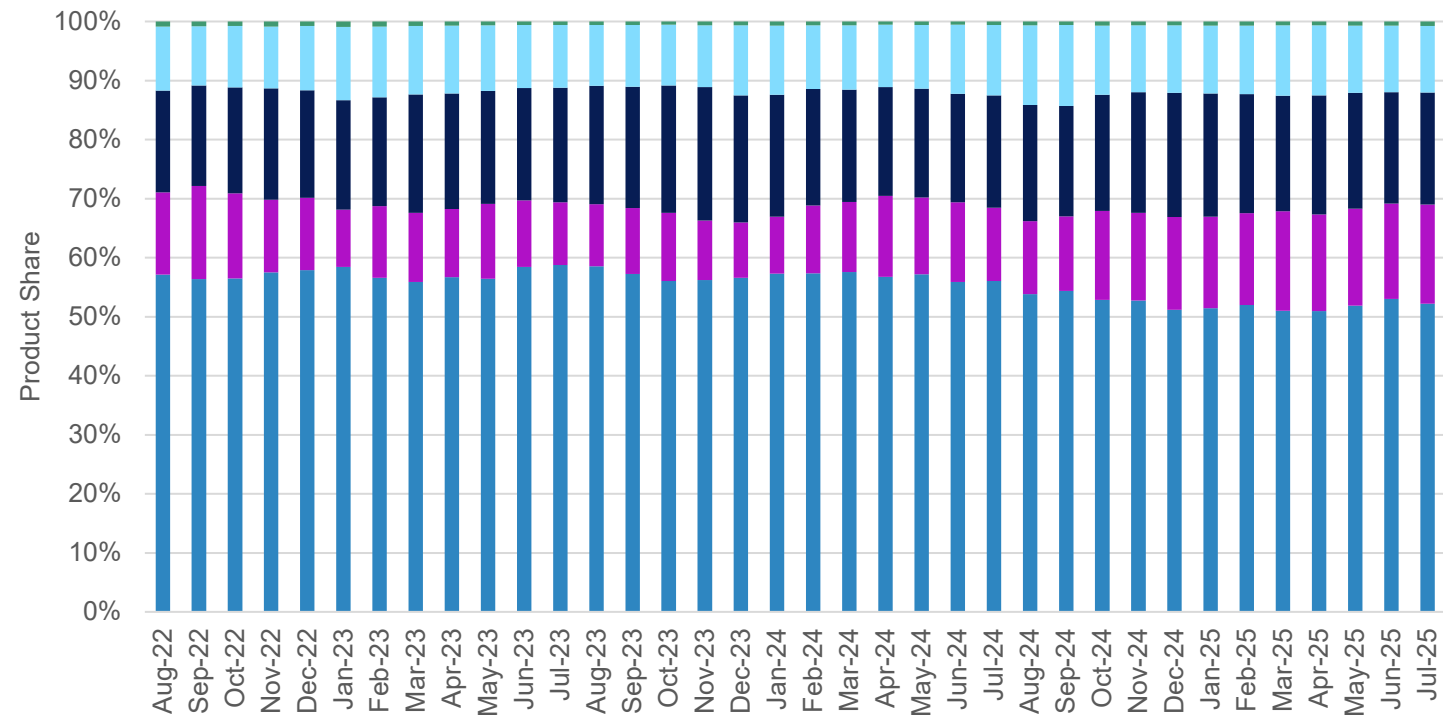







Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	81	(4.8%)	(4.7%)	(0.3%)
	Cash-Out Refinance	11	4.9%	2.0%	26.5%
	Rate/Term Refinance	8	6.7%	(30.4%)	12.5%
	Total	101	(3.0%)	(6.9%)	3.1%
Refinance Share*		20%	159 bps	(186 bps)	275 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 nonconforming (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.

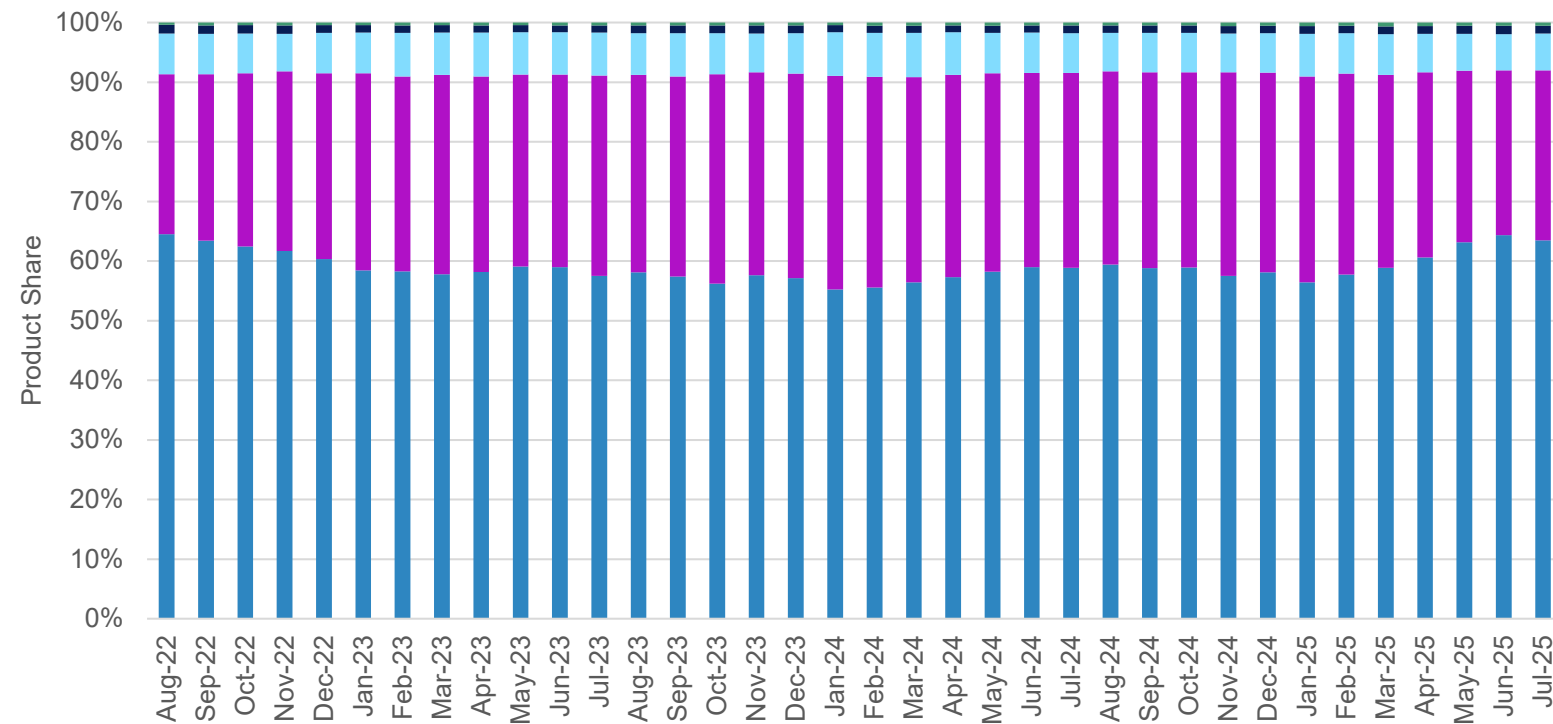







Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	52.2%	(78 bps)	128 bps	(385 bps)
	Nonconforming	16.8%	62 bps	41 bps	439 bps
	FHA	18.9%	9 bps	(123 bps)	(5 bps)
	VA	11.3%	3 bps	(56 bps)	(66 bps)
	USDA	0.7%	4 bps	9 bps	17 bps



# PROPERTY TYPE

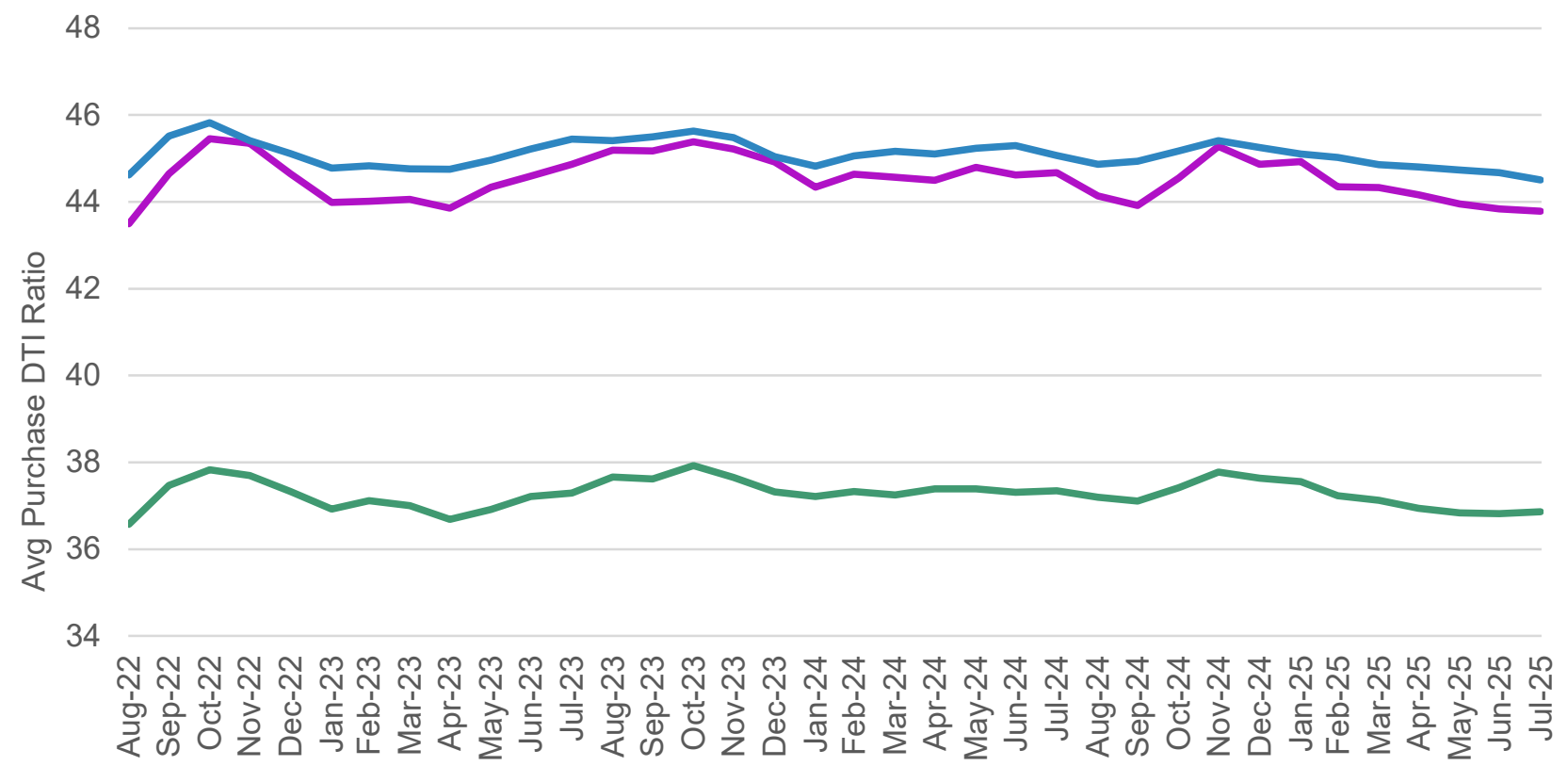
Property type is a classification of structure based on intended use and physical characteristics. \*Planned unit development (PUD) includes new construction. This data is sourced from the Optimal Blue PPE.



Property Type Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Single Family	63.5%	(87 bps)	287 bps	462 bps
	PUD*	28.5%	85 bps	(258 bps)	(423 bps)
	Condo	6.2%	9 bps	(26 bps)	(48 bps)
	Manufactured	1.3%	(6 bps)	2 bps	8 bps
	All Other	0.5%	(1 bp)	(5 bps)	1 bp

# 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.

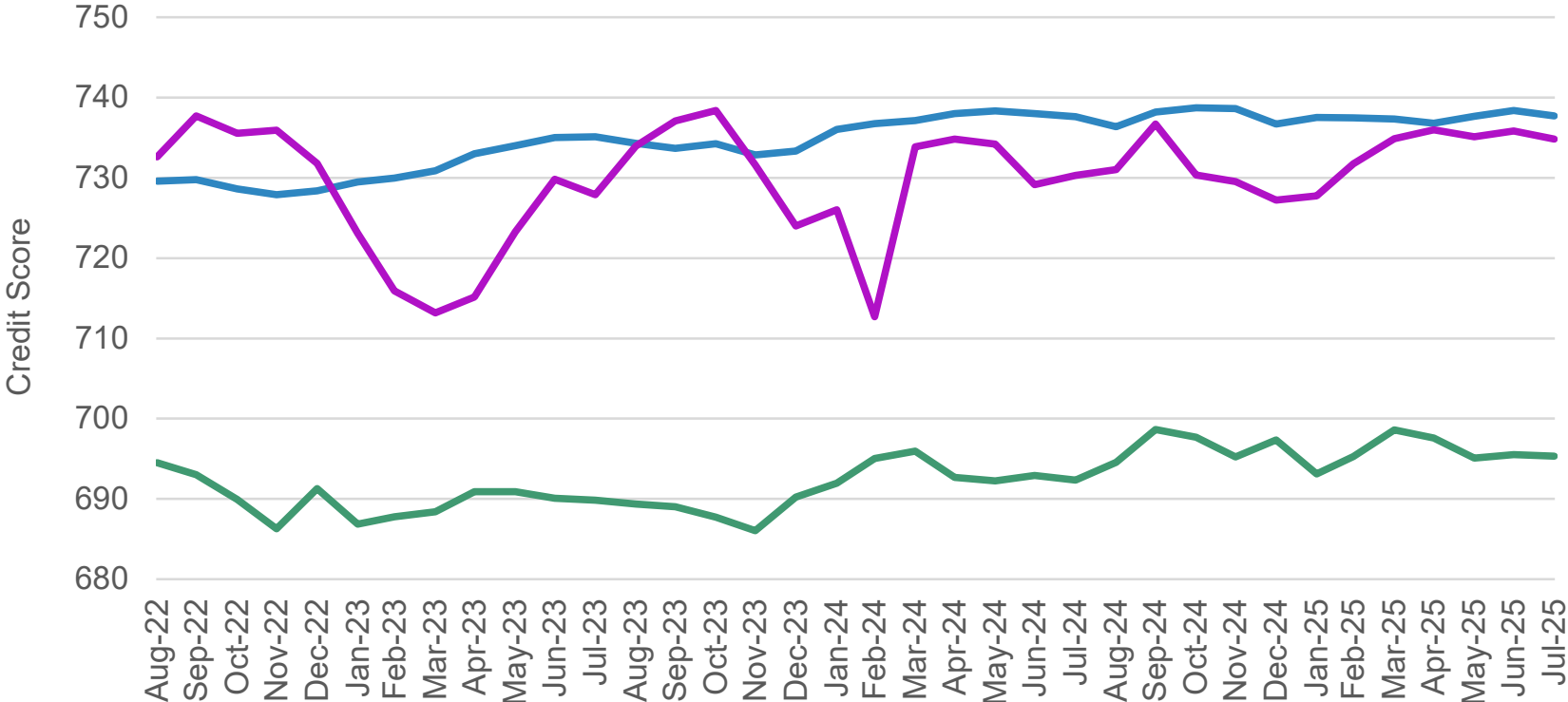





DTI Ratio by Product		Current Avg DTI Ratio	1-Month Delta	3-Month Delta	12-Month Delta
<span style="color: green;">—</span>	Conforming	36.9	0.0	(0.1)	(0.5)
<span style="color: blue;">—</span>	FHA	44.5	(0.2)	(0.3)	(0.6)
<span style="color: purple;">—</span>	VA	43.8	0.0	(0.4)	(0.9)



# AVERAGE CREDIT SCORES BY LOAN PURPOSE

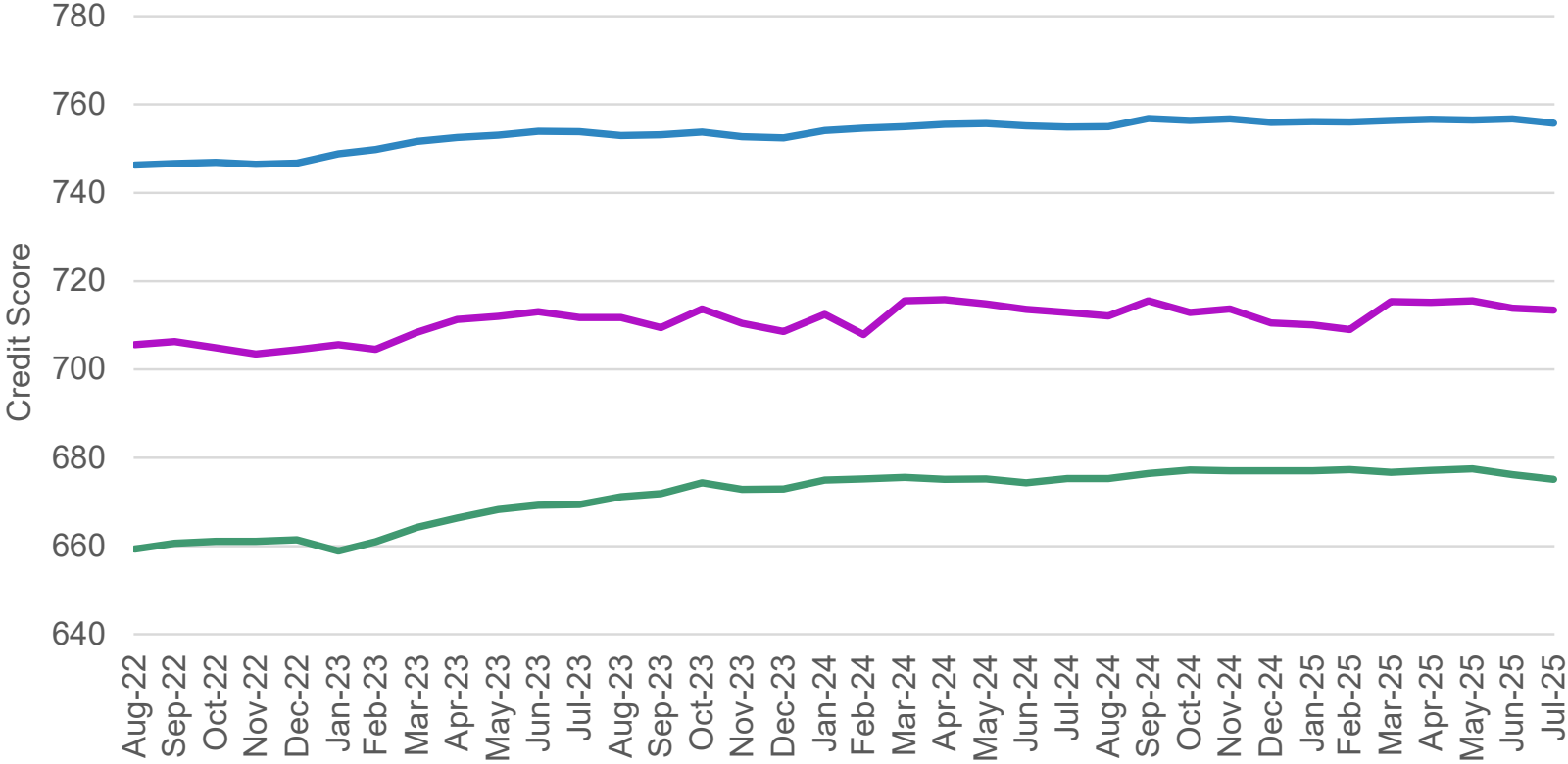
Credit score is considered an indicator of a borrower's financial health, with higher credit scores indicating greater financial flexibility. This data is sourced from the Optimal Blue PPE.






Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	738	(1)	1	0
	Cash Out Refi	695	0	(2)	3
	Rate/Term Refi	735	(1)	(1)	5

# 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.

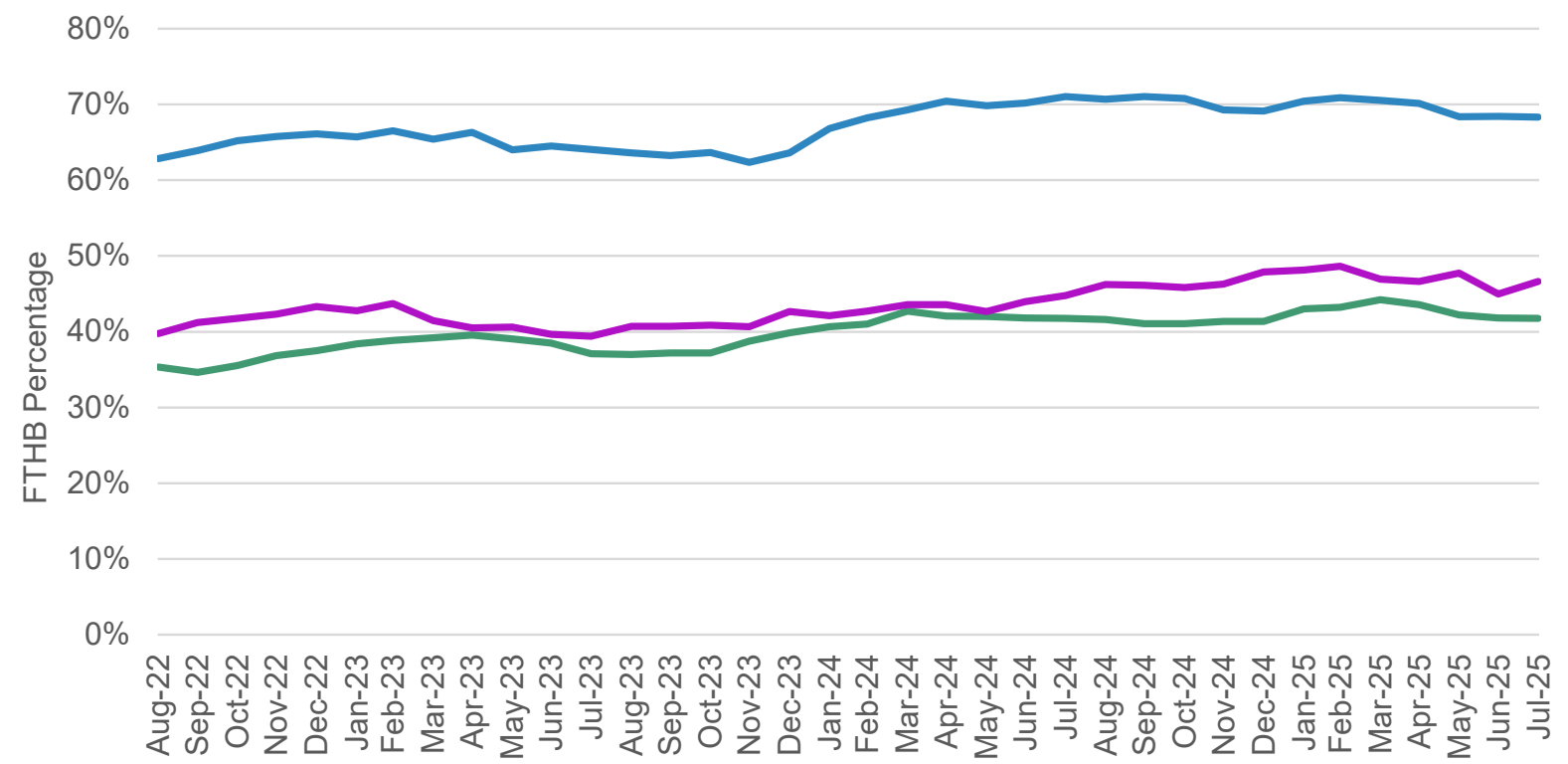


Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	756	(1)	(1)	1
	FHA	675	(1)	(2)	0
	VA	713	0	(2)	1



# FIRST-TIME HOMEBUYER STATUS

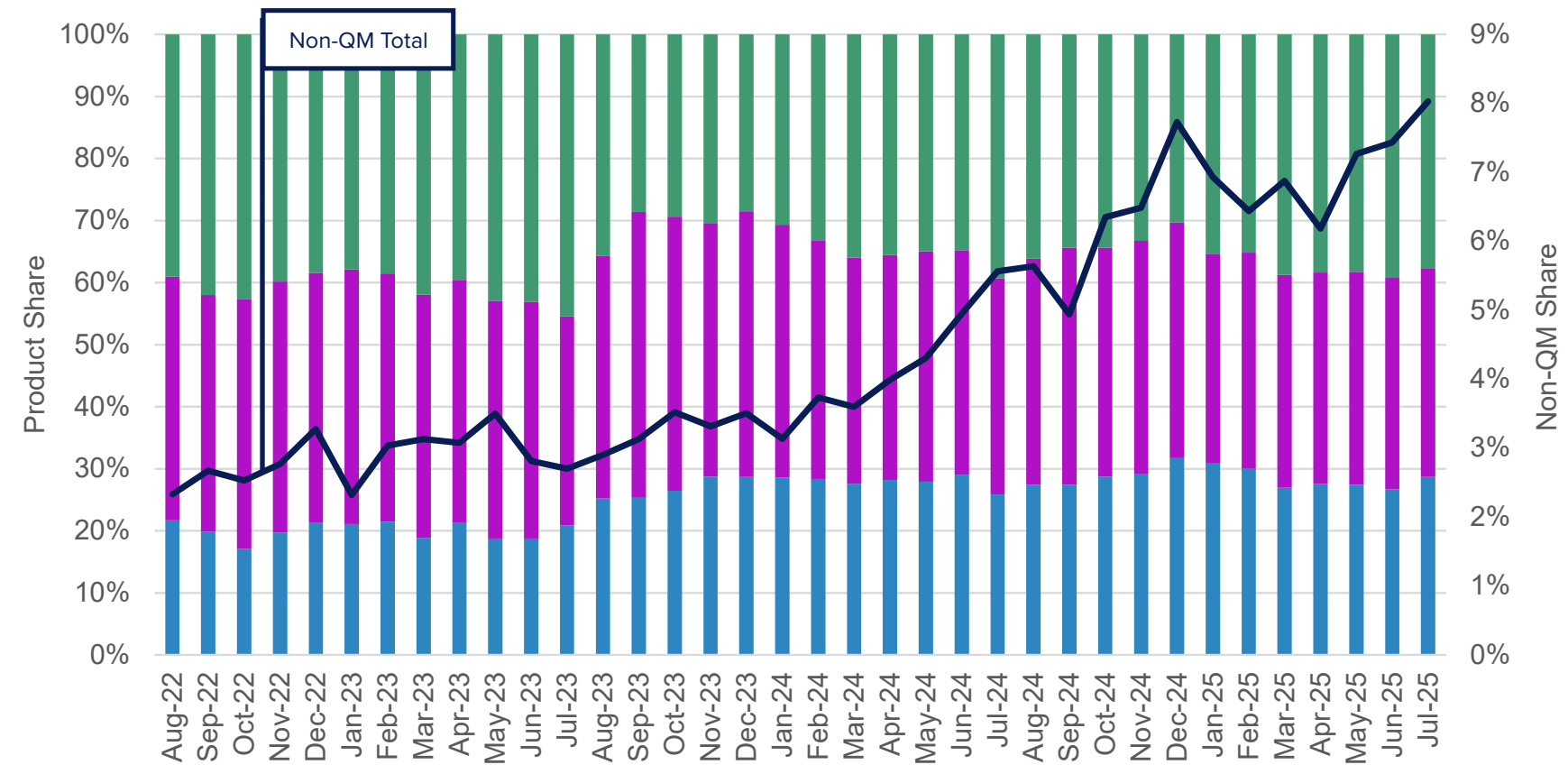
First-time homebuyers frequently take advantage of loan-level pricing adjustment (LLPA) relief and may qualify for lower rates. This data is sourced from the [Optimal Blue PPE](#).






First-Time Homebuyer by Product		Current Ratio	1-Month Delta	3-Month Delta	12-Month Delta
<span style="color: green;">—</span>	Conforming	42%	0%	-2%	0%
<span style="color: blue;">—</span>	FHA	68%	0%	-2%	-3%
<span style="color: purple;">—</span>	VA	47%	2%	0%	2%

# NON-QM LOAN PRODUCTS

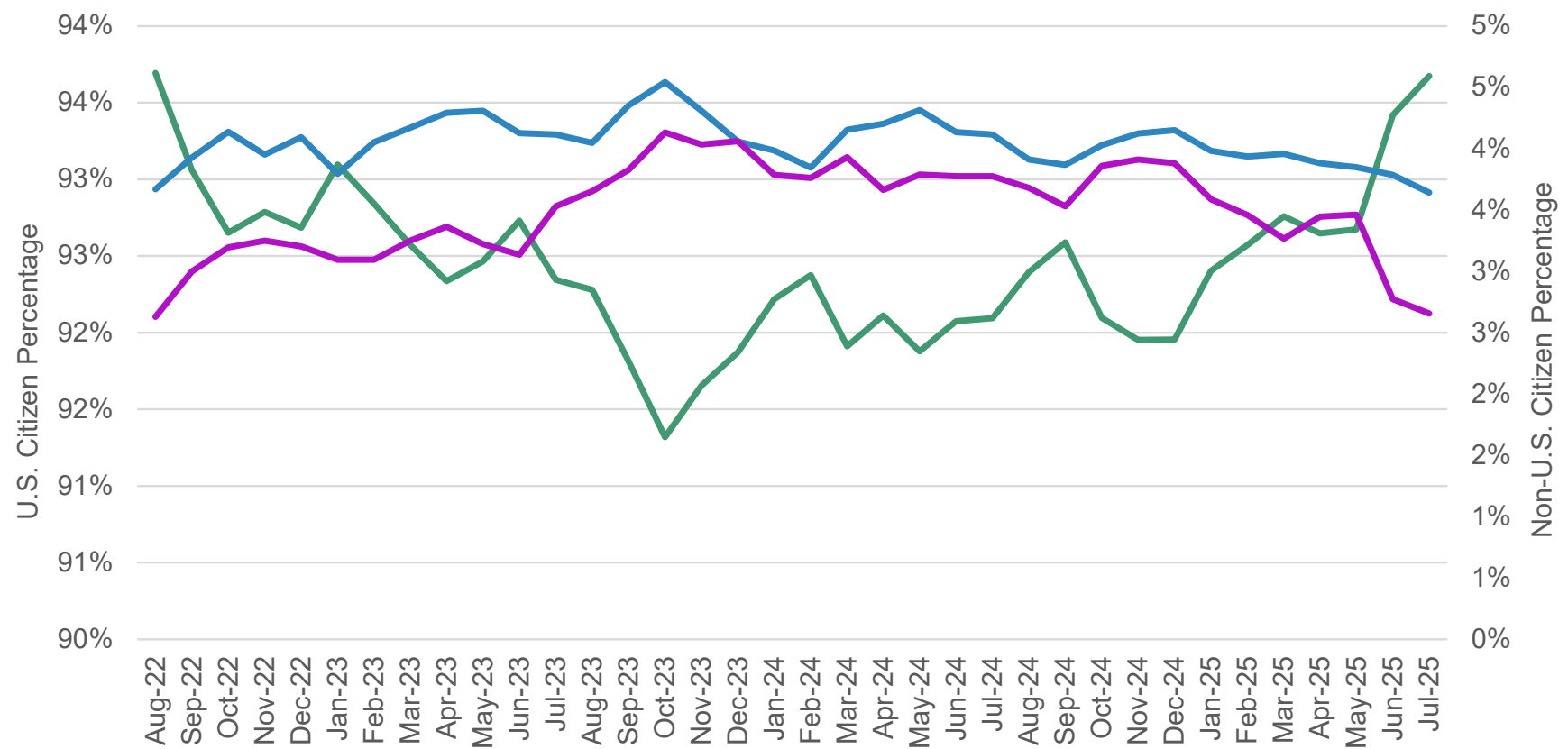
In contrast to agency-production loans, non-QM loans use different and/or more flexible criteria to verify borrower income. The categories below reflect ways lenders may verify income for borrowers who would not traditionally qualify for a conforming (i.e., QM) loan. This data is sourced from the Optimal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






Non-QM Market		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Investor/DSCR	28.7%	199 bps	114 bps	279 bps
	Bank Statement	33.7%	(41 bps)	(41 bps)	(116 bps)
	All Other	37.6%	(158 bps)	(73 bps)	(163 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	93.7%	26 bps	103 bps	158 bps
	Perm. Resident	3.6%	(15 bps)	(24 bps)	(48 bps)
	Non-Perm. Resident	2.7%	(12 bps)	(79 bps)	(112 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
<b>NATIONAL</b>	<b>100.0%</b>	<b>2.0%</b>	<b>\$386,084</b>	<b>6.620</b>	<b>733</b>	<b>81</b>	<b>82%</b>	<b>18%</b>
1 New York-Newark-Jersey City, NY-NJ-PA	5.2%	11.9%	\$586,997	6.715	747	74	81%	19%
2 Chicago-Naperville-Elgin, IL-IN-WI	3.7%	8.1%	\$372,601	6.807	741	80	85%	15%
3 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6%	-3.3%	\$556,240	6.602	746	81	86%	14%
4 Dallas-Fort Worth-Arlington, TX	3.1%	-0.8%	\$400,718	6.392	731	82	88%	12%
5 Boston-Cambridge-Newton, MA-NH	2.9%	7.5%	\$630,320	6.673	752	74	86%	14%
6 Los Angeles-Long Beach-Anaheim, CA	2.6%	8.0%	\$748,232	6.802	744	70	69%	31%
7 Atlanta-Sandy Springs-Roswell, GA	2.4%	-0.4%	\$382,792	6.585	722	81	80%	20%
8 Houston-The Woodlands-Sugar Land, TX	2.3%	-0.7%	\$352,229	6.238	723	84	88%	12%
9 Phoenix-Mesa-Scottsdale, AZ	2.2%	-0.6%	\$441,480	6.428	734	80	83%	17%
10 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	2.1%	9.9%	\$401,262	6.723	740	78	86%	14%

# 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
<b>NATIONAL</b>	<b>100.0%</b>	<b>2.0%</b>	<b>\$386,084</b>	<b>6.620</b>	<b>733</b>	<b>81</b>	<b>82%</b>	<b>18%</b>
11 Seattle-Tacoma-Bellevue, WA	1.9%	-5.5%	\$632,222	6.668	750	75	83%	17%
12 Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	5.7%	\$371,008	6.670	751	81	89%	11%
13 Denver-Aurora-Lakewood, CO	1.5%	-8.3%	\$494,228	6.404	743	76	81%	19%
14 Miami-Fort Lauderdale-West Palm Beach, FL	1.4%	0.5%	\$523,142	6.770	732	77	75%	25%
15 San Francisco-Oakland-Hayward, CA	1.4%	0.4%	\$832,678	6.732	757	71	79%	21%
16 Riverside-San Bernardino-Ontario, CA	1.3%	1.5%	\$488,020	6.472	722	79	77%	23%
17 Charlotte-Concord-Gastonia, NC-SC	1.2%	-0.6%	\$419,801	6.591	736	80	84%	16%
18 Nashville-Davidson-Murfreesboro-Franklin, TN	1.2%	1.6%	\$432,943	6.562	734	80	83%	17%
19 Baltimore-Columbia-Towson, MD	1.1%	-8.3%	\$413,162	6.735	739	83	89%	11%
20 Austin-Round Rock, TX	1.1%	-7.7%	\$430,849	6.209	739	80	88%	12%

## SECTION II

# SECONDARY MARKET DATA

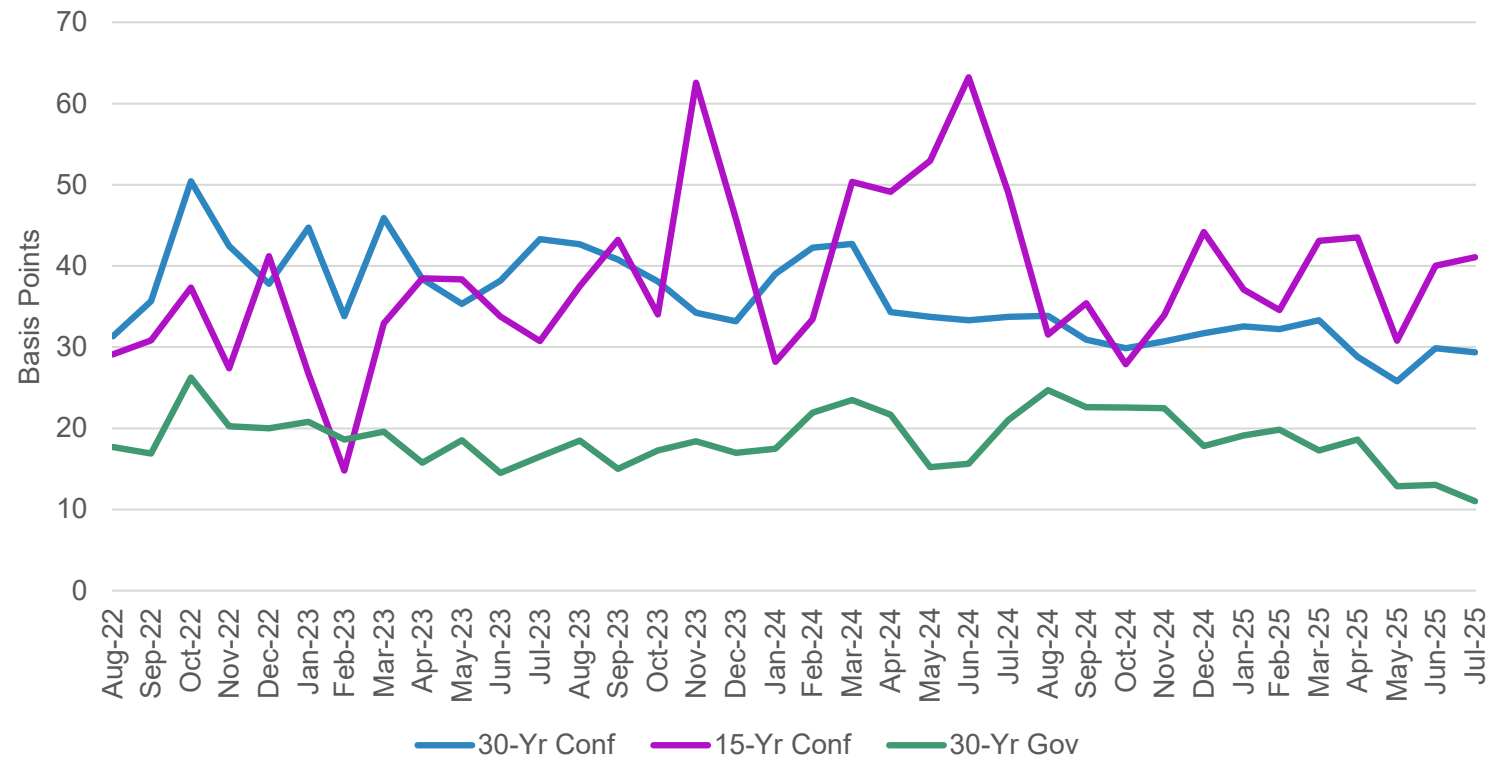
The secondary market is where most mortgages are purchased and sold between originating entities and investors. These exchanges provide liquidity to keep home financing accessible and affordable for borrowers.

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

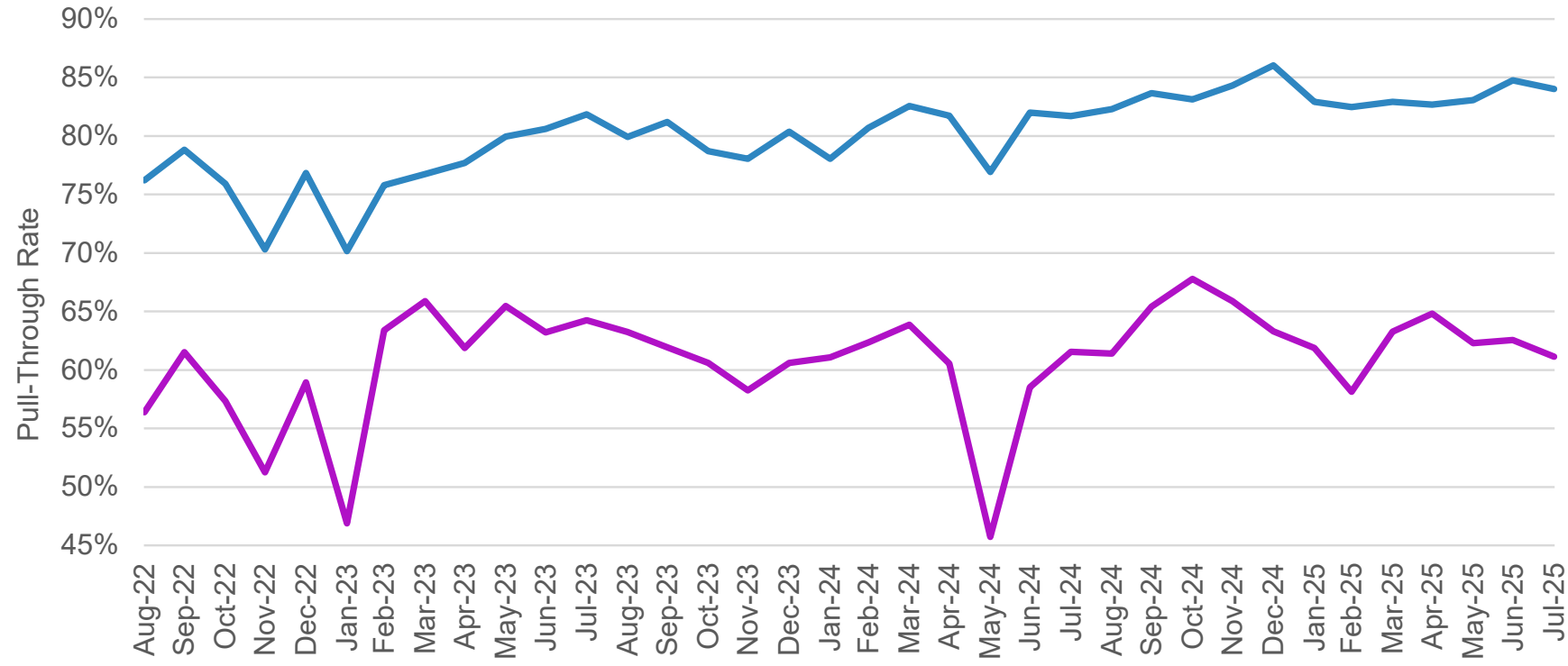
A lender will typically see greater yields by selling loans via mandatory delivery or participating in the secondary market, while best efforts delivery carries less risk. This data is sourced from the [CompassEdge](#) hedging and loan trading platform.



Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
<span style="color: blue;">—</span>	30-Year Conforming	29 bps	0 bps	1 bp	(4 bps)
<span style="color: magenta;">—</span>	15-Year Conforming	41 bps	1 bp	(2 bps)	(8 bps)
<span style="color: green;">—</span>	30-Year Government	11 bps	(2 bps)	(8 bps)	(10 bps)

# LOAN PULL-THROUGH

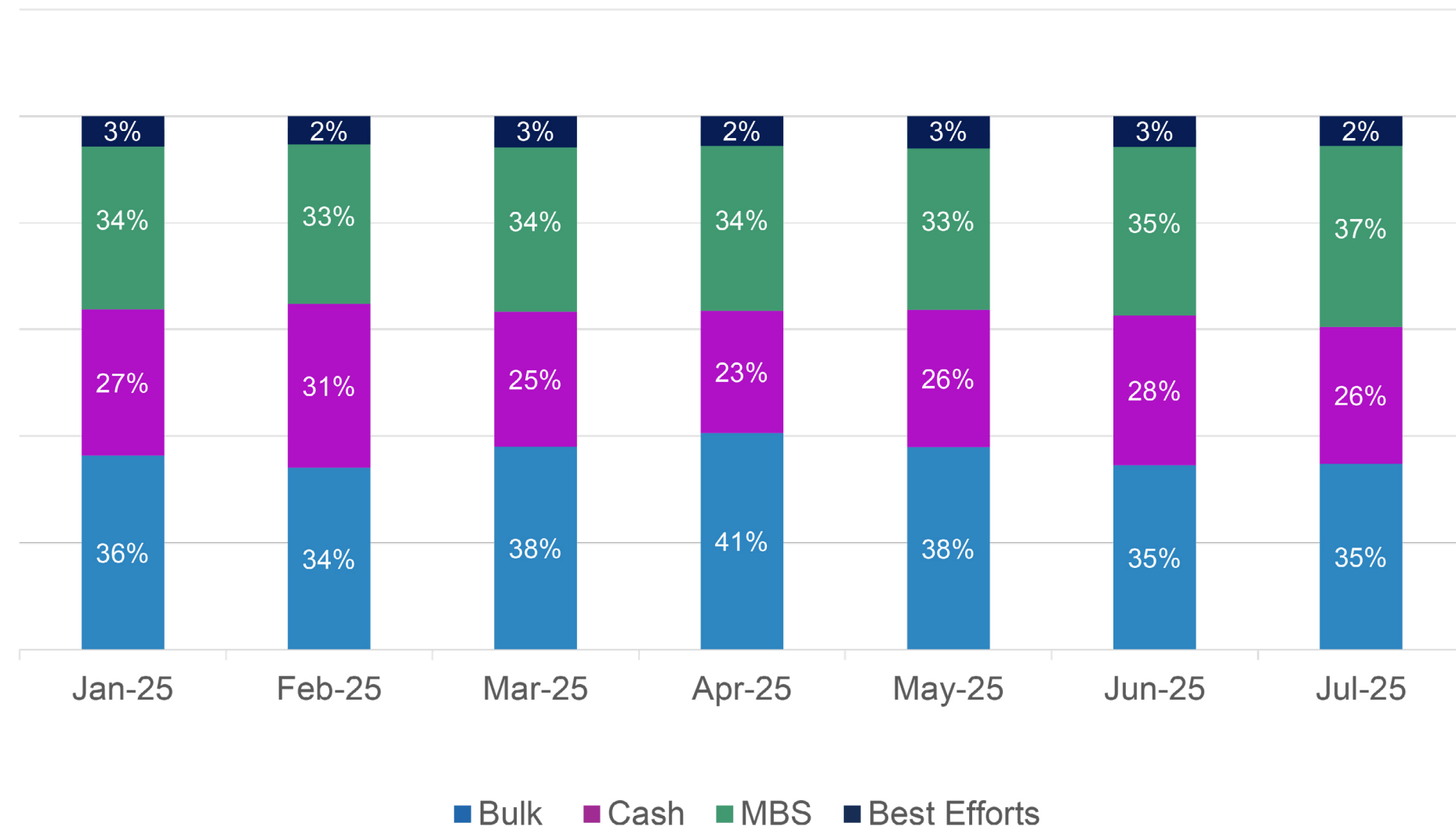
Pull-through indicates the percentage of loans locked that successfully close and fund, which is a measure of how effectively a mortgage lender converts loan applications into closed loans. Lower pull-through typically indicates greater cost for an originator, and thus, the need to compensate by increasing 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
<span style="color: blue;">—</span>	Purchase Pull-Through	84.0%	(76 bps)	134 bps	232 bps
<span style="color: purple;">—</span>	Refinance Pull-Through	61.1%	(142 bps)	(367 bps)	(40 bps)

# HEDGED LOAN SALE STATISTICS

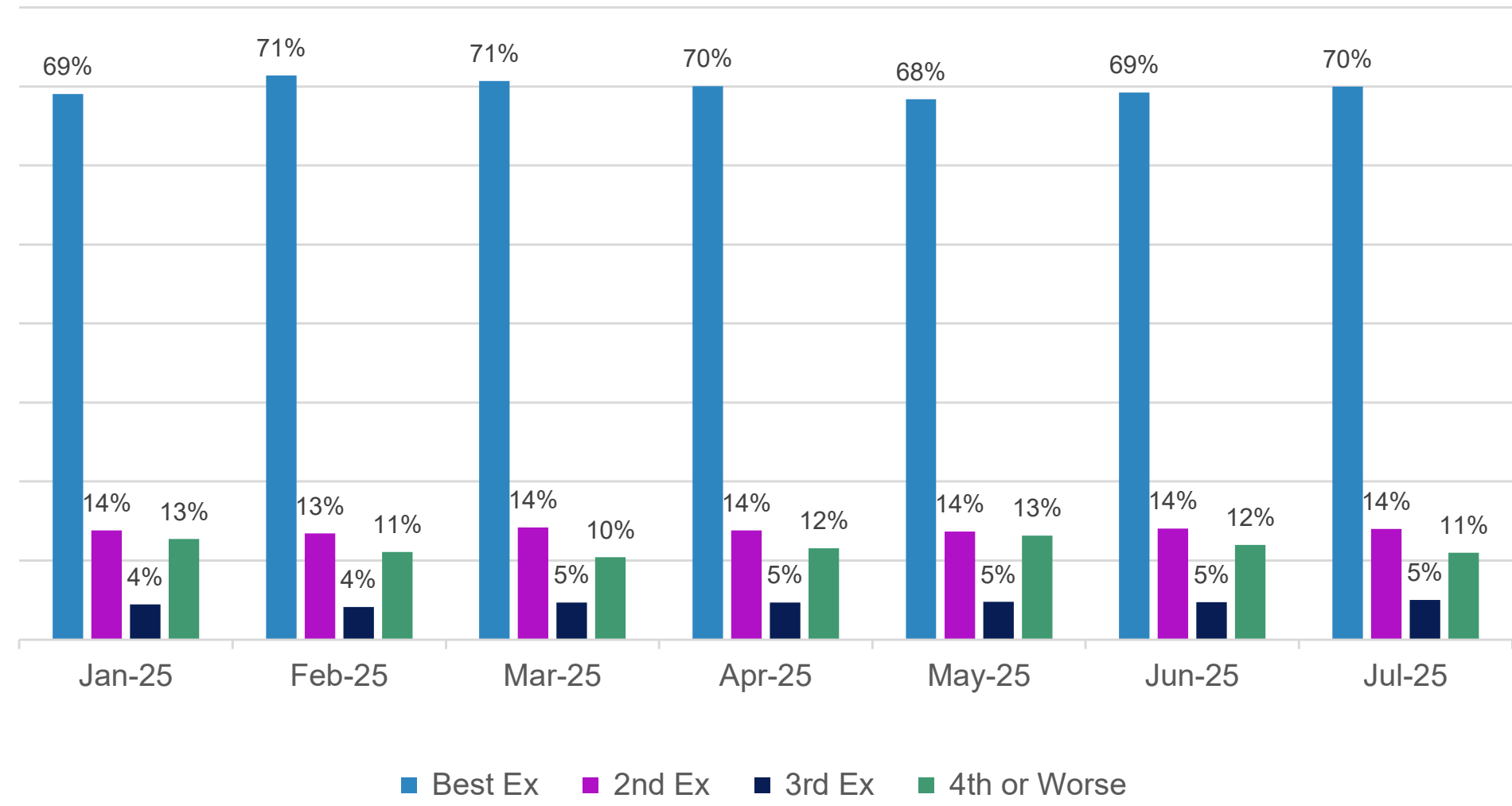
When loans are funded and sold into the secondary market, a lender can leverage a variety of delivery methods to maximize profitability. These sale methods may provide insight into a lender's profitability on a transaction, which can have downstream impacts on a lender's front-end pricing strategy. This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





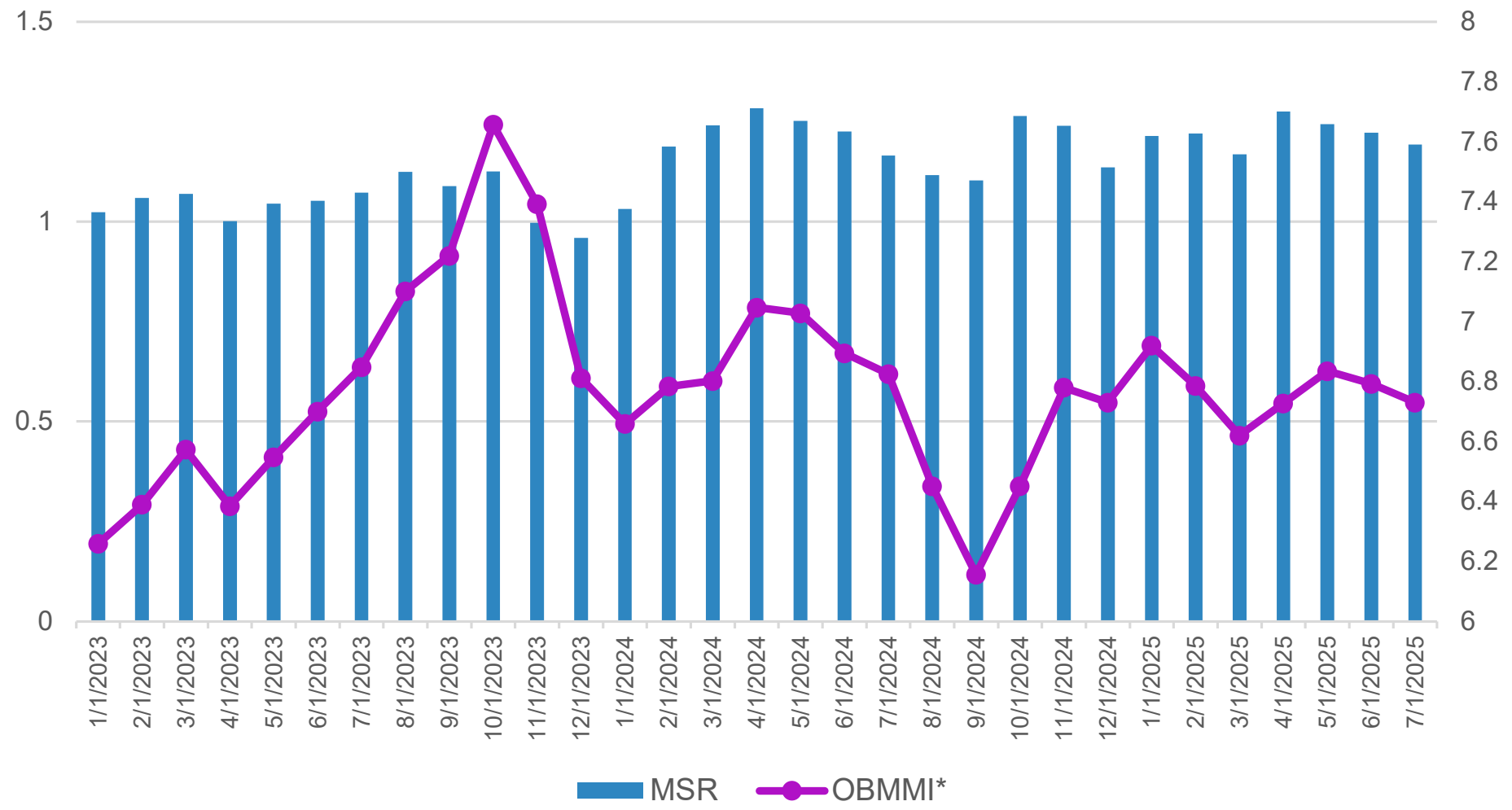
# LOAN SALE BY PRICE

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

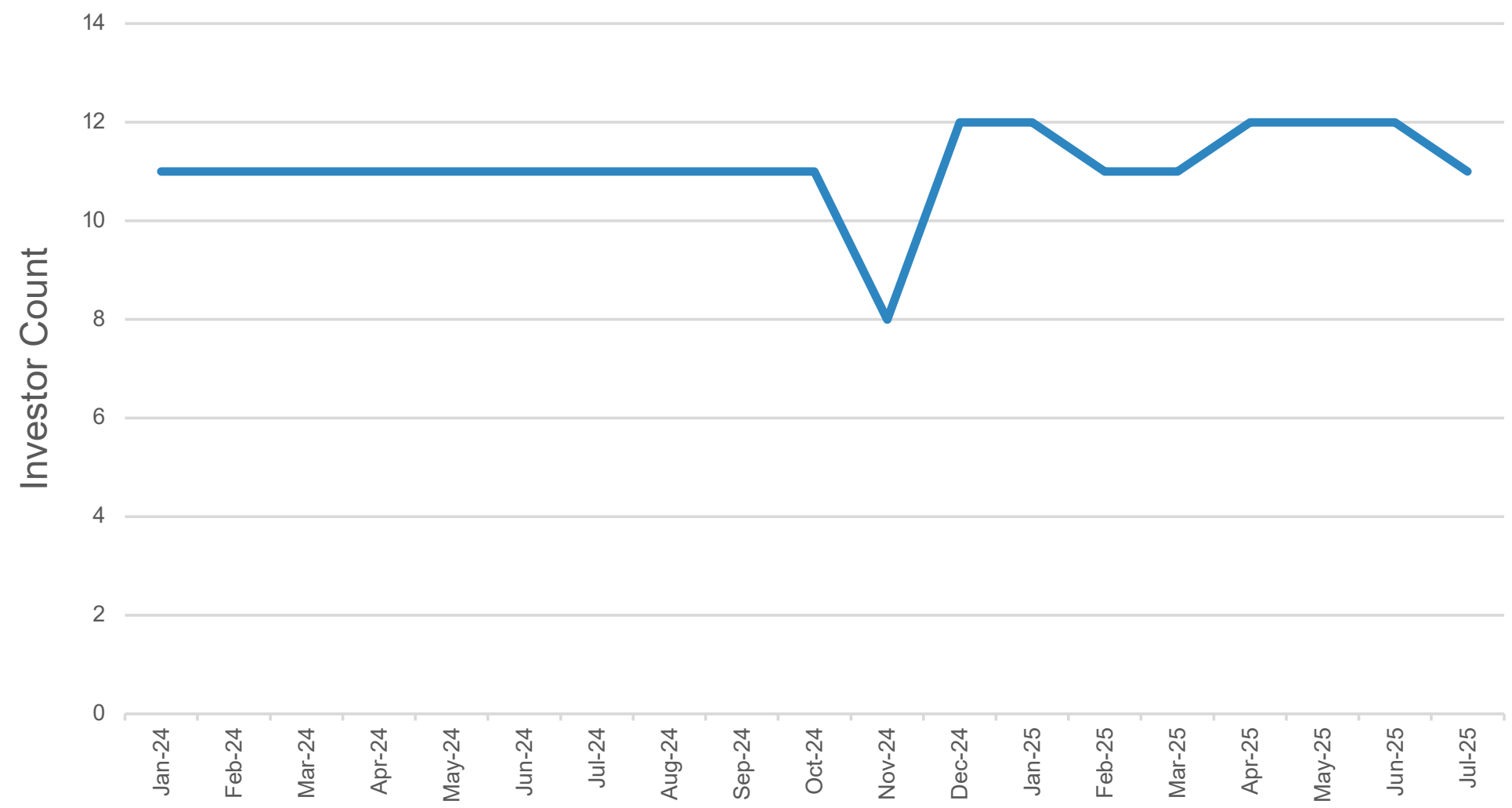
A mortgage servicing right (MSR) is a right to ancillary cash flows associated with servicing a mortgage. MSRs represent a significant component of a lender's margin and are commonly traded in the secondary market based on a lender's economics or strategy. MSRs typically move in alignment with rate movement,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