



MARKET ADVANTAGE

MORTGAGE DATA REPORT

MAY 2026

Welcome to the OPTIMAL BLUE MARKET ADVANTAGE

A Complimentary Monthly Report on Mortgage Origination and Secondary Market Activity

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KEY FINDINGS: MAY 2026

VOLUME TRENDS AND MARKET COMPOSITION

- **Refi demand retreats:** Refinance share declined to 19% of total lock volume in May, its lowest level since June 2025. Rate-and-term refinance volume fell 34% MoM but remained 46% higher YoY, while cash-out refinance volume declined 13% MoM but remained 7% higher YoY.
- **Purchase share exceeds 80%:** Purchase loans accounted for over 81% of total lock volume in May. Purchase lock volume declined 5% MoM but remained 3% higher YoY.
- **Conforming share continues decline:** Conforming share declined to just under 49% of total lock volume in May after falling below 50% for the first time in April. FHA share increased to 19%, non-conforming rose to 19%, VA declined to 13% and USDA held at 1%.
- **Non-QM share expands:** Non-qualified mortgage loans accounted for 9% of total lock volume in May, up 83 bps MoM and 207 bps YoY.
- **Borrowers continue turning to ARMs:** Adjustable-rate mortgages accounted for 11% of total production in May, the highest level since October 2022 outside of March 2026.
- **Property mix favors single-family homes:** Single-family homes represented 64% of production in May, while planned unit developments (PUDs), a proxy for new construction activity, accounted for 28% of volume. Condo share declined to 6%.

RATES AND PRICING

- **Mortgage-to-Treasury spread widens:** The OBMMI 30-year conforming fixed rate increased 13 bps MoM to 6.44%. Jumbo rates rose 27 bps to 6.70%, FHA rates increased 21 bps to 6.27% and VA rates climbed 15 bps to 6.06%. The 10-year Treasury yield increased 5 bps to 4.45%, while the mortgage-to-Treasury spread widened to just under 200 bps.
- **Servicing values gain ground:** MSR for conforming 30-year loans increased 7 bps to 1.36%, representing a 5.44 multiple moving in line with OBMMI.
- **Execution spreads diverge:** Best-efforts-to-mandatory spreads held at 39 bps for conventional 30-year products and increased 4 bps to 47 bps for conventional 15-year products. Government 30-year spreads decreased 1 bp to 11 bps.

- **Top-tier pricing share declines:** The share of loans sold at the highest price tier declined 208 bps to 77%, while fourth-tier-or-lower executions increased 86 bps to 6%. Third-tier share declined 18 bps to 4%.

CHANNEL AND EXECUTION

- **Agency MBS executions retreat:** Hedged loan sales to agency MBS declined 349 bps to 41% of funded loan sales.
- **Cash executions gain share:** Cash executions increased 362 bps to 32% of funded loan sales.
- **Investor count returns to 14:** Investor participation declined to 14 in May after reaching 15 in April.

PRODUCT MIX AND BORROWER PROFILES

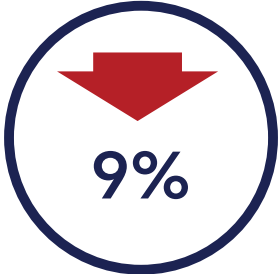
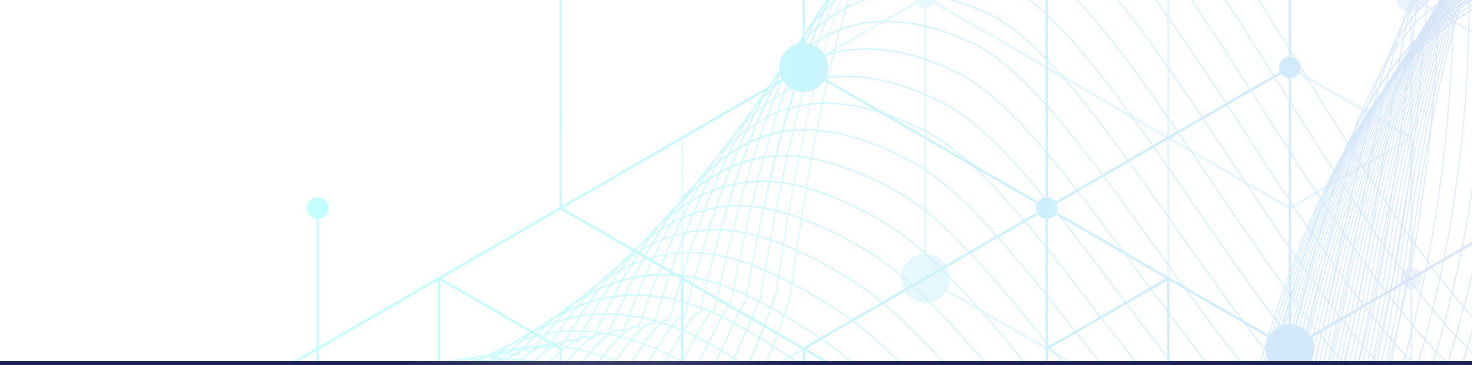
- **First-time buyer participation softens:** First-time homebuyers accounted for 44% of conforming purchase locks, 70% of FHA purchase locks and 44% of VA purchase locks, reflecting modest declines across all three major product categories.
- **DTI ratios show little change:** Purchase debt-to-income ratios remained relatively stable, with conforming at 36.4%, FHA at 43.6% and VA at 42.8%.
- **Credit profiles remain stable:** The average purchase credit score held at 731. Conforming borrowers averaged 754, FHA borrowers averaged 677 and VA borrowers averaged 715.
- **Pipeline conversion weakens:** Purchase pull-through fell 539 bps MoM to 76.7% and declined 636 bps YoY. Refinance pull-through dropped 1,332 bps MoM to 65.3% but remained 304 bps higher YoY.
- **Loan balances edge higher:** The average locked loan amount increased to \$395,536 from \$394,046 in April, while average loan-to-value (LTV) was 81.6%. Average loan amounts ranged from \$917,568 in greater San Francisco to \$307,833 in Cincinnati, while regional LTVs ranged from 68.7% in greater San Francisco to 89.1% in San Antonio.

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 rate-lock volume declined 9% MoM but remained 7% higher YoY.



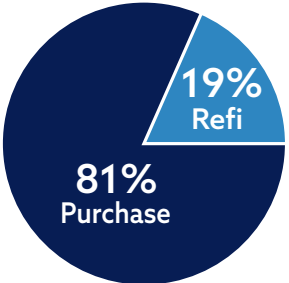
MONTH-END CONFORMING RATE

The benchmark Optimal Blue Mortgage Market Indices 30-year conforming interest rate increased 13 bps MoM to 6.44%.



AVERAGE LOAN AMOUNT

The average locked loan amount increased to \$395,536 in May from \$394,046 in April.



MARKET MIX

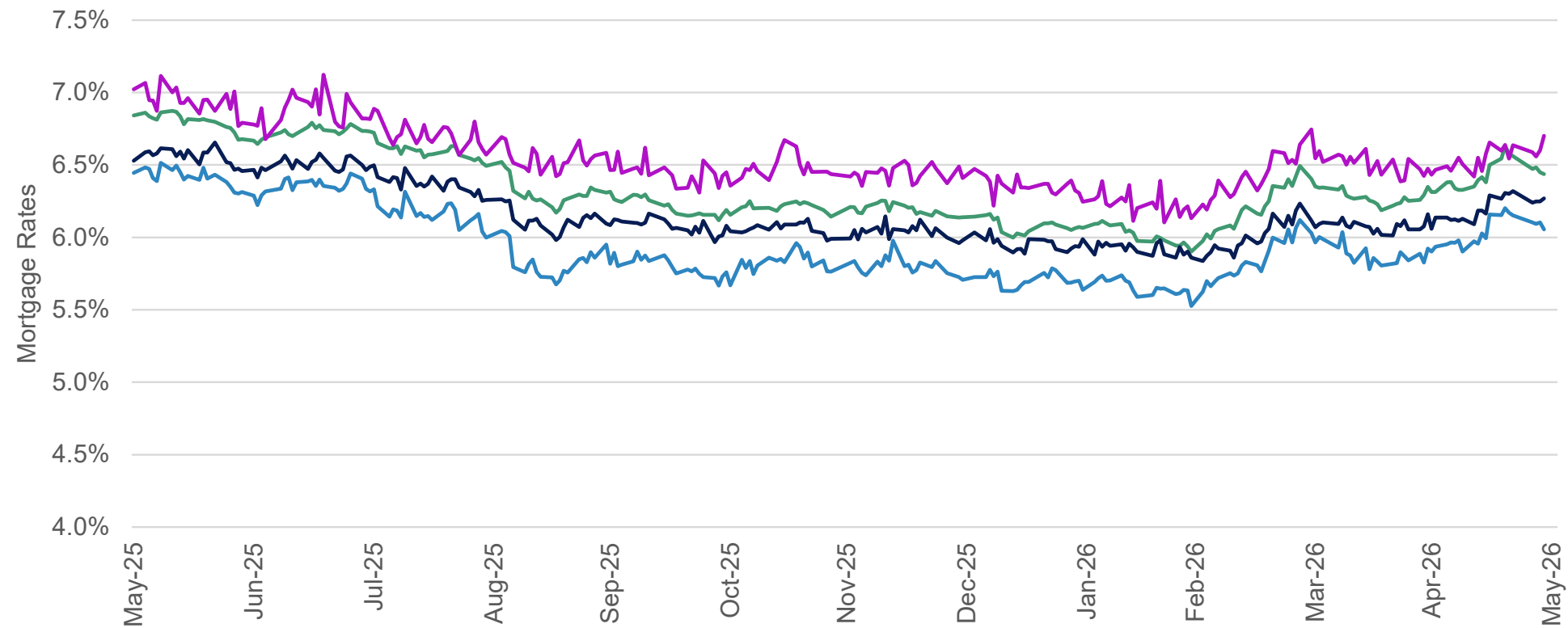
Refinance share declined to 19% of total lock volume in May, its lowest level since June 2025. Rate-and-term refinance volume fell 34% MoM but remained 46% higher YoY, while cash-out refinance volume declined 13% MoM but remained 7% higher YoY.





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?

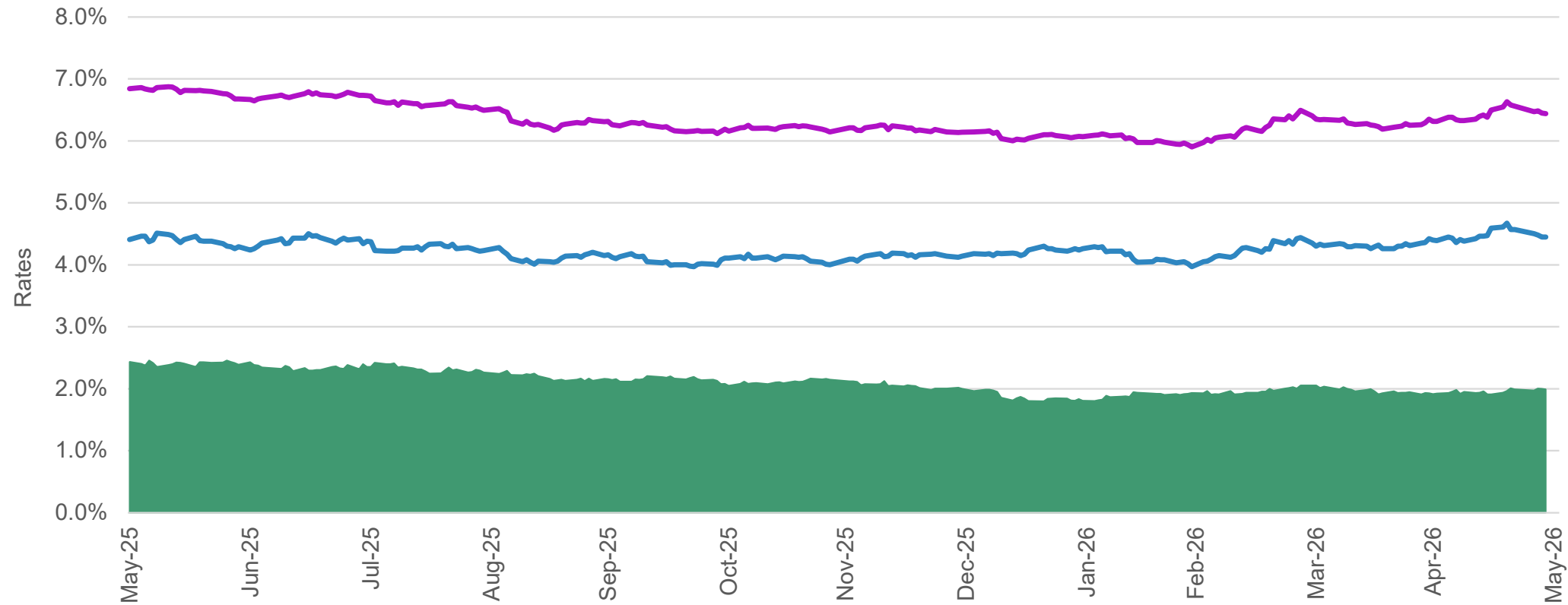
Optimal Blue's 30-year conforming fixed rate is the benchmark for the [CME Group Mortgage Rate futures](#).






Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
 30-Year Conforming	6.44%	13 bps	54 bps	(40 bps)
 30-Year Jumbo	6.70%	27 bps	57 bps	(32 bps)
 30-Year FHA	6.27%	21 bps	41 bps	(26 bps)
 30-Year VA	6.06%	15 bps	53 bps	(39 bps)

30-YEAR TO 10-YEAR TREASURY SPREAD

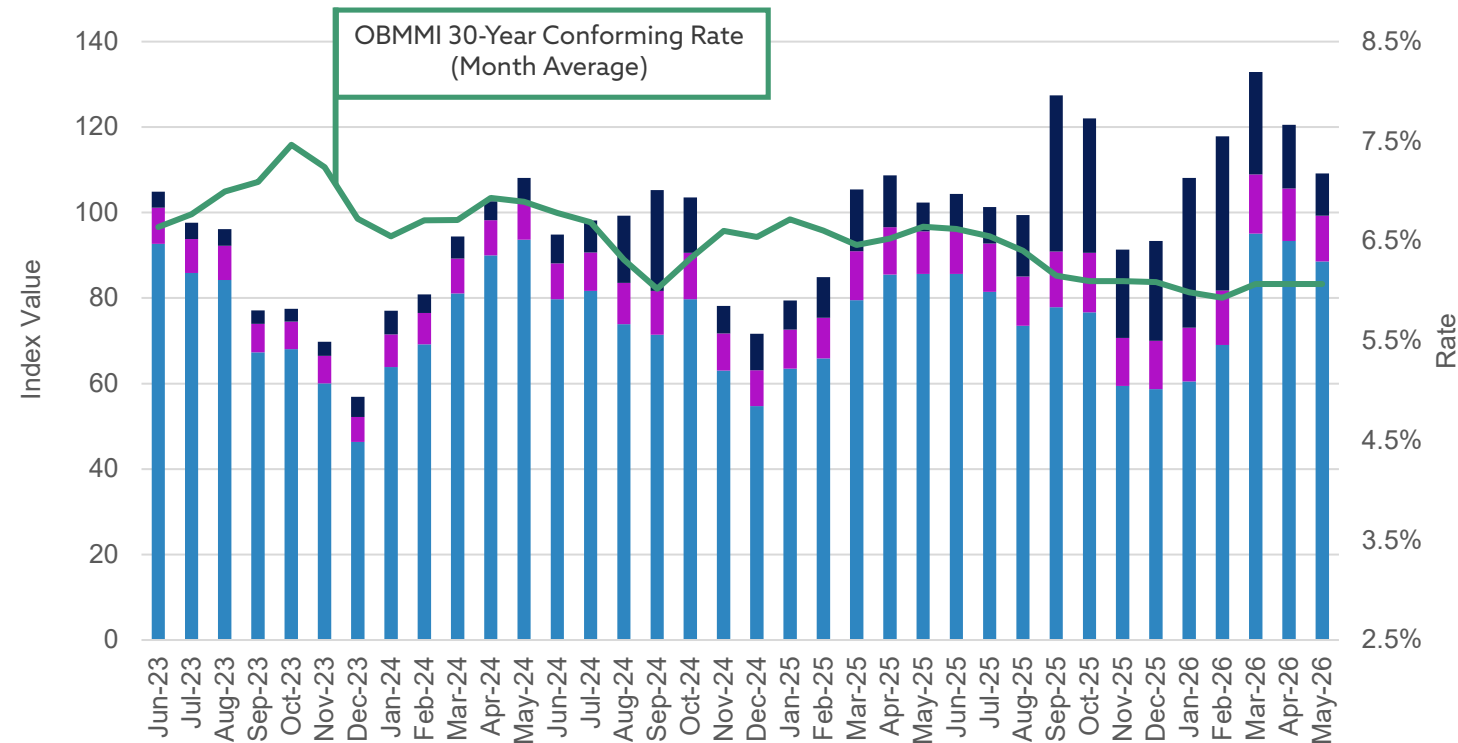
Mortgage rates are loosely tied to 10-year Treasury bond rates, but the spread between the two can vary. Spread indicates investor appetite and lender profit margin for mortgage-backed securities in relation to Treasury securities. Higher spreads indicate that investors require greater yield in comparison 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	4.45%	5 bps	48 bps	4 bps
	30-Year Conforming	6.44%	13 bps	54 bps	(40 bps)
	10-Year to 30-Year Spread	1.99%	8 bps	6 bps	(44 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](#).

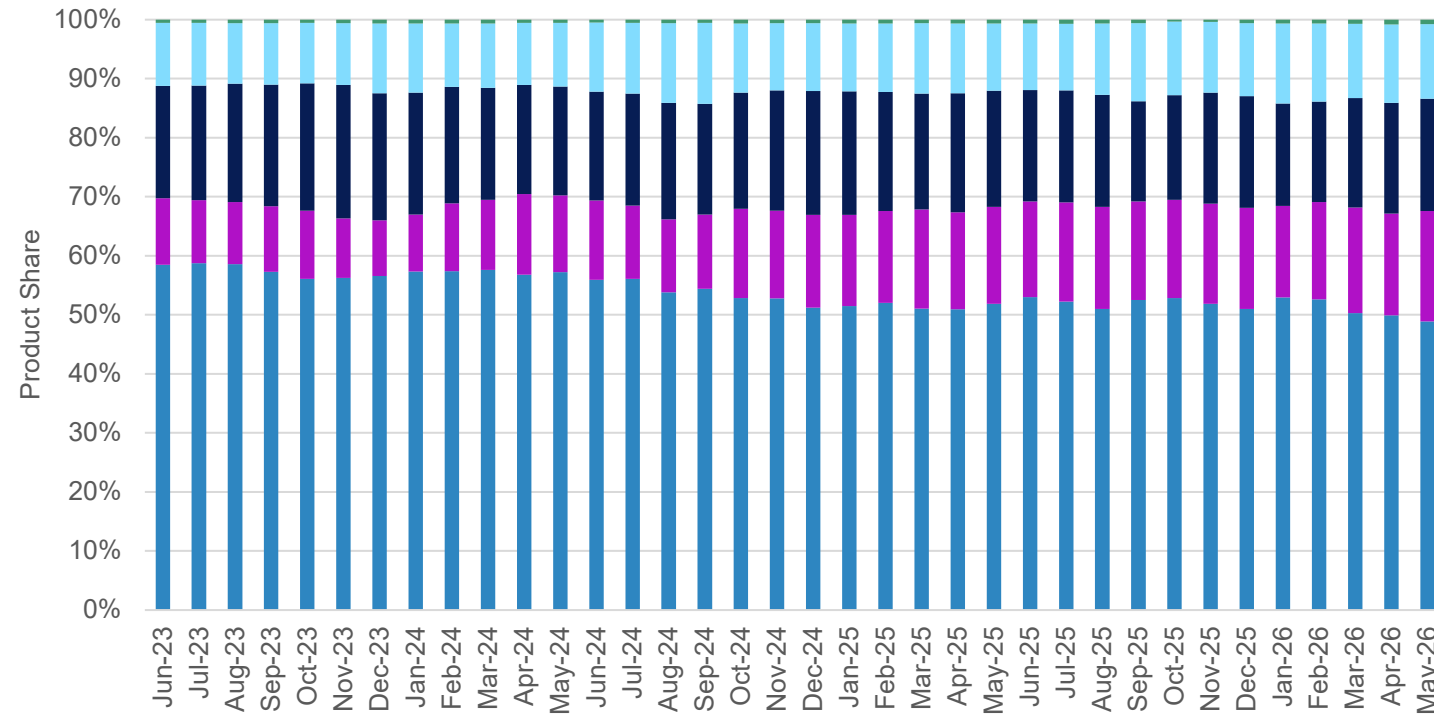







Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	89	(5.1%)	28.4%	3.5%
	Cash-Out Refinance	11	(12.8%)	(16.3%)	7.2%
	Rate/Term Refinance	10	(33.6%)	(72.6%)	46.1%
	Total	109	(9.4%)	(7.4%)	6.7%
Refinance Share*		19%	(368 bps)	(2261 bps)	249 bps

*Refinance share changes reflect inter-period delta

MIX OF BUSINESS BY LOAN PRODUCT

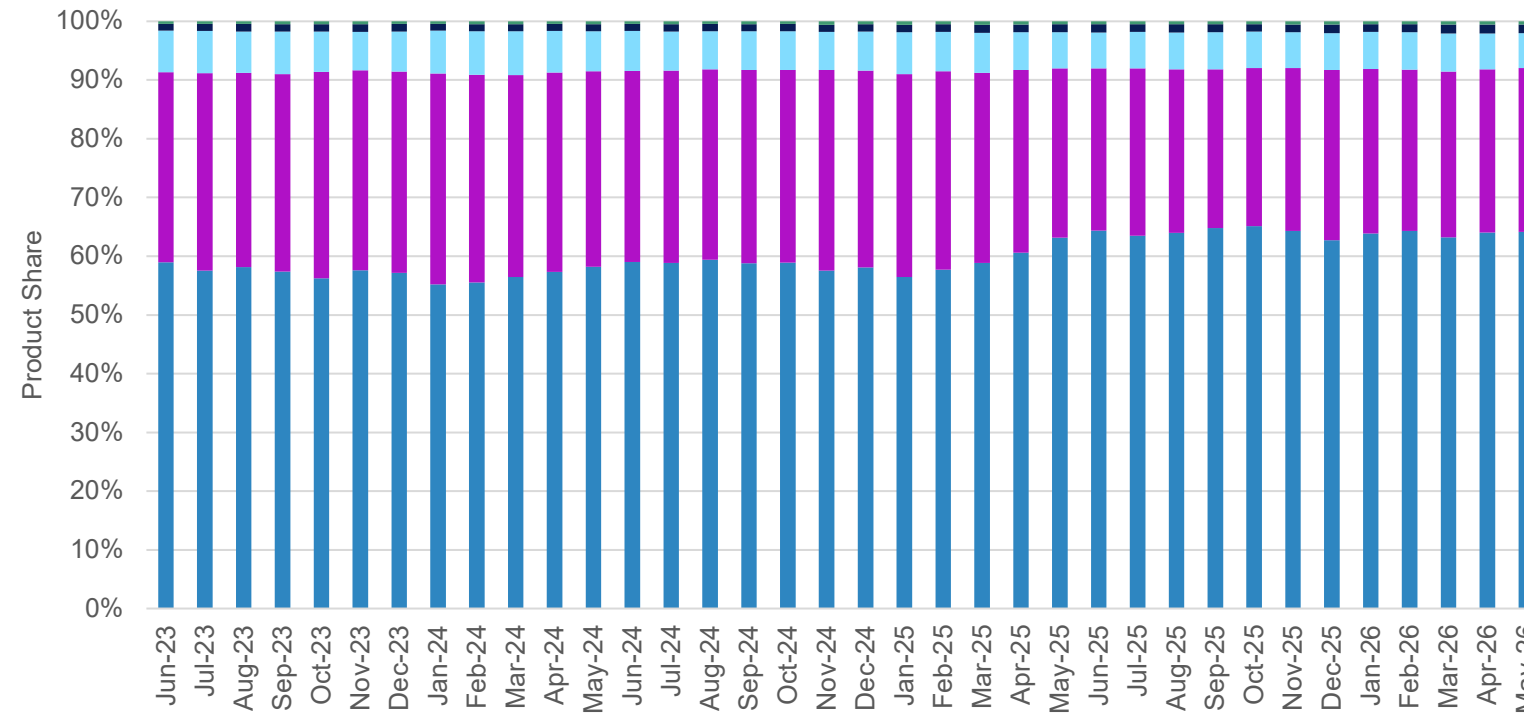
Loan product refers to the type of mortgage a consumer locks. Conforming (i.e., QM) loans meet the guidelines set by Fannie Mae and Freddie Mac, while nonconforming (i.e., non-QM) loans do not. FHA loans are insured by the Federal Housing Administration and allow for lower credit scores. VA loans are 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	48.9%	(103 bps)	(378 bps)	(302 bps)
	Nonconforming	18.7%	148 bps	227 bps	229 bps
	FHA	19.0%	24 bps	195 bps	(66 bps)
	VA	12.6%	(67 bps)	(56 bps)	128 bps
	USDA	0.8%	(2 bps)	11 bps	11 bps

PROPERTY TYPE

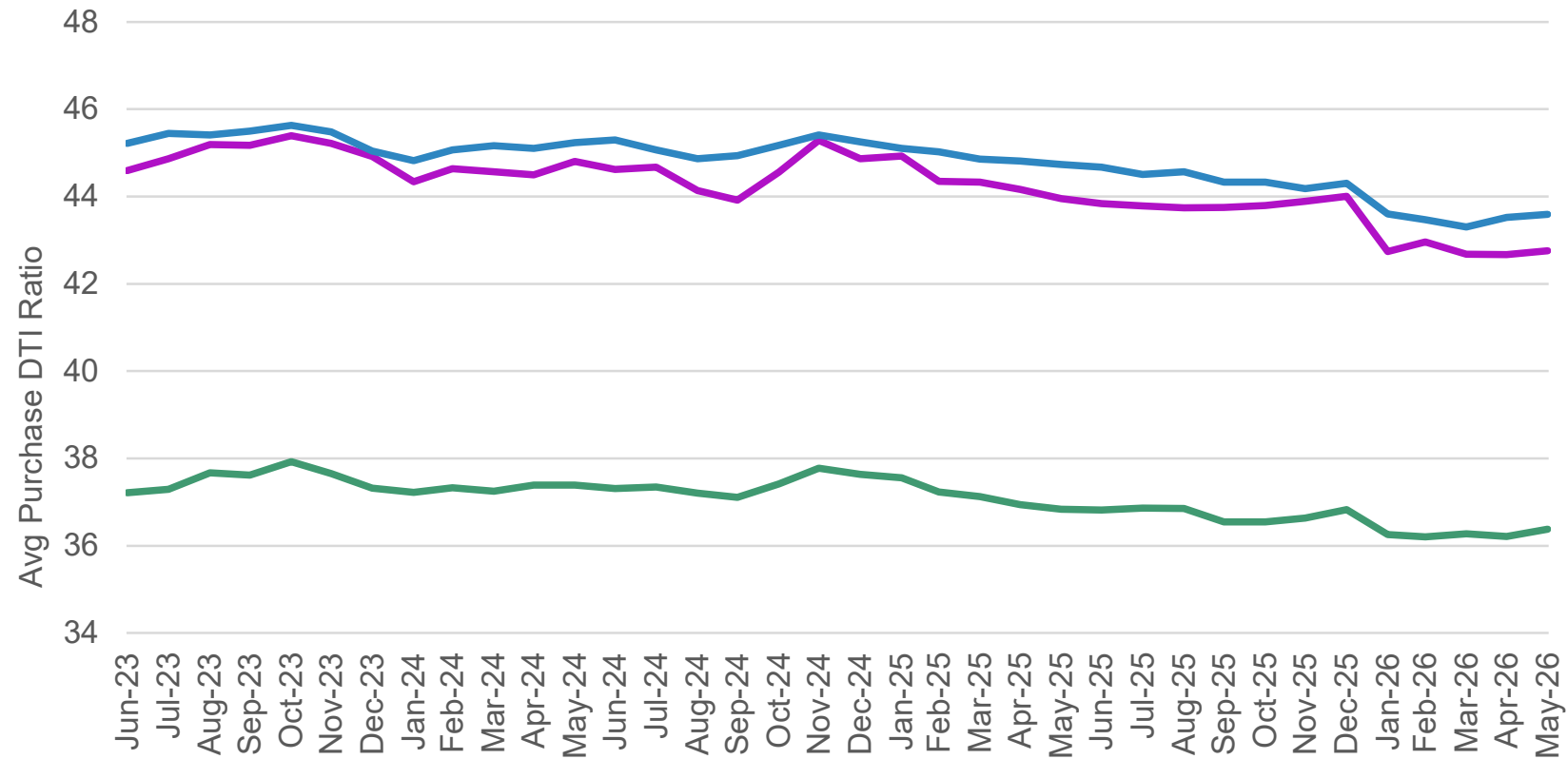
Property type is a classification of structure based on intended use and physical characteristics. *Planned unit development (PUD) includes new construction. This data is sourced from the Optimal Blue PPE.






Property Type Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Single Family	64.1%	10 bps	(18 bps)	96 bps
	PUD*	27.9%	11 bps	44 bps	(87 bps)
	Condo	5.9%	(14 bps)	(41 bps)	(27 bps)
	Manufactured	1.5%	(6 bps)	5 bps	11 bps
	All Other	0.6%	(1 bp)	10 bps	6 bps

DEBT-TO-INCOME RATIO

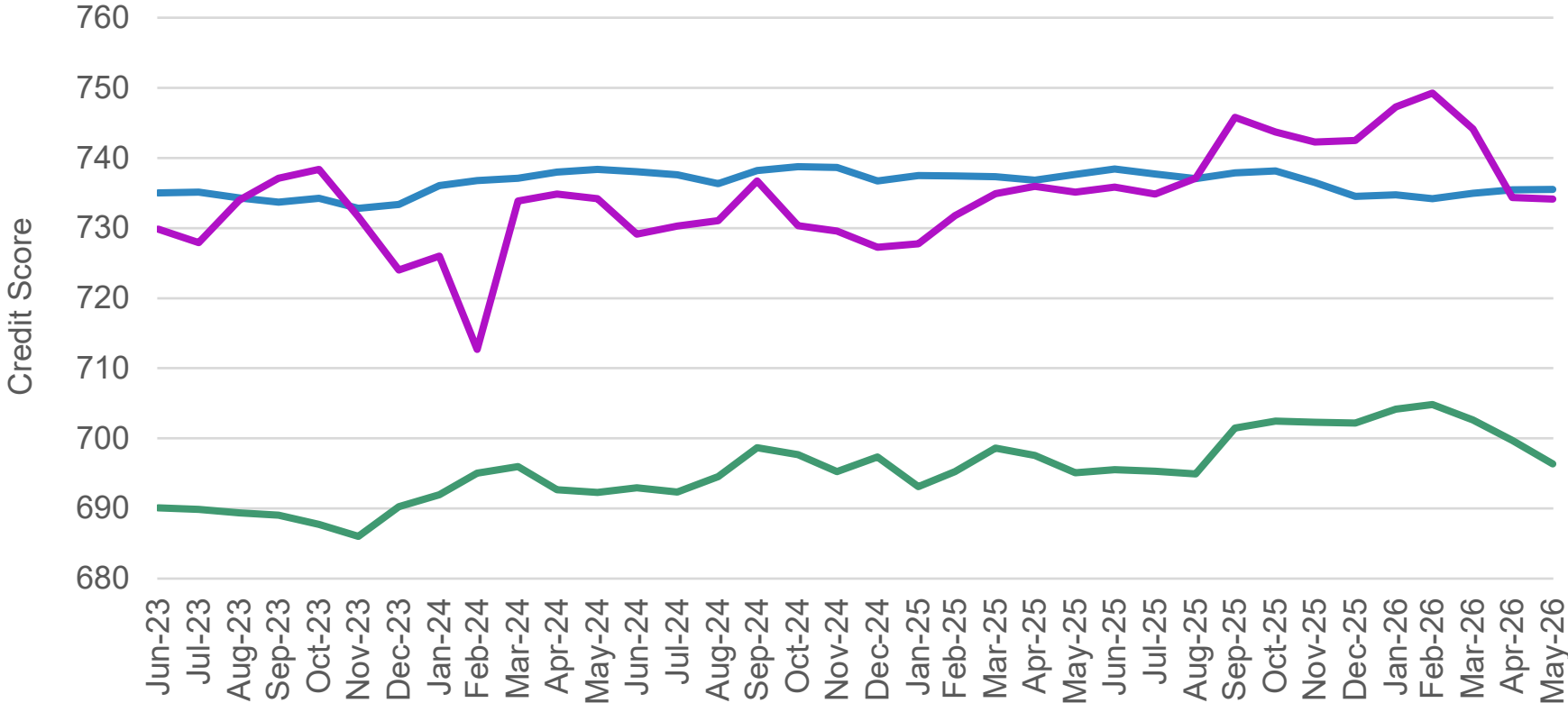
Debt-to-income (DTI) ratio is considered an indicator of a borrower's financial health, with lower DTI typically indicating greater financial flexibility. This data is sourced from the [Optimal Blue PPE](#).



DTI Ratio by Product		Current Avg DTI Ratio	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	36.4	0.2	0.2	(0.5)
	FHA	43.6	0.1	0.1	(1.1)
	VA	42.8	0.1	(0.2)	(1.2)

AVERAGE CREDIT SCORES BY LOAN PURPOSE

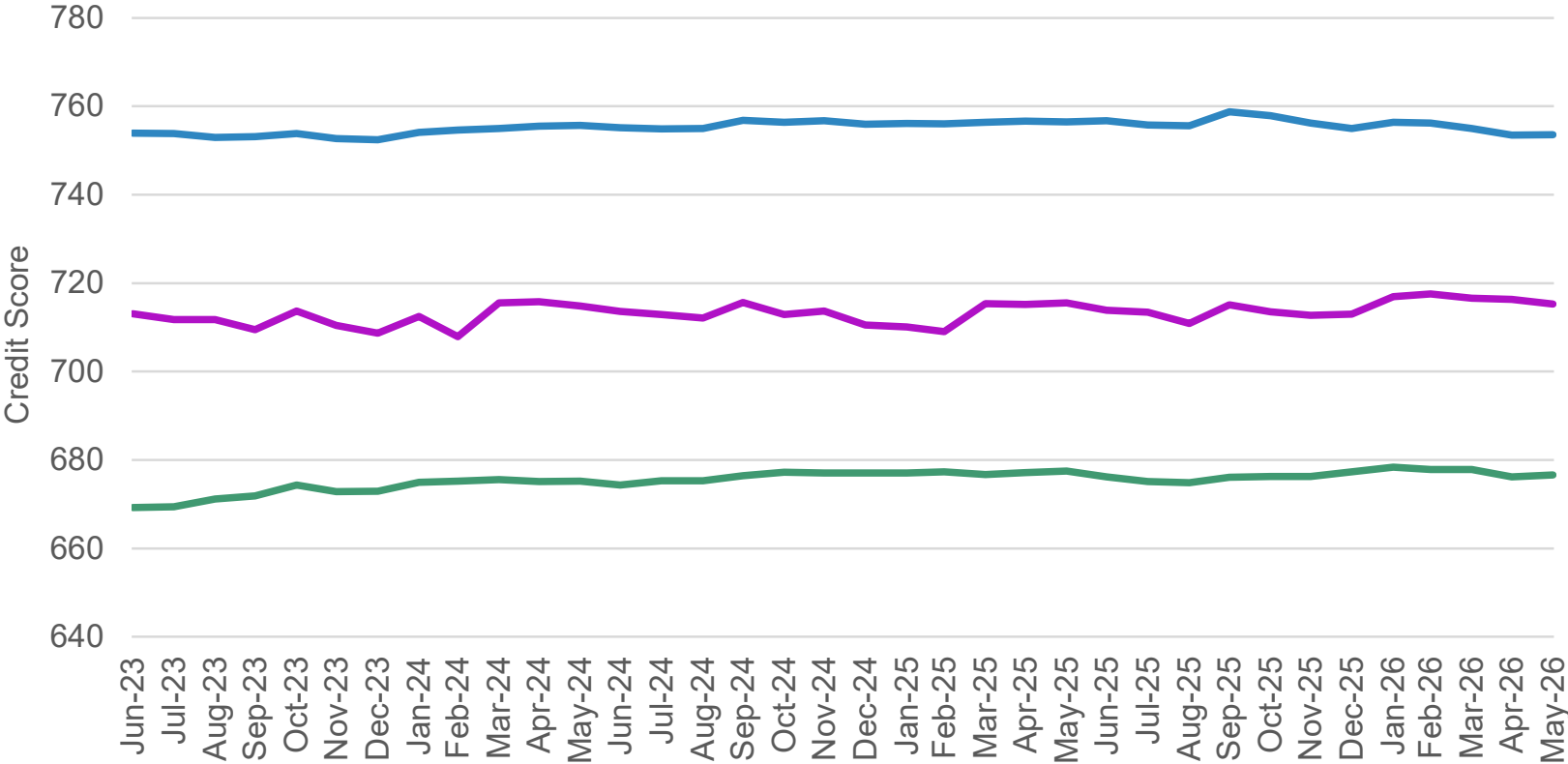
Credit score is considered an indicator of a borrower's financial health, with higher credit scores indicating greater financial flexibility. This data is sourced from the Optimal Blue PPE.






Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
—	Purchase	736	0	1	(2)
—	Cash Out Refi	696	(3)	(9)	1
—	Rate/Term Refi	734	0	(15)	(1)

AVERAGE CREDIT SCORES BY LOAN PRODUCT

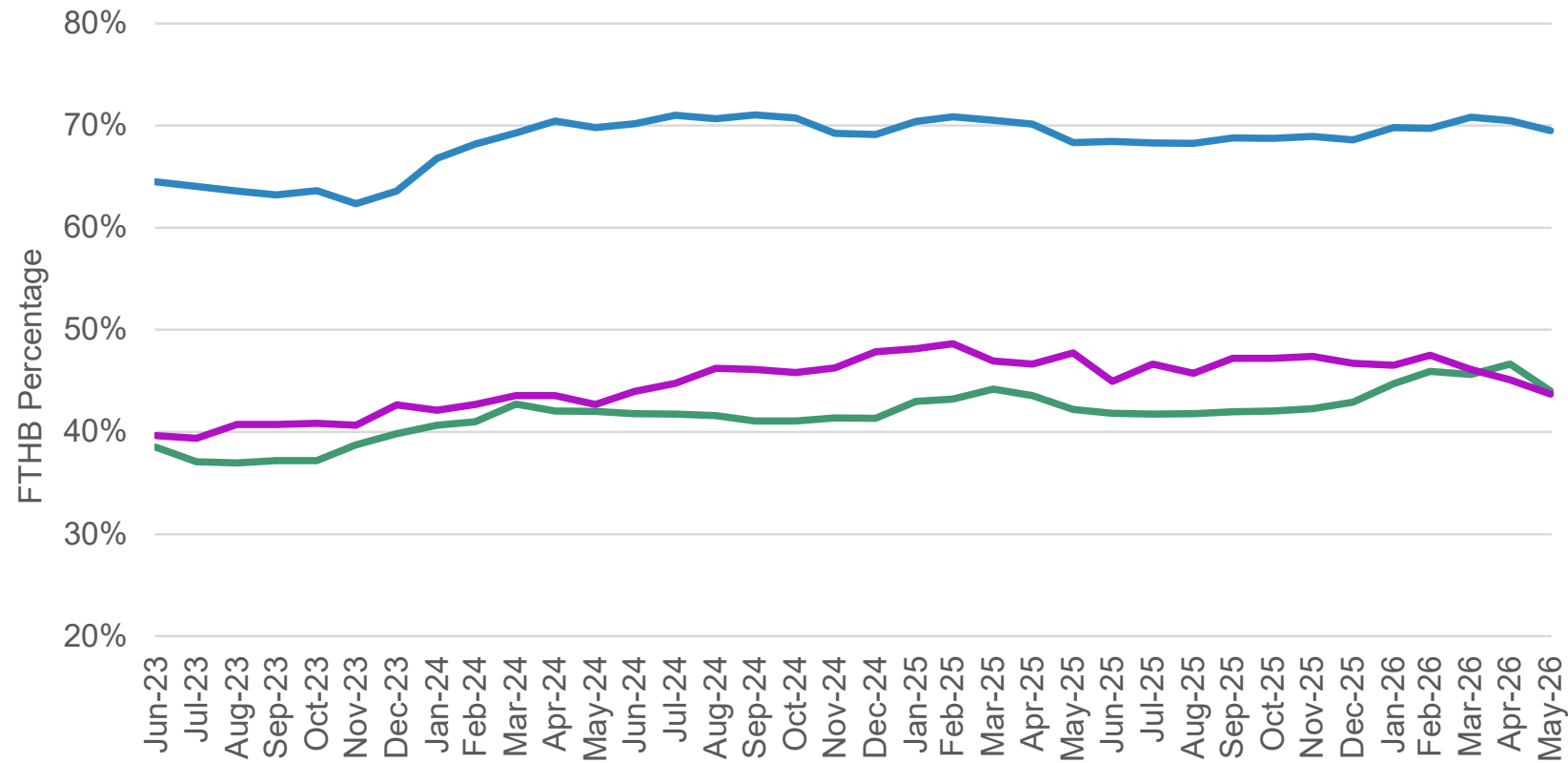
Credit score is considered an indicator of a borrower's financial health, with higher credit scores indicating greater financial flexibility. This data is sourced from the Optimal Blue PPE.






Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	754	0	(3)	(3)
	FHA	677	0	(1)	(1)
	VA	715	(1)	(2)	0

FIRST-TIME HOMEBUYER STATUS

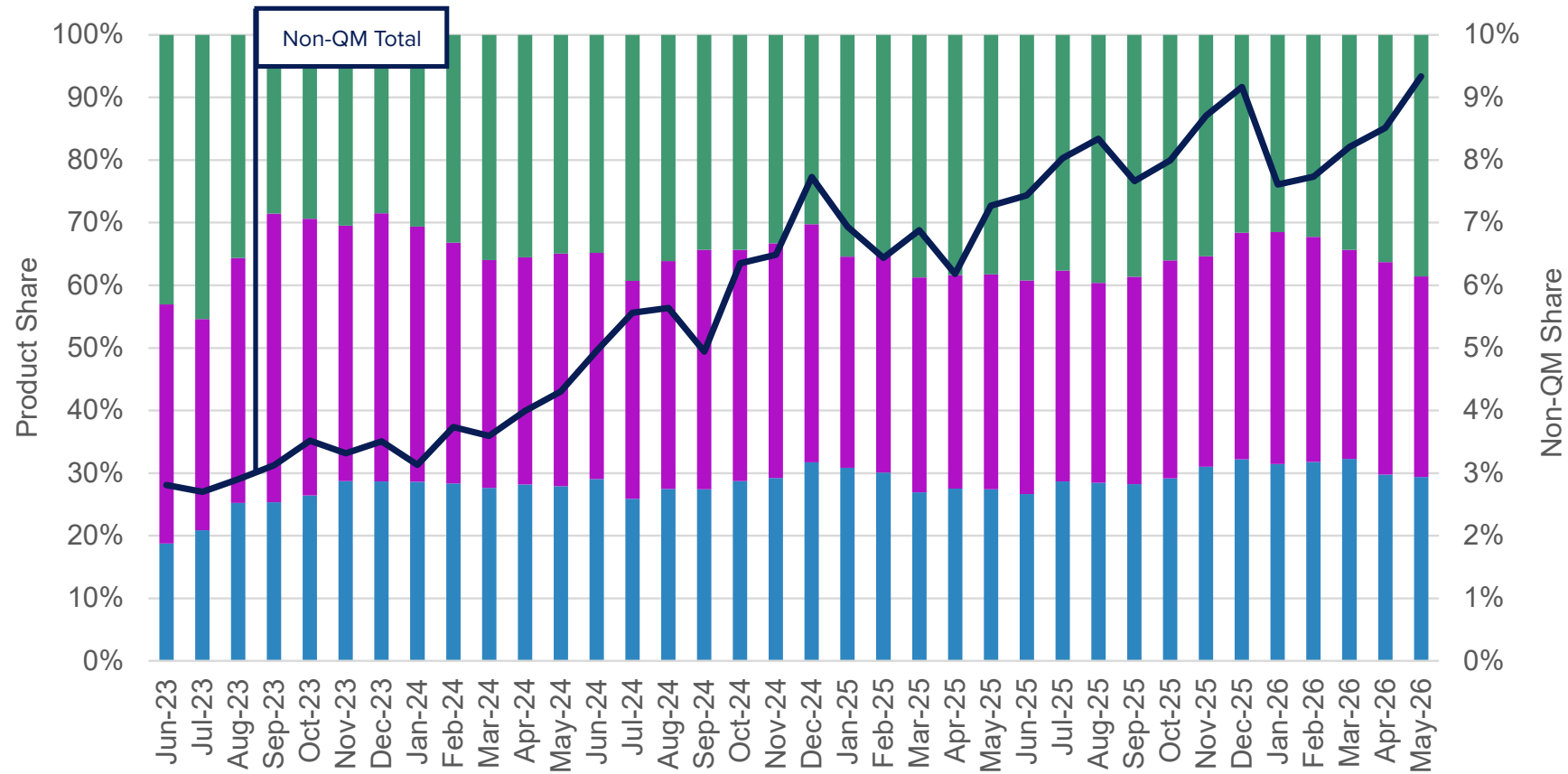
First-time homebuyers frequently take advantage of loan-level pricing adjustment (LLPA) relief and may qualify for lower rates. This data is sourced from the [Optimal Blue PPE](#).






First-Time Homebuyer by Product		Current Ratio	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	44%	(3%)	(2%)	2%
	FHA	70%	(1%)	0%	1%
	VA	44%	(1%)	(4%)	(4%)

NON-QM LOAN PRODUCTS

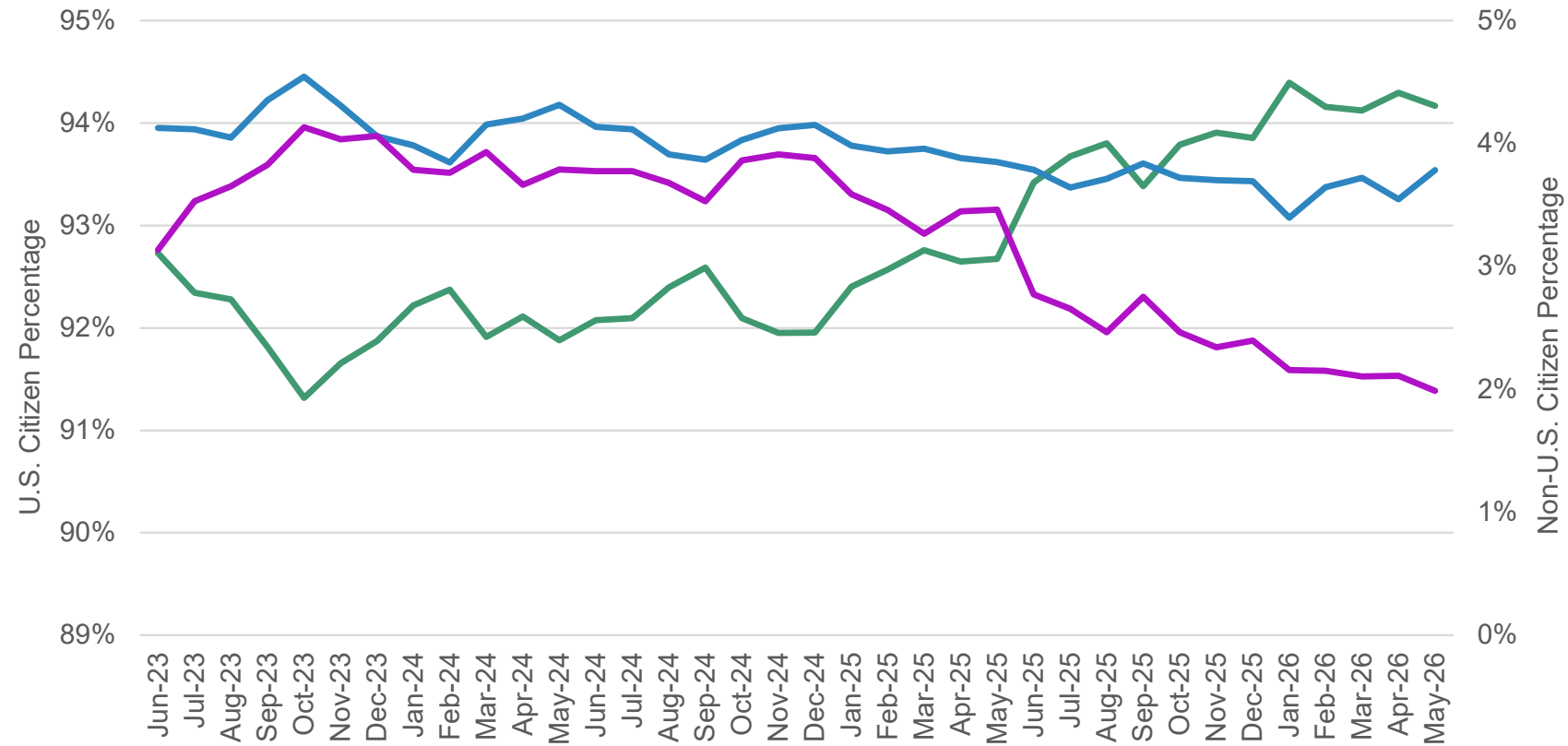
In contrast to agency-production loans, non-QM loans use different and/or more flexible criteria to verify borrower income. The categories below reflect ways lenders may verify income for borrowers who would not traditionally qualify for a conforming (i.e., QM) loan. This data is sourced from the [Optimal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






Non-QM Market		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Investor/DSCR	29.4%	(35 bps)	(238 bps)	195 bps
	Bank Statement	32.0%	(193 bps)	(394 bps)	(230 bps)
	All Other	38.6%	228 bps	633 bps	35 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	94.2%	(13 bps)	1 bp	149 bps
	Perm. Resident	3.8%	23 bps	14 bps	(7 bps)
	Non-Perm. Resident	2.0%	(12 bps)	(16 bps)	(147 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%	-9.4%	\$395,536	6.271	731	82	81%	19%
1	New York-Newark-Jersey City, NY-NJ-PA	4.8%	3.7%	\$641,815	6.411	746	73	76%	24%
2	Chicago-Naperville-Elgin, IL-IN-WI	3.7%	-8.8%	\$382,359	6.473	740	80	83%	17%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6%	-12.8%	\$575,112	6.222	746	82	86%	14%
4	Dallas-Fort Worth-Arlington, TX	2.9%	-17.9%	\$408,593	6.011	729	84	87%	13%
5	Boston-Cambridge-Newton, MA-NH	2.5%	-0.1%	\$612,651	6.360	753	74	84%	16%
6	Los Angeles-Long Beach-Anaheim, CA	2.5%	-19.5%	\$826,690	6.498	746	71	67%	33%
7	Houston-The Woodlands-Sugar Land, TX	2.3%	-5.8%	\$349,943	5.866	717	85	87%	13%
8	Phoenix-Mesa-Scottsdale, AZ	2.2%	-18.0%	\$451,814	5.894	732	82	83%	17%
9	Atlanta-Sandy Springs-Roswell, GA	2.0%	-10.0%	\$384,284	6.285	717	83	80%	20%
10	Seattle-Tacoma-Bellevue, WA	2.0%	-2.4%	\$672,074	6.297	753	77	82%	18%

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%	-9.4%	\$395,536	6.271	731	82	81%	19%
11 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.9%	-7.4%	\$398,383	6.387	737	79	84%	16%
12 Miami-Fort Lauderdale-West Palm Beach, FL	1.8%	-8.7%	\$555,861	6.328	727	78	76%	24%
13 Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	-8.2%	\$383,454	6.398	751	81	89%	11%
14 Denver-Aurora-Lakewood, CO	1.5%	-20.1%	\$506,412	6.065	746	78	81%	19%
15 Riverside-San Bernardino-Ontario, CA	1.4%	-12.3%	\$500,367	6.068	721	82	77%	23%
16 San Francisco-Oakland-Hayward, CA	1.3%	-13.2%	\$917,568	6.445	764	69	78%	22%
17 Charlotte-Concord-Gastonia, NC-SC	1.3%	-15.5%	\$424,251	6.213	731	81	81%	19%
18 Austin-Round Rock, TX	1.2%	-9.0%	\$426,274	5.783	736	82	86%	14%
19 Tampa-St. Petersburg-Clearwater, FL	1.2%	-8.4%	\$385,008	6.057	725	84	86%	14%
20 Baltimore-Columbia-Towson, MD	1.1%	-11.4%	\$434,727	6.410	740	83	87%	13%

SECTION II

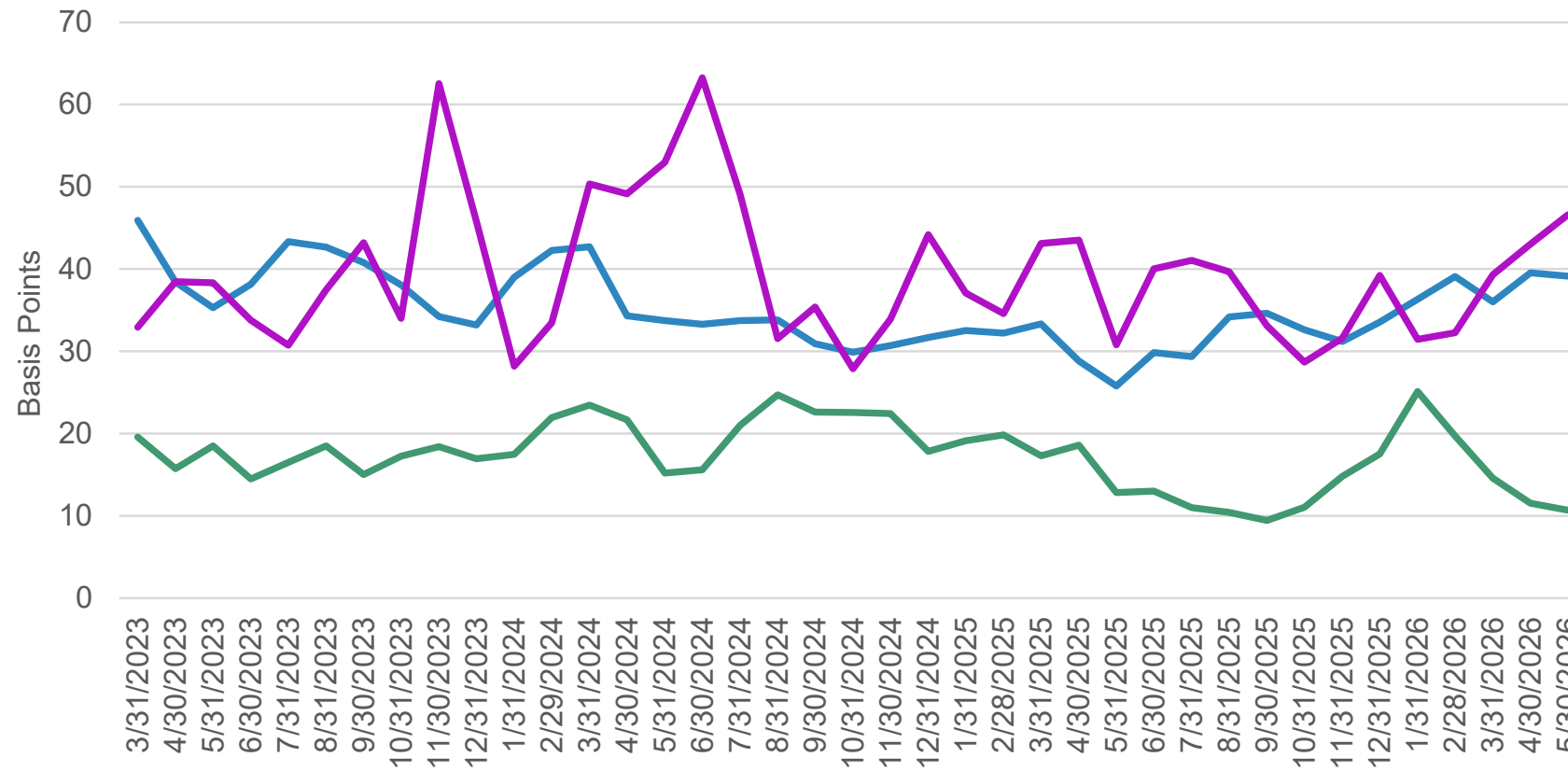
SECONDARY MARKET DATA

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

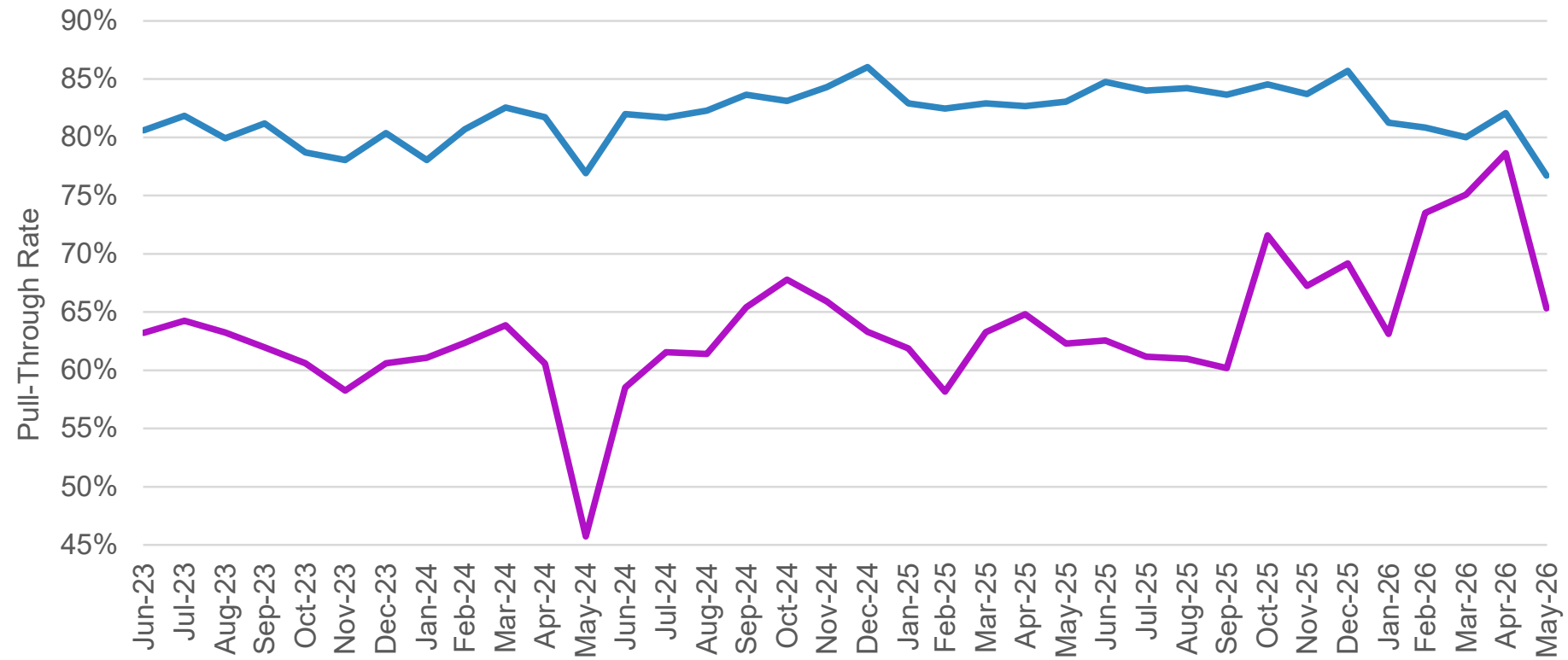
A lender will typically see greater yields by selling loans via mandatory delivery or participating in the secondary market, while best efforts delivery carries less risk. This data is sourced from the [CompassEdge](#) hedging and loan trading platform.



Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
—	30-Year Conforming	39 bps	0 bps	0 bps	13 bps
—	15-Year Conforming	47 bps	4 bps	14 bps	16 bps
—	30-Year Government	11 bps	(1 bp)	(9 bps)	(2 bps)

LOAN PULL-THROUGH

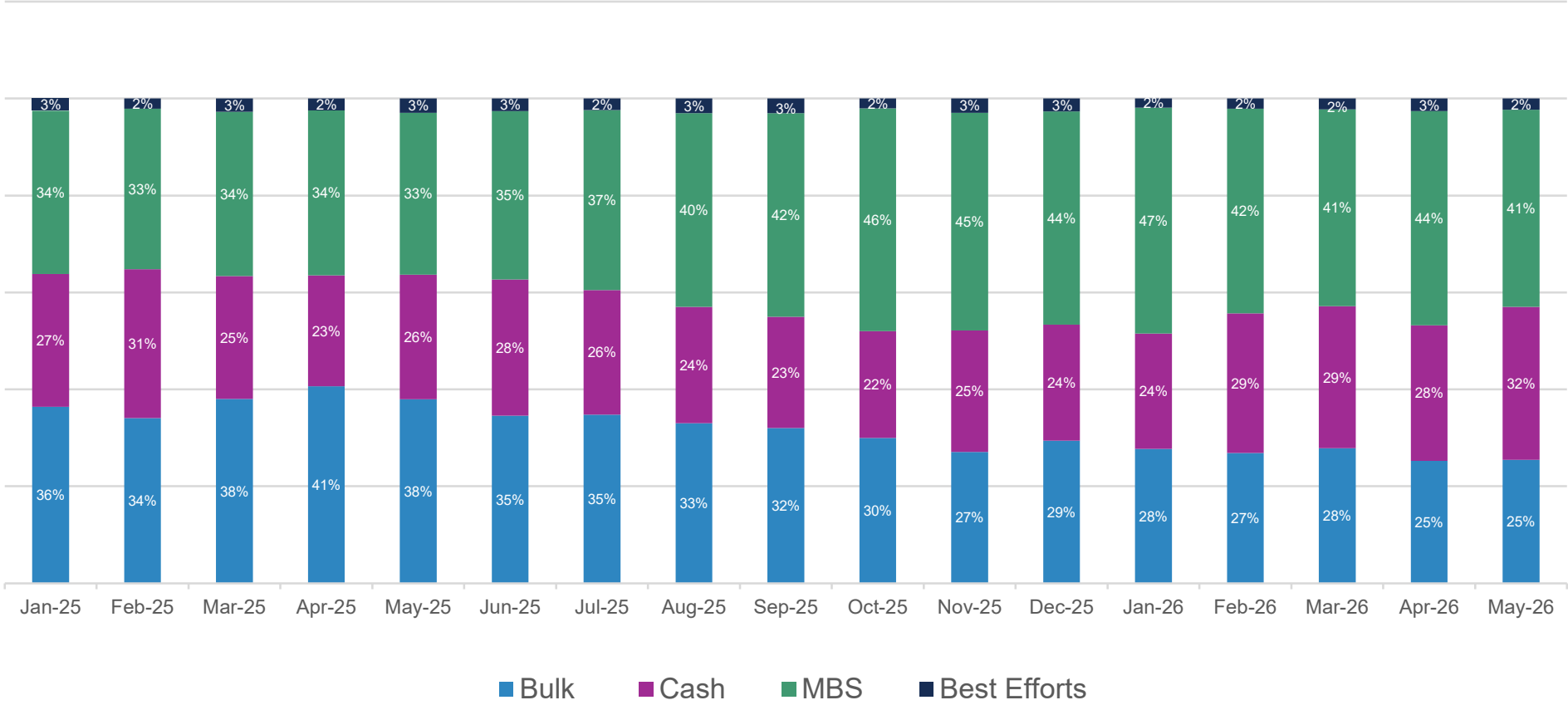
Pull-through indicates the percentage of loans locked that successfully close and fund, which is a measure of how effectively a mortgage lender converts loan applications into closed loans. Lower pull-through typically indicates greater cost for an originator, and thus, the need to compensate by increasing 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	76.7%	(539 bps)	(414 bps)	(636 bps)
—	Refinance Pull-Through	65.3%	(1332 bps)	(819 bps)	304 bps

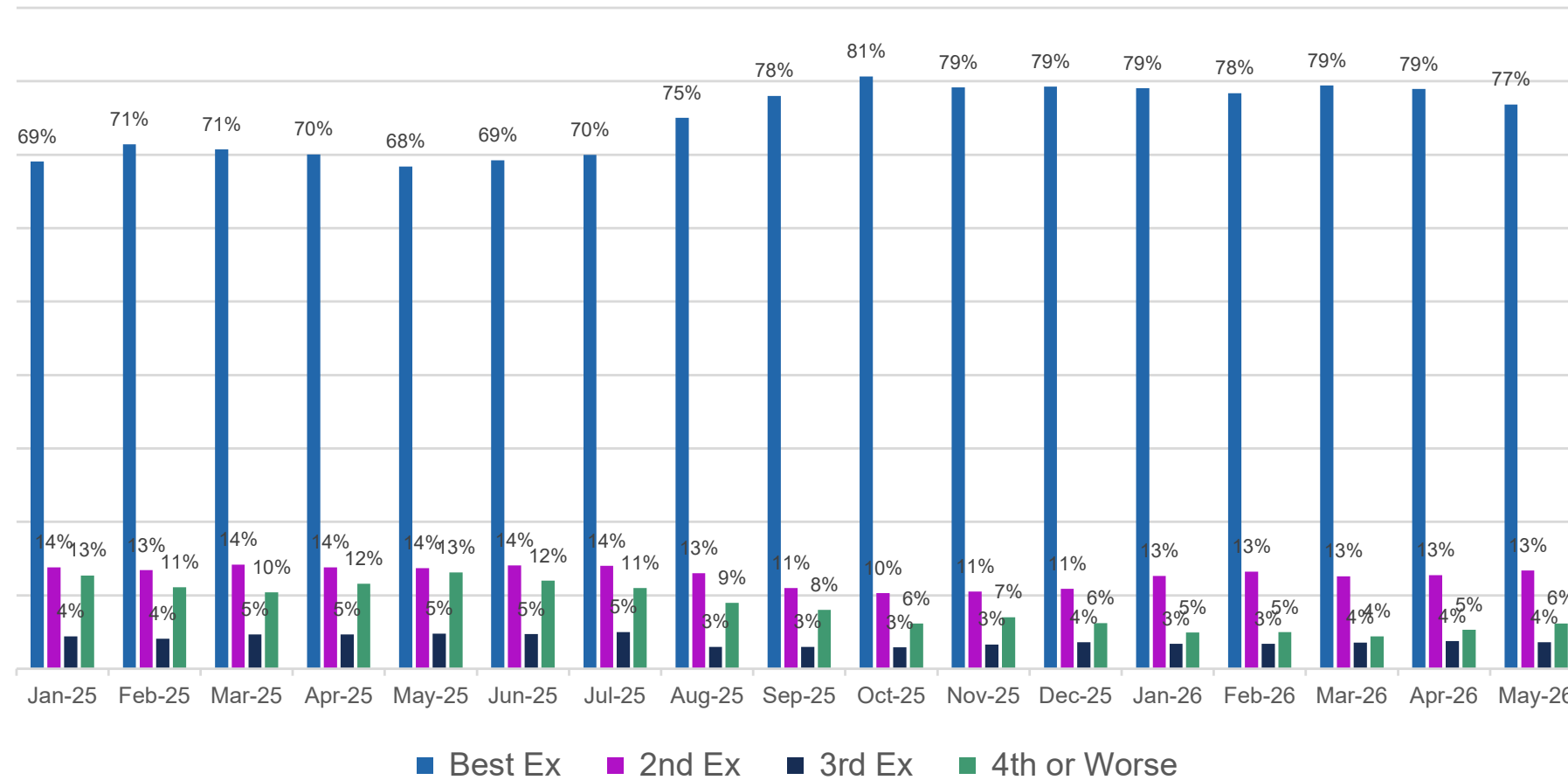
HEDGED LOAN SALE STATISTICS

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.



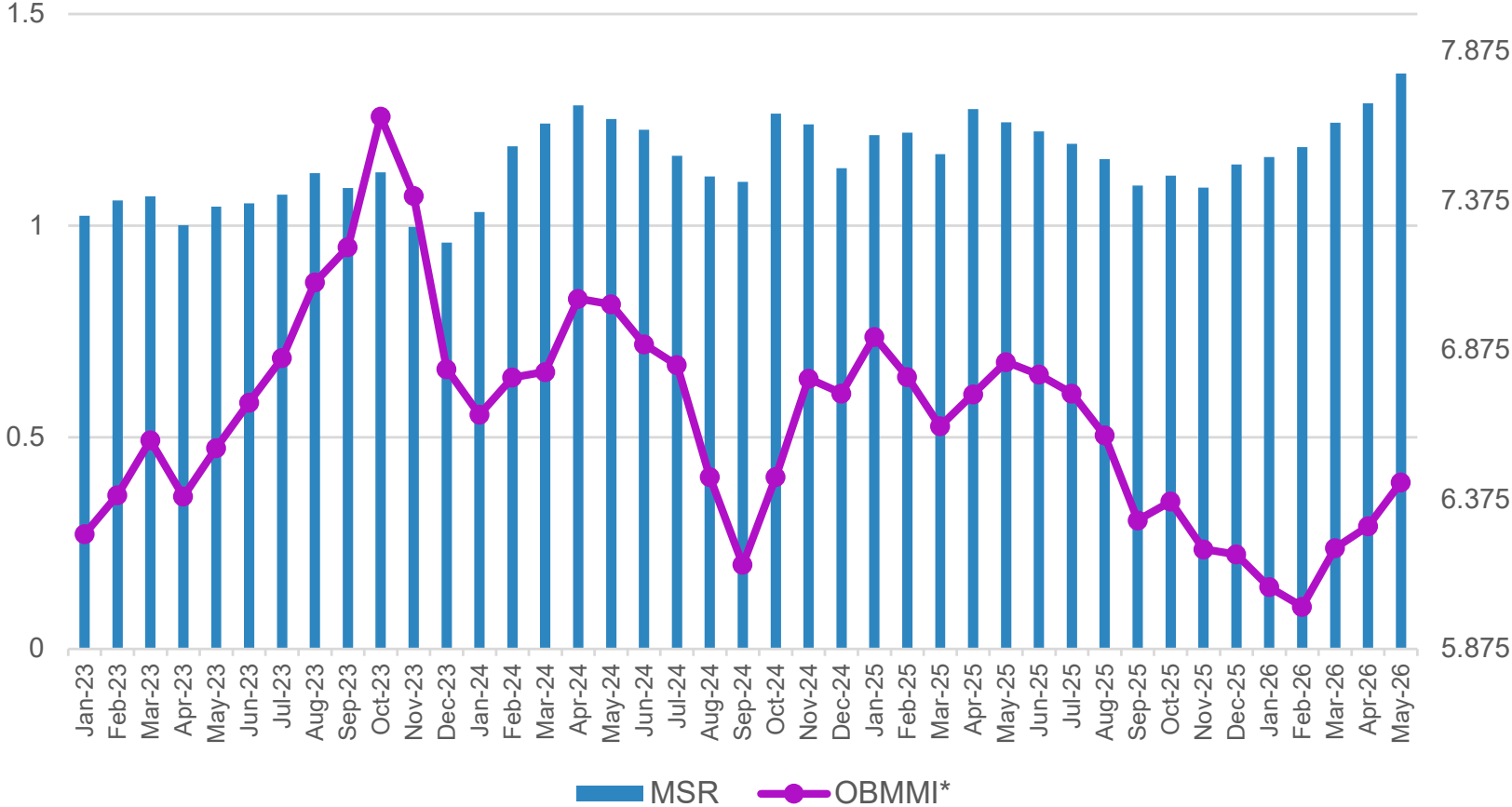
LOAN SALE BY PRICE

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

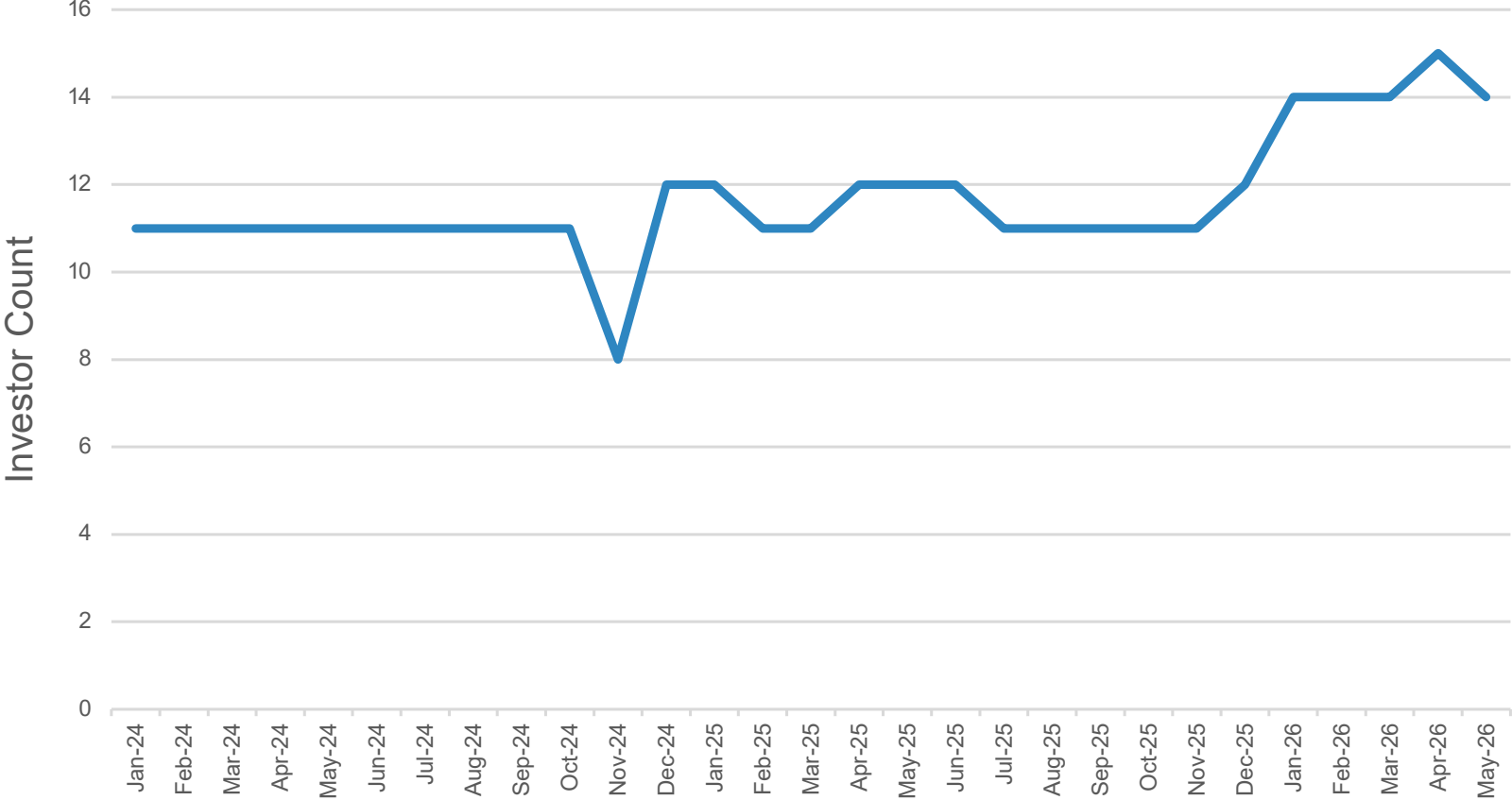
A mortgage servicing right (MSR) is a right to ancillary cash flows associated with servicing a mortgage. MSRs represent a significant component of a lender's margin and are commonly traded in the secondary market based on a lender's economics or strategy. MSRs typically move in alignment with rate movement,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