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MARKET ADVANTAGE

MORTGAGE DATA REPORT

SEPTEMBER 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.

"We're actually surfacing what a borrower wants to see, not just all the qualification data you would see at a typical point of sale ... we've kind of flipped the whole point of sale life cycle on its head, and that is only possible through the product and pricing engine of folks like you at Optimal Blue."

— Andria Lightfoot

Transforming Home Equity Lending
Hear how automation and seamless integrations are positioning lenders to deliver faster, more personalized home equity experiences.

Empowering Borrower Choice and Flexibility
Learn how lenders are embracing borrower education and transparency around home equity lending to deliver more options than ever before.

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MARKET ADVANTAGE
MONTHLY PODCAST

Episode Guest:
Andria Lightfoot
Vice President,
Client Success
FirstClose

Optimal Blue Hosts:
Olivia DeLancey
Brennan O'Connell
Mike Vough

SEPTEMBER 2025 DATA
The Future of Home Equity: Tech, Trends & Transparency

KEY FINDINGS: SEPTEMBER 2025

VOLUME TRENDS AND MARKET COMPOSITION

- **Lock activity jumps:** Total rate-lock volume increased 28% in September as falling rates reignited borrower demand.

- **Purchase volume rises:** Purchase locks climbed 6% MoM and 9% YoY, outperforming typical late-season expectations.

- **Refinances dominate growth:** Refi share expanded to 39% of all locks – the highest since early 2022 – driven by a 153% MoM increase in rate-and-term refinances and a 13% gain in cash-outs.

- **Refi pull-through improves:** The pull-through rate for purchases climbed 58 bps to 83.6%. Refinance pull-through rose 82 bps to 60.2%.

RATES AND PRICING

- **Rates retreat across loan types:** The OBMMI 30-year conforming fixed rate fell 18 bps to 6.32%. Jumbo rates dropped 11 bps to 6.47%, FHA loan rates fell 18 bps to 6.08% and VA loan rates declined 18 bps to 5.82%.

- **MSR valuations ease:** Servicing values for conforming 30-year loans slipped 6 bps to 1.09% (a 4.36 multiple), mirroring rate declines and an average 30 bps drop in OBMMI levels across the month.

- **Lenders capture stronger execution:** The share of loans sold at the highest pricing tier climbed to 78%, up 300 bps from August, signaling decreased focus on lender profile and eligibility and stronger focus on improved profitability.

CHANNEL AND EXECUTION

- **Securitization strengthens:** Agency MBS executions increased to 42% from 40%, while deliveries to the agency cash window and aggregators fell 100 bps each to 23% and 32%, respectively.

- **Investor engagement steady:** The average number of active investors held at 11, consistent with recent months as secondary market liquidity remained stable.

PRODUCT MIX AND BORROWER PROFILES

- **Conforming and VA gain share:** Conforming and VA each picked up just over 1 percentage point of market share as borrowers in those segments moved quickly to refinance.

- **Credit profiles strengthen in refis:** Average credit scores rose to 746 (up 9 points) for rate-and-term refinances and to 701 (up 7 points) for cash-outs as higher-credit borrowers responded first to lower rates.

- **DTI trends lower:** Debt-to-income ratios declined for both conforming and FHA production and were down across all products YoY, signaling improving affordability.

- **FTHB participation increases:** First-time homebuyer share rose in both FHA and VA production – up 1 bp each – while conforming was unchanged.

- **Loan amounts edge higher:** The average loan amount was $403,746, up from $386,387 in August and $382,476 in July. September averages ranged from $605,542 in metro New York to $305,829 in Indianapolis. Average LTVs ranged from 73.57 in New York to 82.22 in Indianapolis.

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
28%

Total rate-lock volume increased 28% MoM in September as falling rates reignited borrower demand.
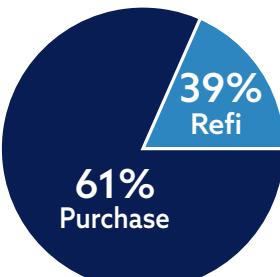
MONTH-END CONFORMING RATE
6.32%

The benchmark Optimal Blue Mortgage Market Indices 30-year conforming interest rate ended September at 6.32%, down 18 bps from August.

AVERAGE LOAN AMOUNT
$404K

The average loan amount was $403,746, up from $386,387 in August and $382,476 in July.

MARKET MIX
39% Refi

61% Purchase

Refi share expanded to 39% of all locks – the highest since early 2022 – driven by a 153% MoM increase in rate-and-term refinances and a 13% gain in cash-outs.

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.
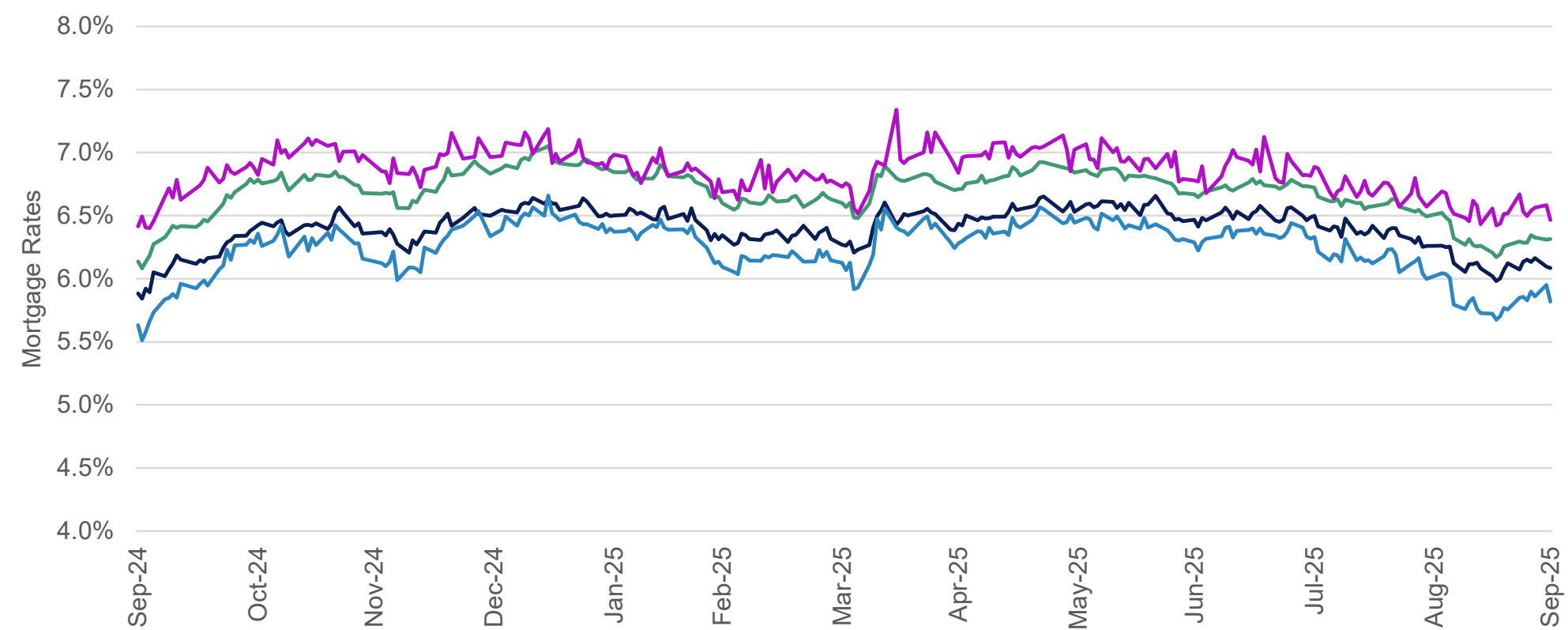
Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	6.32%	(18 bps)	(35 bps)	18 bps
30-Year Jumbo	6.47%	(11 bps)	(31 bps)	5 bps
30-Year FHA	6.08%	(18 bps)	(38 bps)	20 bps
30-Year VA	5.82%	(18 bps)	(47 bps)	19 bps

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 Treasurys, which may result in higher mortgage rates being offered to consumers. This data is sourced from the __CompassEdge__ hedging and loan trading platform.
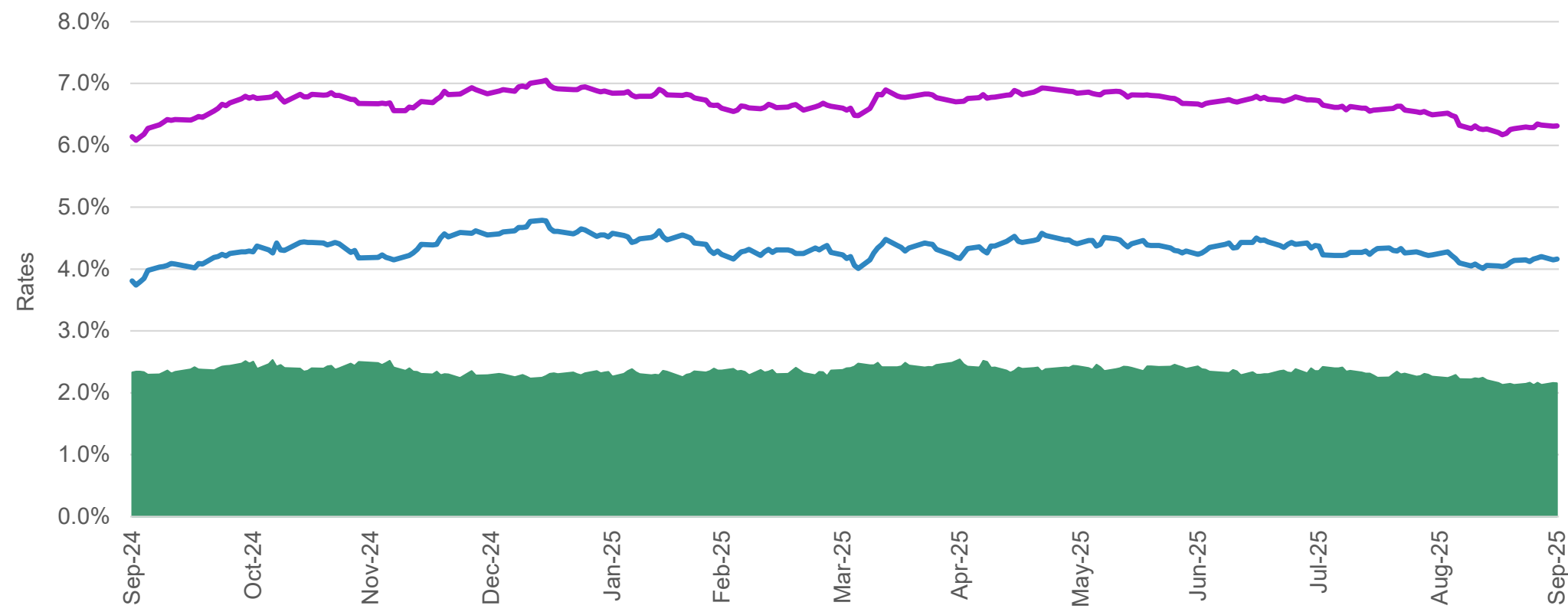
Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
10-Year Treasury	4.16%	(7 bps)	(8 bps)	35 bps
30-Year Conforming	6.32%	(18 bps)	(35 bps)	18 bps
10-Year to 30-Year Spread	2.16%	(11 bps)	(27 bps)	(17 bps)

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**.
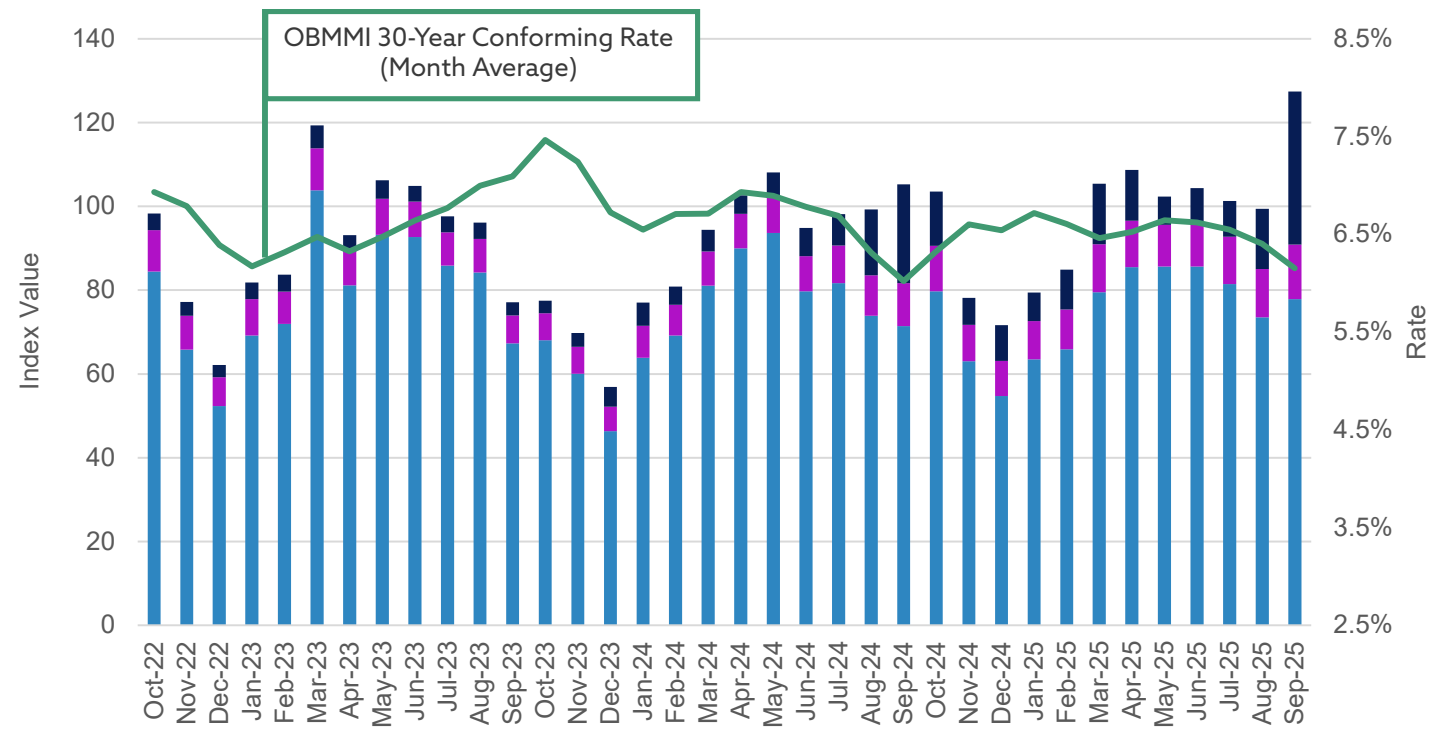
Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
————	Purchase	78	5.9%	(9.1%)	8.9%
————	Cash-Out Refinance	13	13.4%	21.5%	27.9%
————	Rate/Term Refinance	37	153.7%	359.6%	55.1%
————	Total	127	28.2%	22.1%	21.1%
Refinance Share*		39%	1284 bps	2099 bps	682 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**.
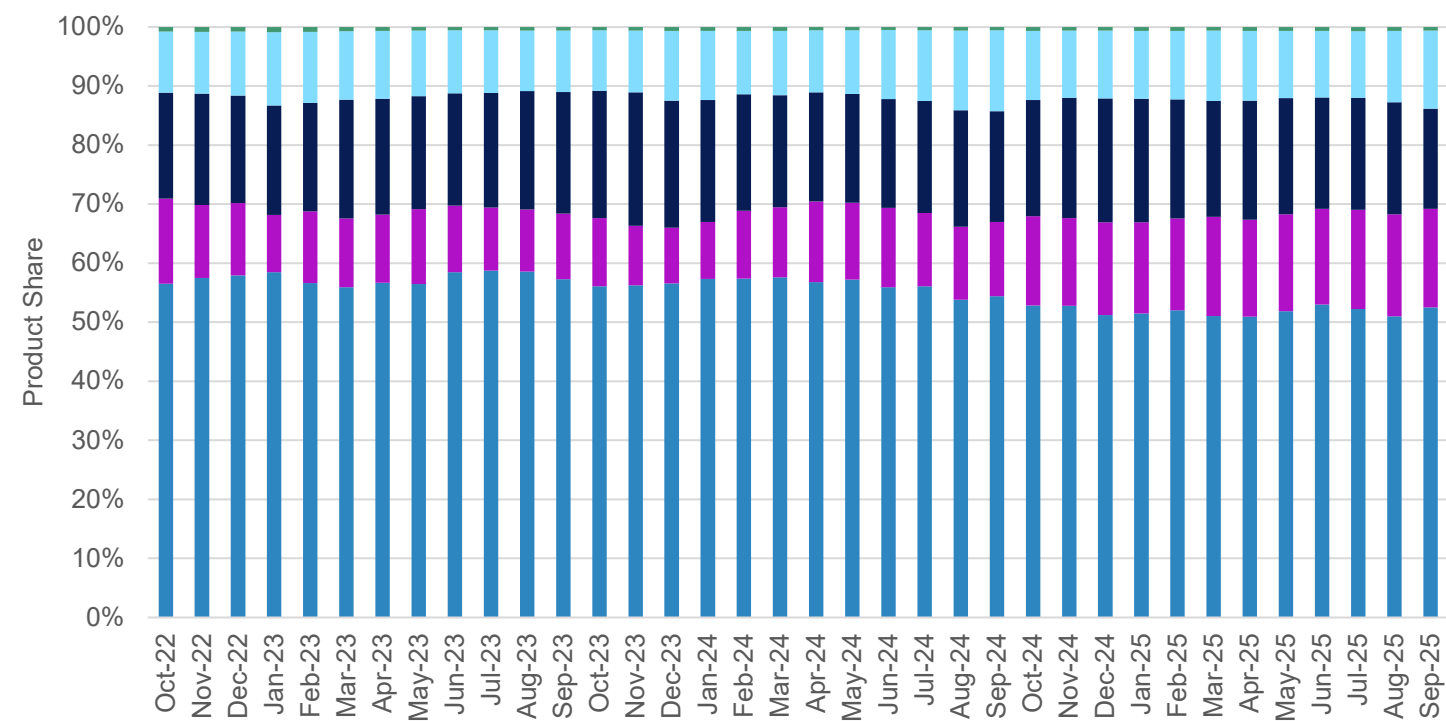
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
——	Conforming	52.5%	152 bps	(49 bps)	(186 bps)
——	Nonconforming	16.7%	(58 bps)	52 bps	409 bps
——	FHA	16.9%	(203 bps)	(194 bps)	(181 bps)
——	VA	13.2%	117 bps	199 bps	(46 bps)
——	USDA	0.6%	(7 bps)	(7 bps)	4 bps

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**.
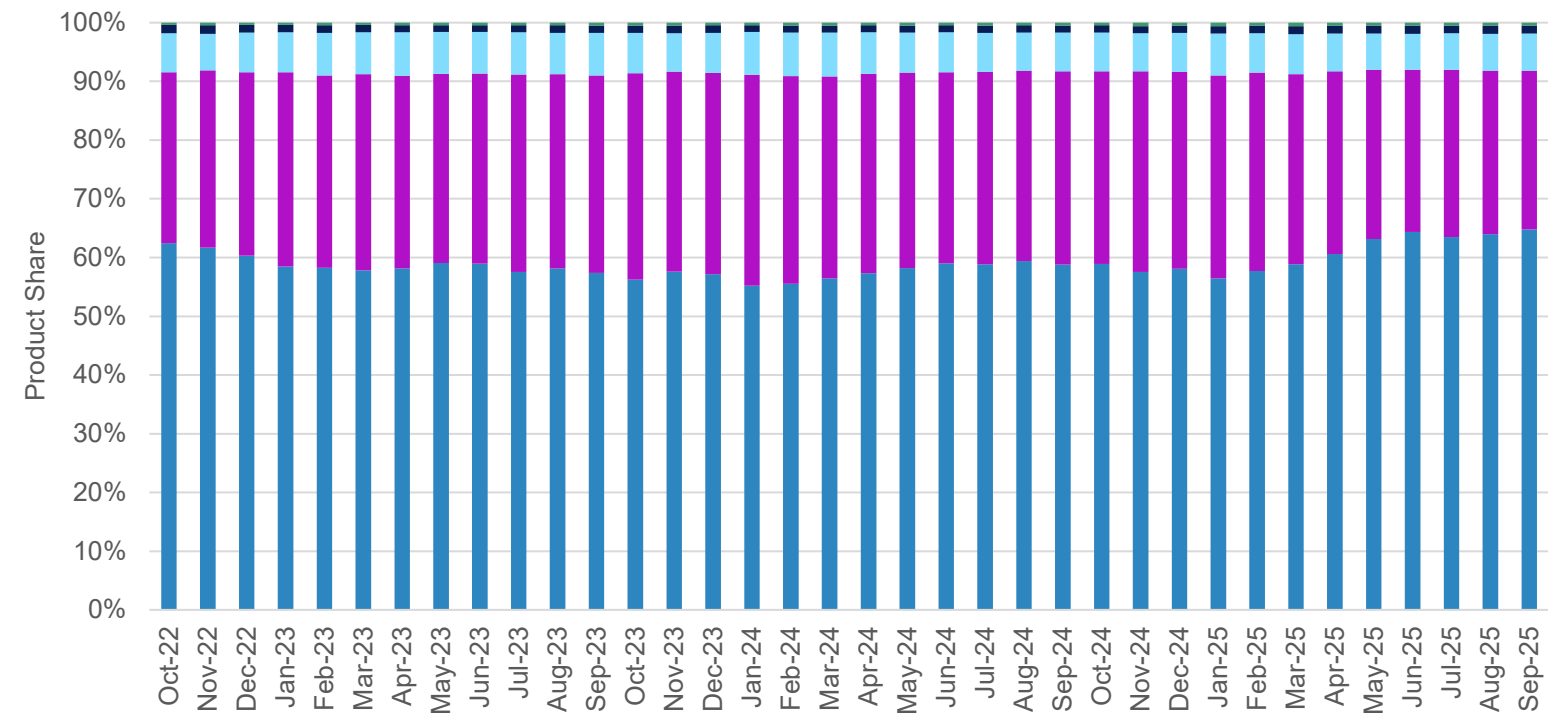
Property Type Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
————	Single Family	64.8%	82 bps	45 bps	599 bps
————	PUD*	27.0%	(82 bps)	(61 bps)	(584 bps)
————	Condo	6.3%	7 bps	21 bps	(29 bps)
————	Manufactured	1.3%	(9 bps)	(5 bps)	10 bps
————	All Other	0.5%	2 bps	0 bps	4 bps

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**.
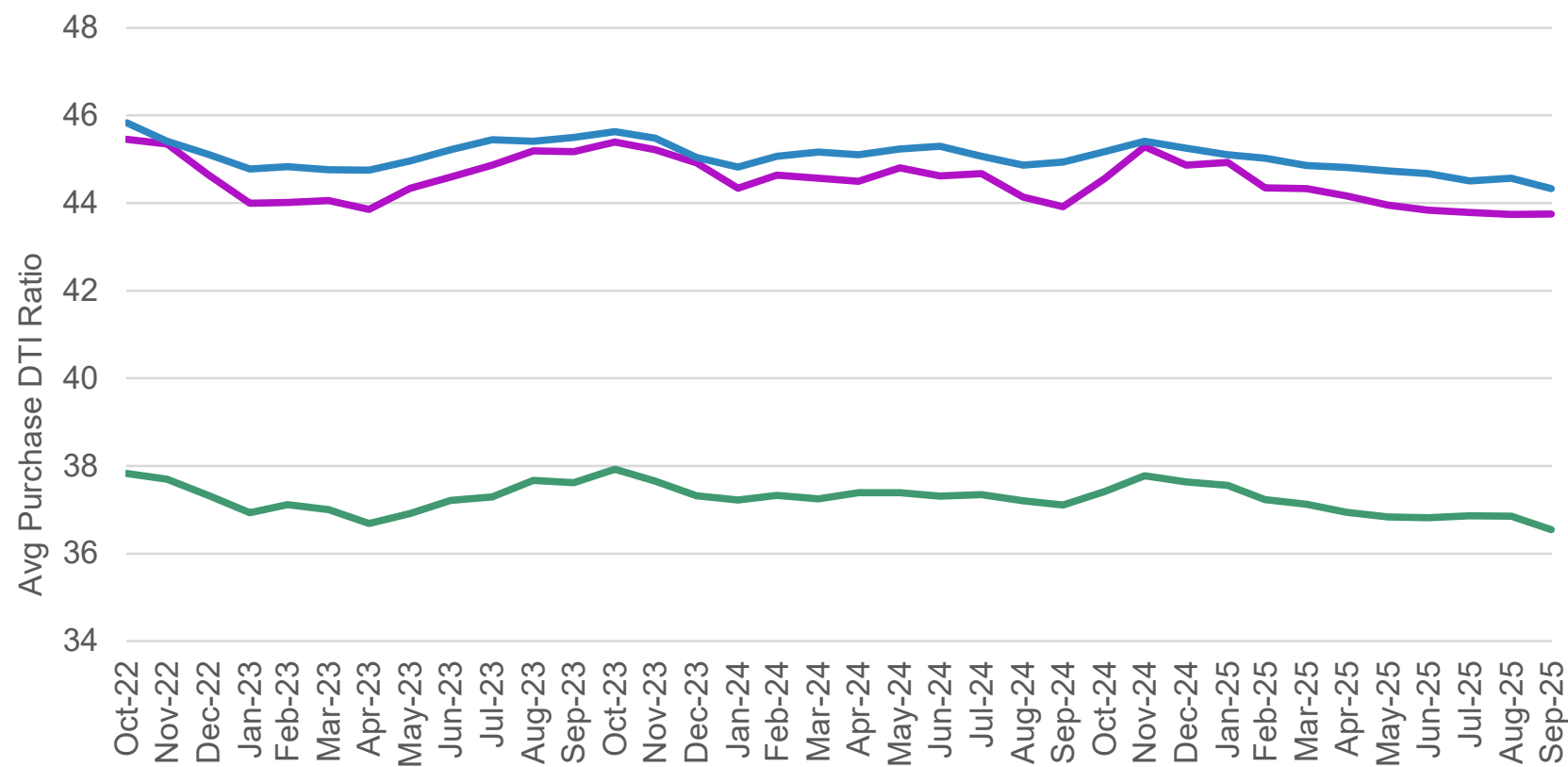
DTI Ratio by Product		Current Avg DTI Ratio	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	36.5	(0.3)	(0.3)	(0.6)
	FHA	44.3	(0.2)	(0.3)	(0.6)
	VA	43.7	0.0	(0.1)	(0.2)

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**.
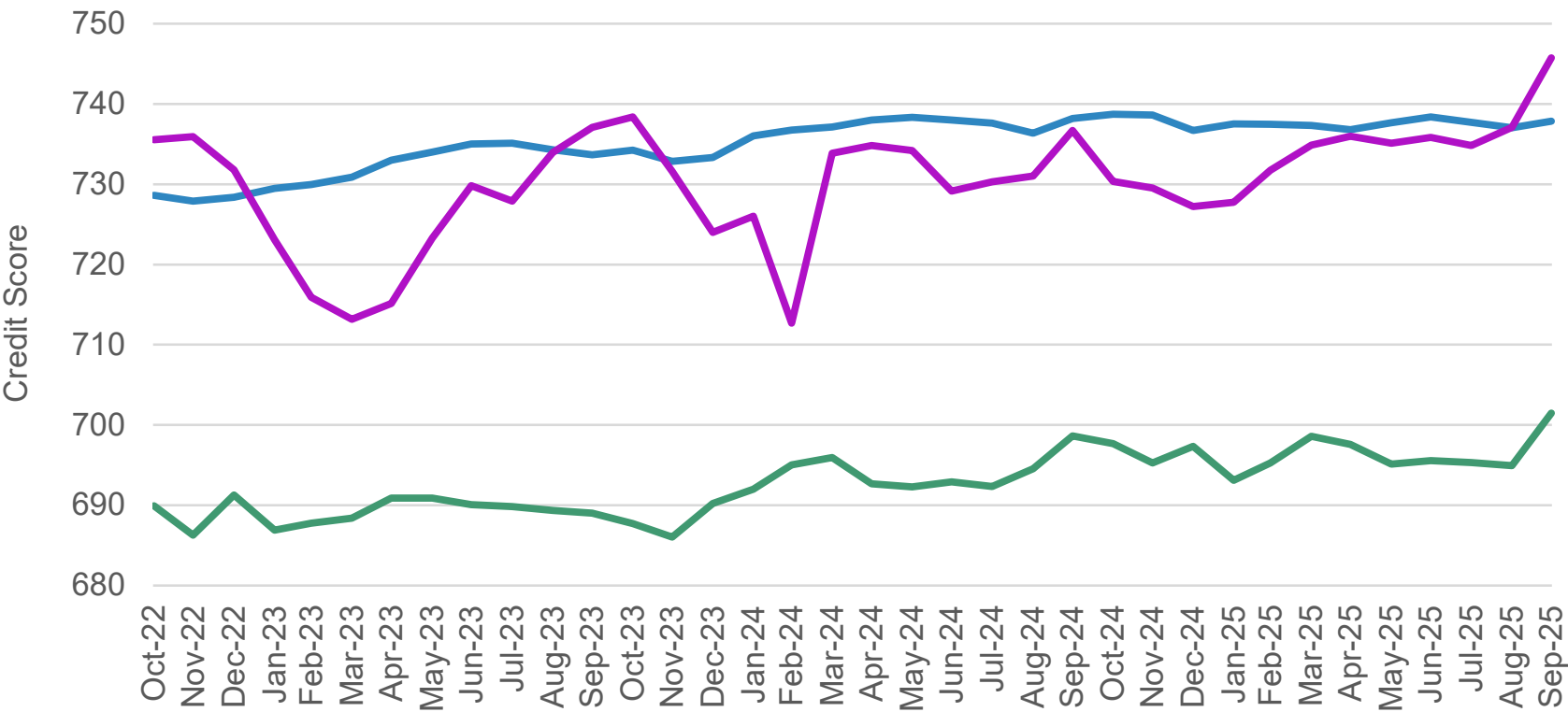
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	738	1	(1)	0
	Cash Out Refi	701	7	6	3
	Rate/Term Refi	746	9	10	9

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**.
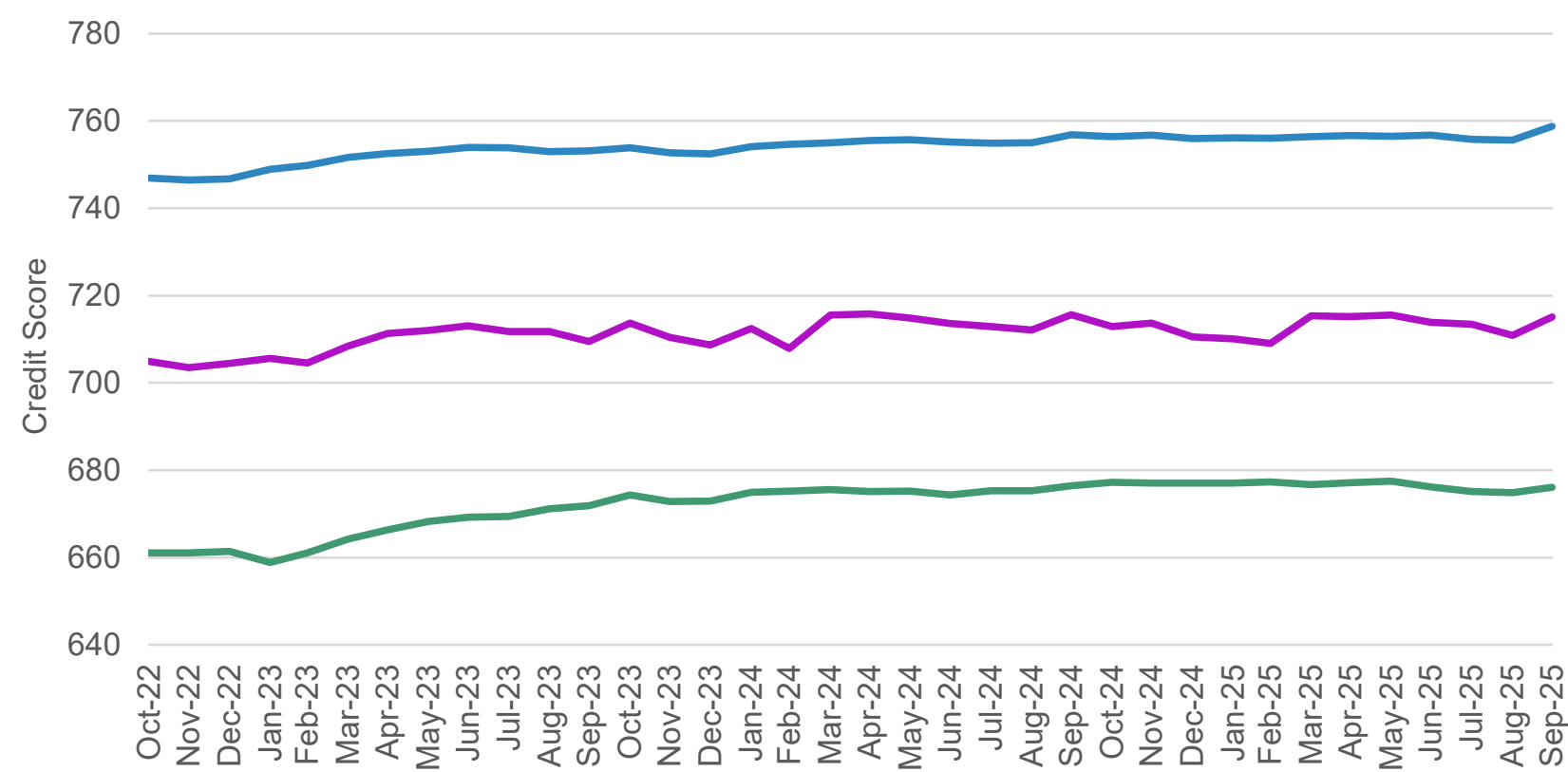
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
———	Conforming	759	3	2	2
———	FHA	676	1	0	0
———	VA	715	4	1	(1)

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**.
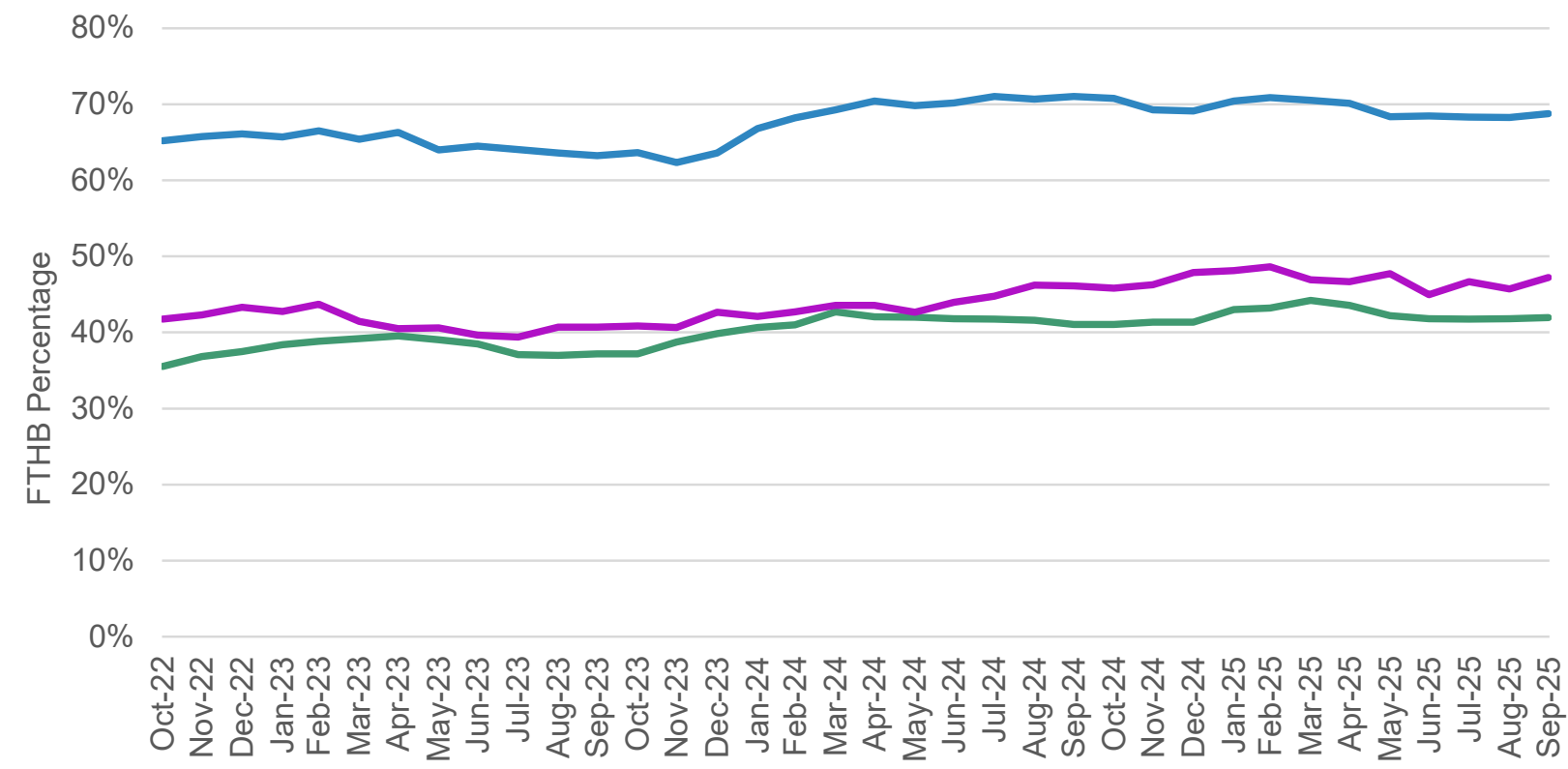
First-Time Homebuyer by Product	Current Ratio	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	42%	0%	0%	1%
FHA	69%	1%	0%	-2%
VA	47%	1%	2%	1%

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**.
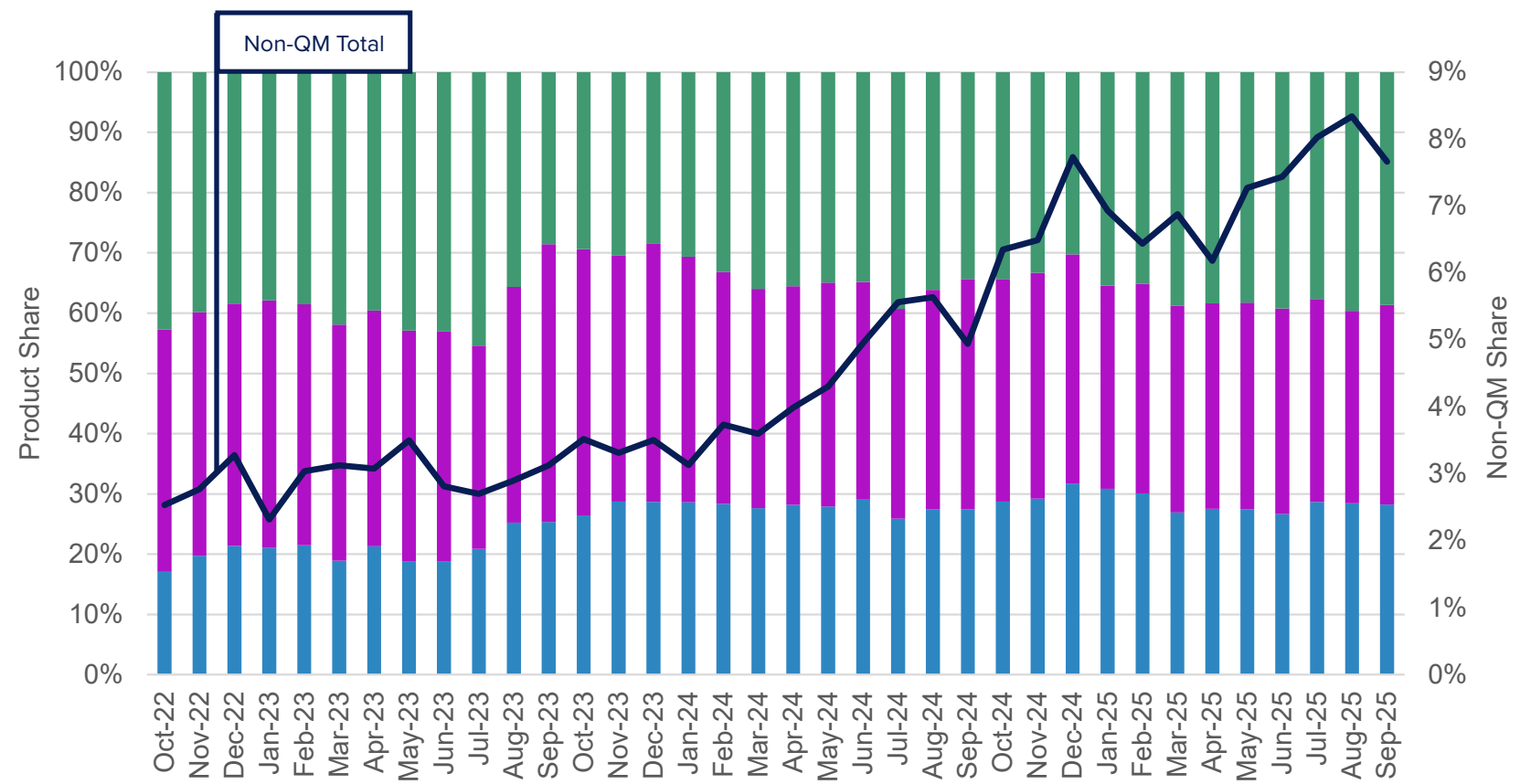
Non-QM Market	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Investor/DSCR	28.2%	(24 bps)	154 bps	79 bps
Bank Statement	33.1%	121 bps	(97 bps)	(510 bps)
All Other	38.7%	(97 bps)	(57 bps)	431 bps

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**.
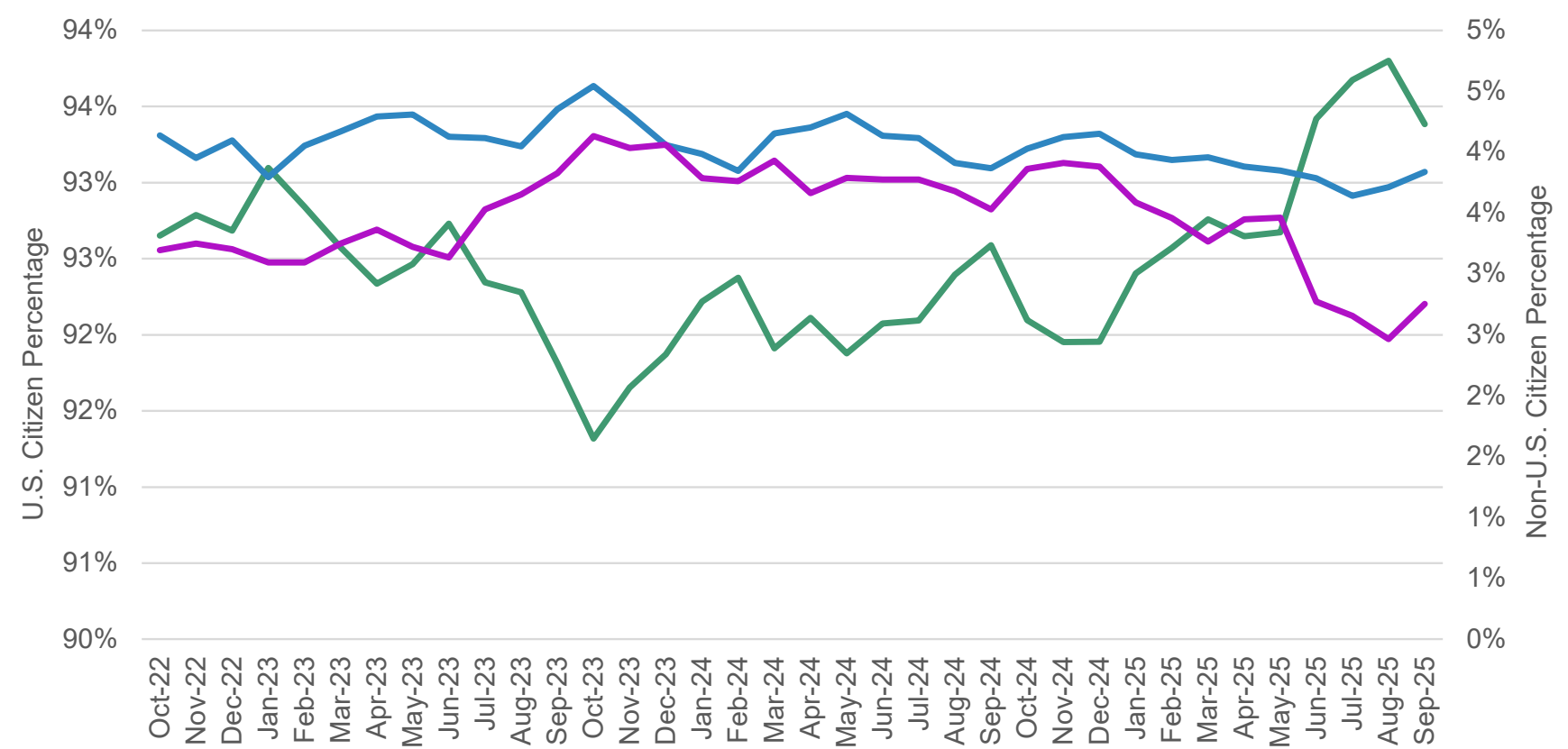
Citizenship Status		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
———	U.S. Citizen	93.4%	(42 bps)	(4 bps)	79 bps
———	Perm. Resident	3.8%	13 bps	5 bps	(3 bps)
———	Non-Perm. Resident	2.8%	29 bps	(2 bps)	(78 bps)

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%	28.2%	$403,746	6.153	735	80	61%	39%
1	New York-Newark-Jersey City, NY-NJ-PA	4.8%	22.1%	$605,542	6.243	745	74	62%	38%
2	Washington-Arlington-Alexandria, DC-VA-MD-WV	4.0%	50.7%	$581,338	6.095	748	81	59%	41%
3	Chicago-Naperville-Elgin, IL-IN-WI	3.8%	33.4%	$375,419	6.288	746	78	51%	49%
4	Los Angeles-Long Beach-Anaheim, CA	3.3%	41.7%	$798,175	6.325	749	71	50%	50%
5	Boston-Cambridge-Newton, MA-NH	2.9%	39.2%	$600,159	6.194	754	73	52%	48%
6	Dallas-Fort Worth-Arlington, TX	2.8%	18.3%	$414,357	5.948	734	82	67%	33%
7	Seattle-Tacoma-Bellevue, WA	2.4%	51.5%	$643,294	6.173	753	75	51%	49%
8	Phoenix-Mesa-Scottsdale, AZ	2.4%	35.7%	$462,340	5.979	736	79	66%	34%
9	Atlanta-Sandy Springs-Roswell, GA	2.2%	26.7%	$396,689	6.065	725	81	60%	40%
10	San Francisco-Oakland-Hayward, CA	2.0%	71.9%	$915,763	6.200	764	69	40%	60%

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%**	**28.2%**	**$403,746**	**6.153**	**735**	**80**	**61%**	**39%**
11	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.9%	27.5%	$413,521	6.210	741	79	66%	34%
12	Denver-Aurora-Lakewood, CO	1.8%	38.7%	$521,866	5.965	749	78	58%	42%
13	Houston-The Woodlands-Sugar Land, TX	1.8%	10.1%	$346,519	5.894	725	84	77%	23%
14	Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	34.5%	$374,105	6.167	750	80	65%	35%
15	San Diego-Carlsbad, CA	1.4%	55.9%	$810,743	6.126	756	73	46%	54%
16	Riverside-San Bernardino-Ontario, CA	1.4%	26.9%	$497,509	5.989	726	80	60%	40%
17	Miami-Fort Lauderdale-West Palm Beach, FL	1.3%	11.3%	$532,725	6.225	729	77	65%	35%
18	Baltimore-Columbia-Towson, MD	1.2%	34.2%	$422,168	6.182	738	82	62%	38%
19	Charlotte-Concord-Gastonia, NC-SC	1.2%	23.6%	$420,655	6.129	740	80	63%	37%
20	Nashville-Davidson-Murfreesboro-Franklin, TN	1.1%	17.8%	$438,210	6.092	739	79	63%	37%

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.
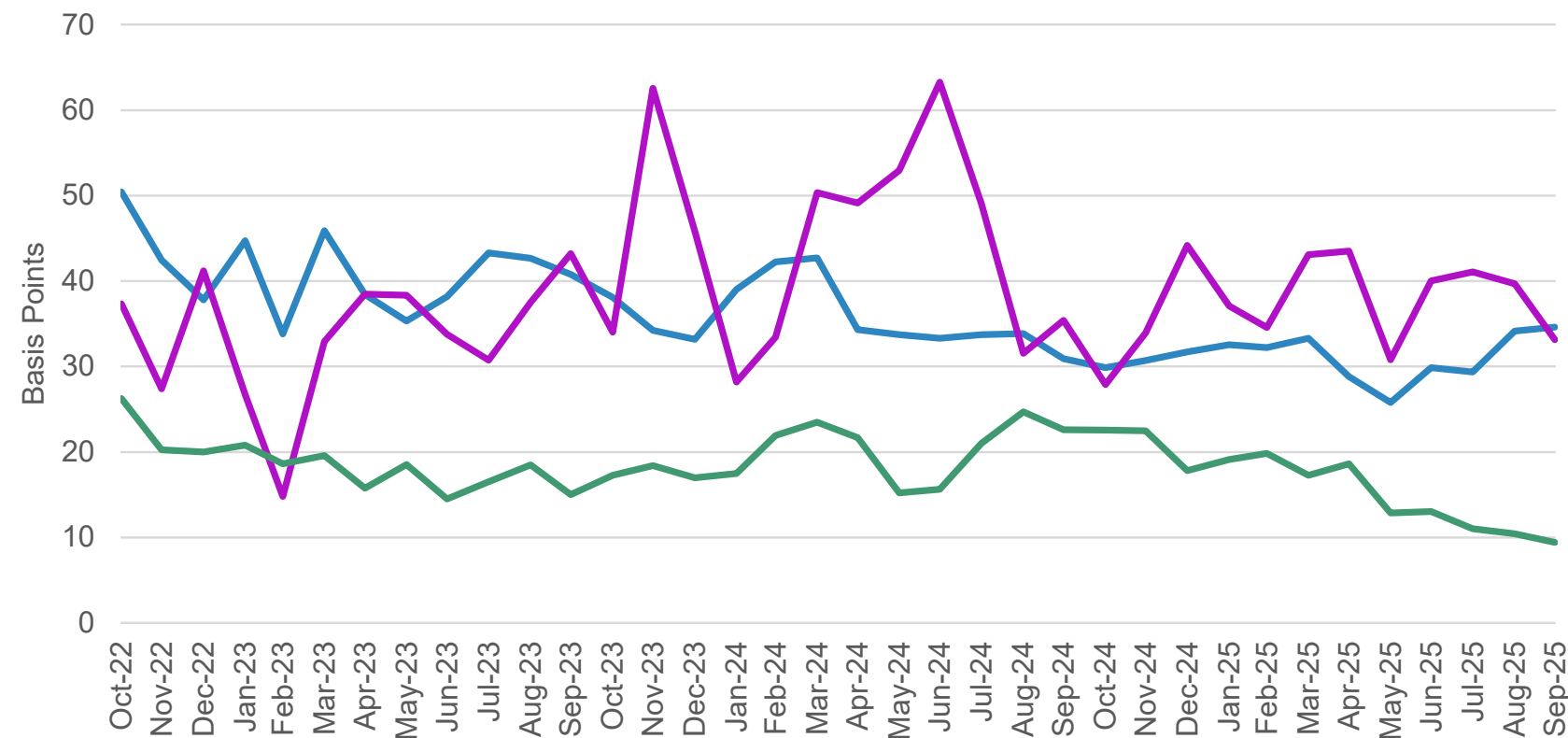
Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
———	30-Year Conforming	35 bps	0 bps	5 bps	4 bps
———	15-Year Conforming	33 bps	(7 bps)	(7 bps)	(2 bps)
———	30-Year Government	9 bps	(1 bp)	(4 bps)	(13 bps)

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.
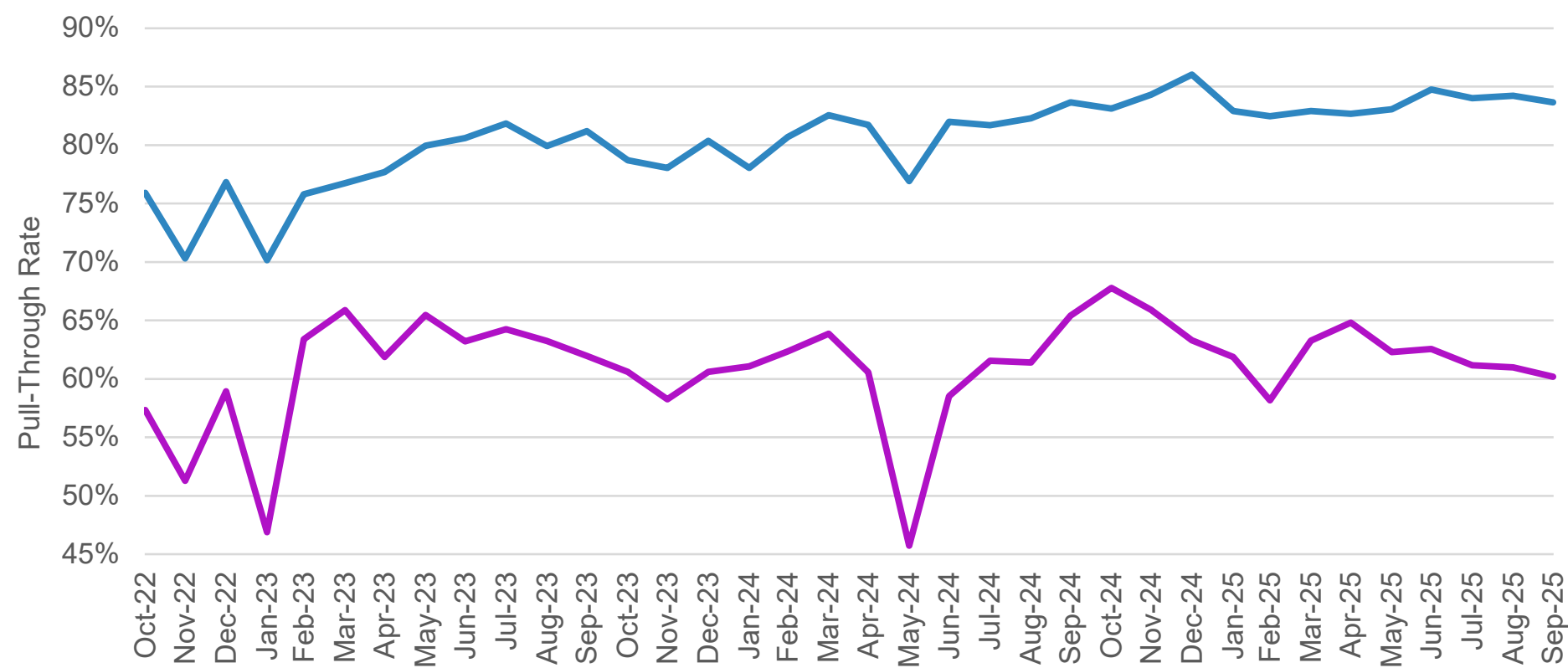
Pull-Through Rate by Purpose	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
Purchase Pull-Through	83.6%	(58 bps)	(112 bps)	(1 bps)
Refinance Pull-Through	60.2%	(82 bps)	(239 bps)	(522 bps)

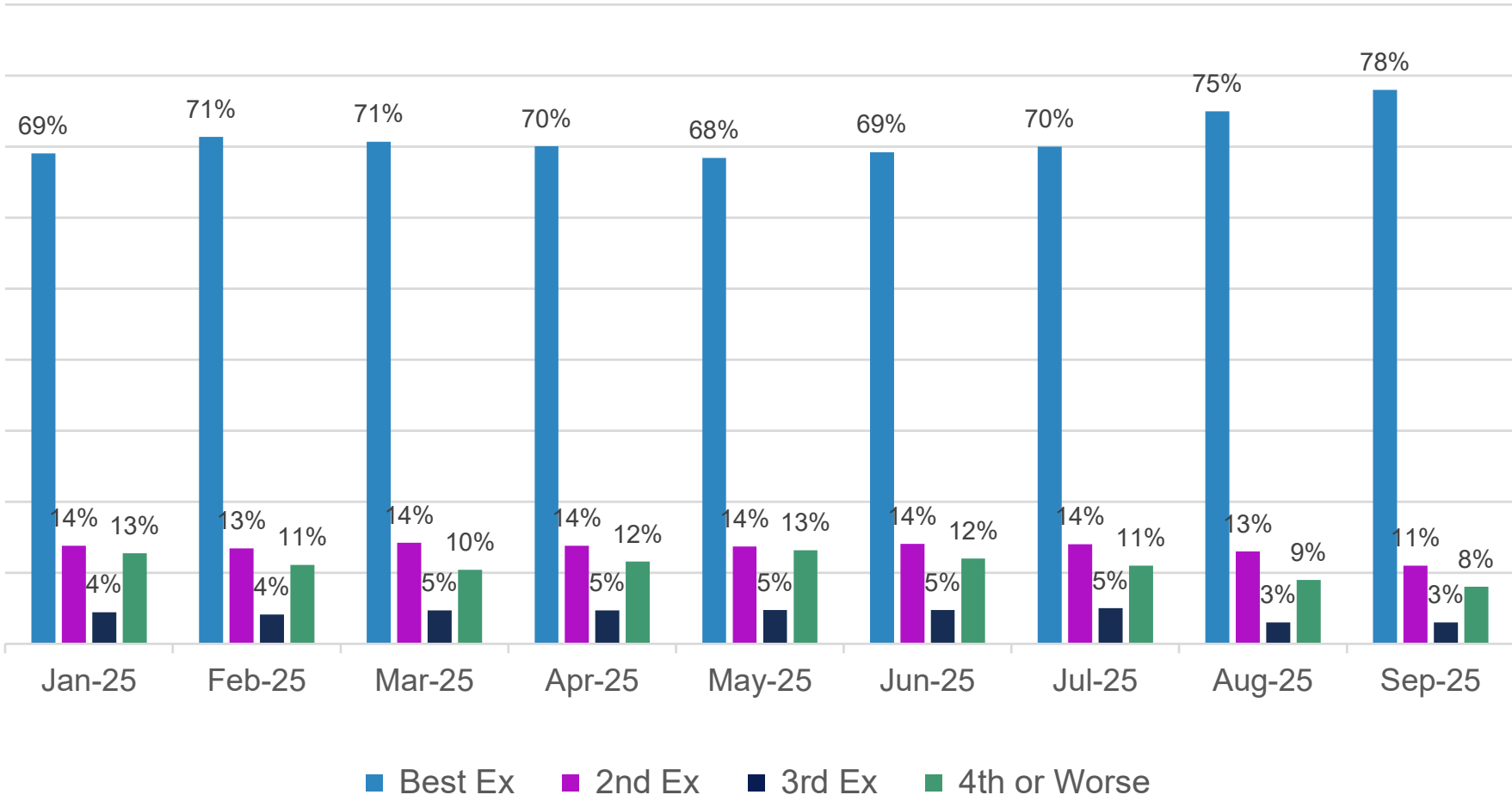# HEDGED LOAN SALE STATISTICS

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	Sep-25
Best Efforts	3%	2%	3%	2%	3%	3%	2%	3%	3%
MBS	34%	33%	34%	34%	33%	35%	37%	40%	42%
Cash	27%	31%	25%	23%	26%	28%	26%	24%	23%
Bulk	36%	34%	38%	41%	38%	35%	35%	33%	32%

■ Bulk ■ Cash ■ MBS ■ Best Efforts
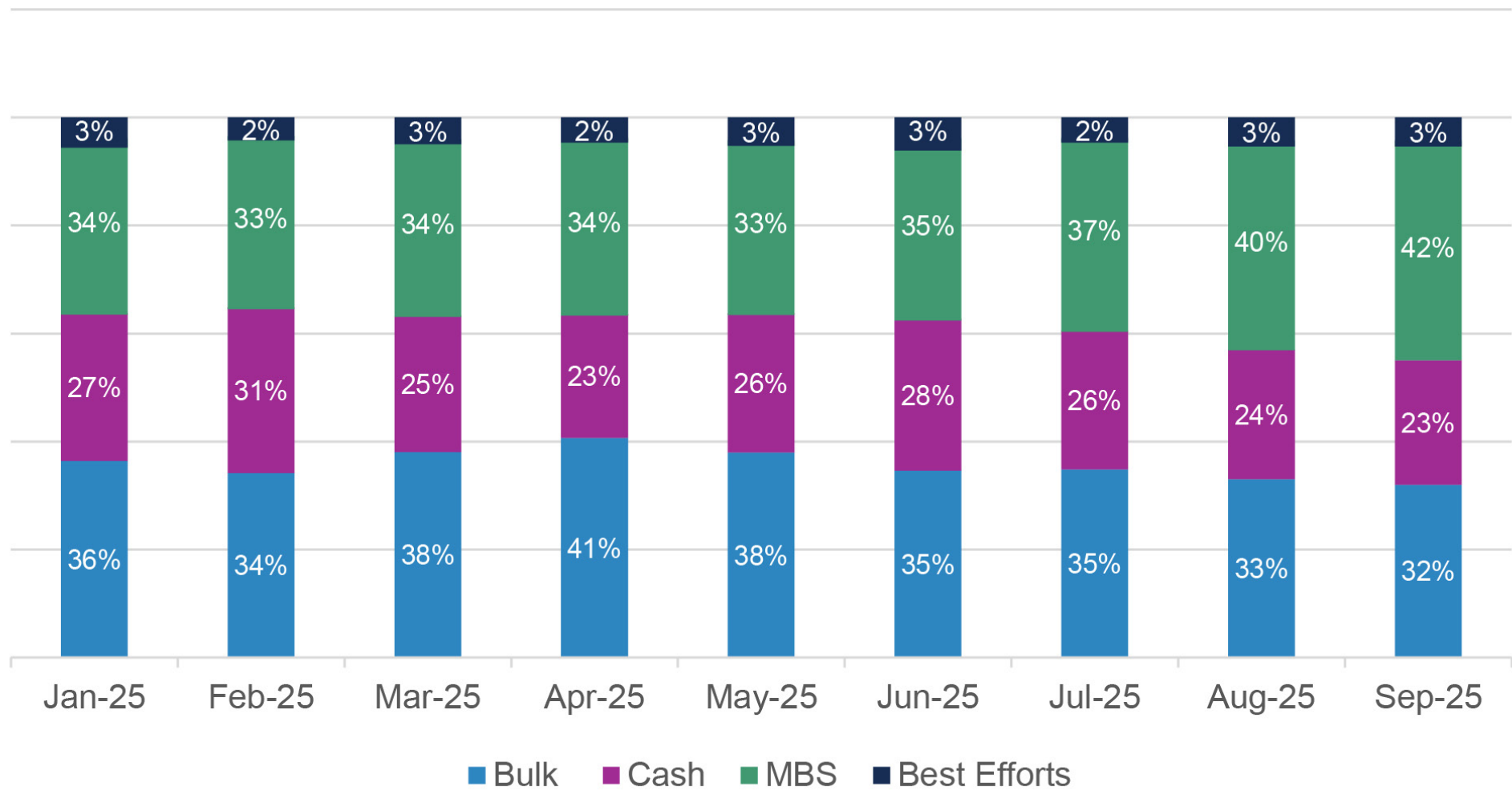
LOAN SALE BY PRICE

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.

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Best Ex	69%	71%	71%	70%	68%	69%	70%	75%	78%
2nd Ex	14%	13%	14%	14%	14%	14%	14%	13%	11%
3rd Ex	4%	4%	5%	5%	5%	5%	5%	3%	3%
4th or Worse	13%	11%	10%	12%	13%	12%	11%	9%	8%

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

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.
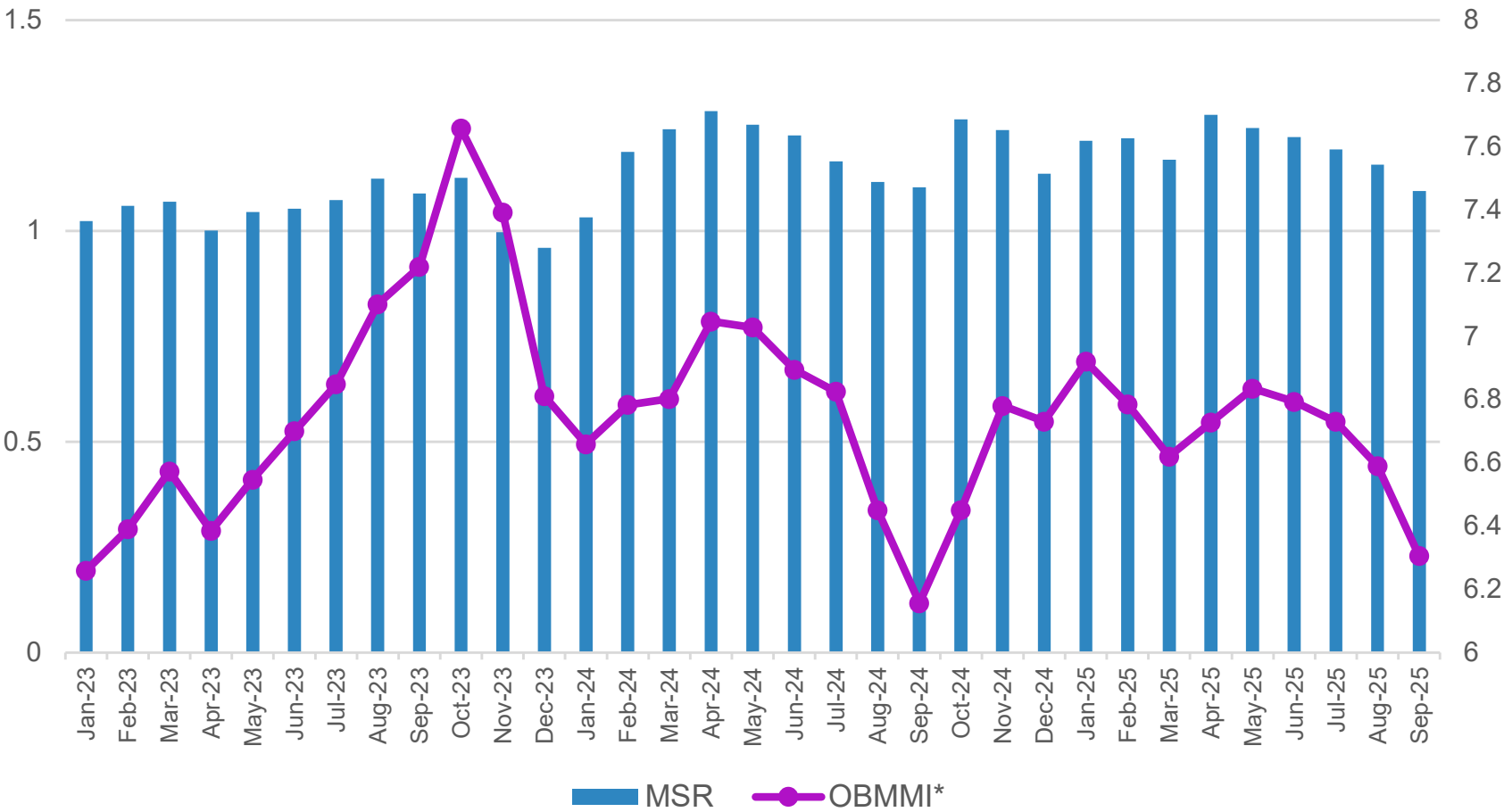
*30-year conforming fixed rate

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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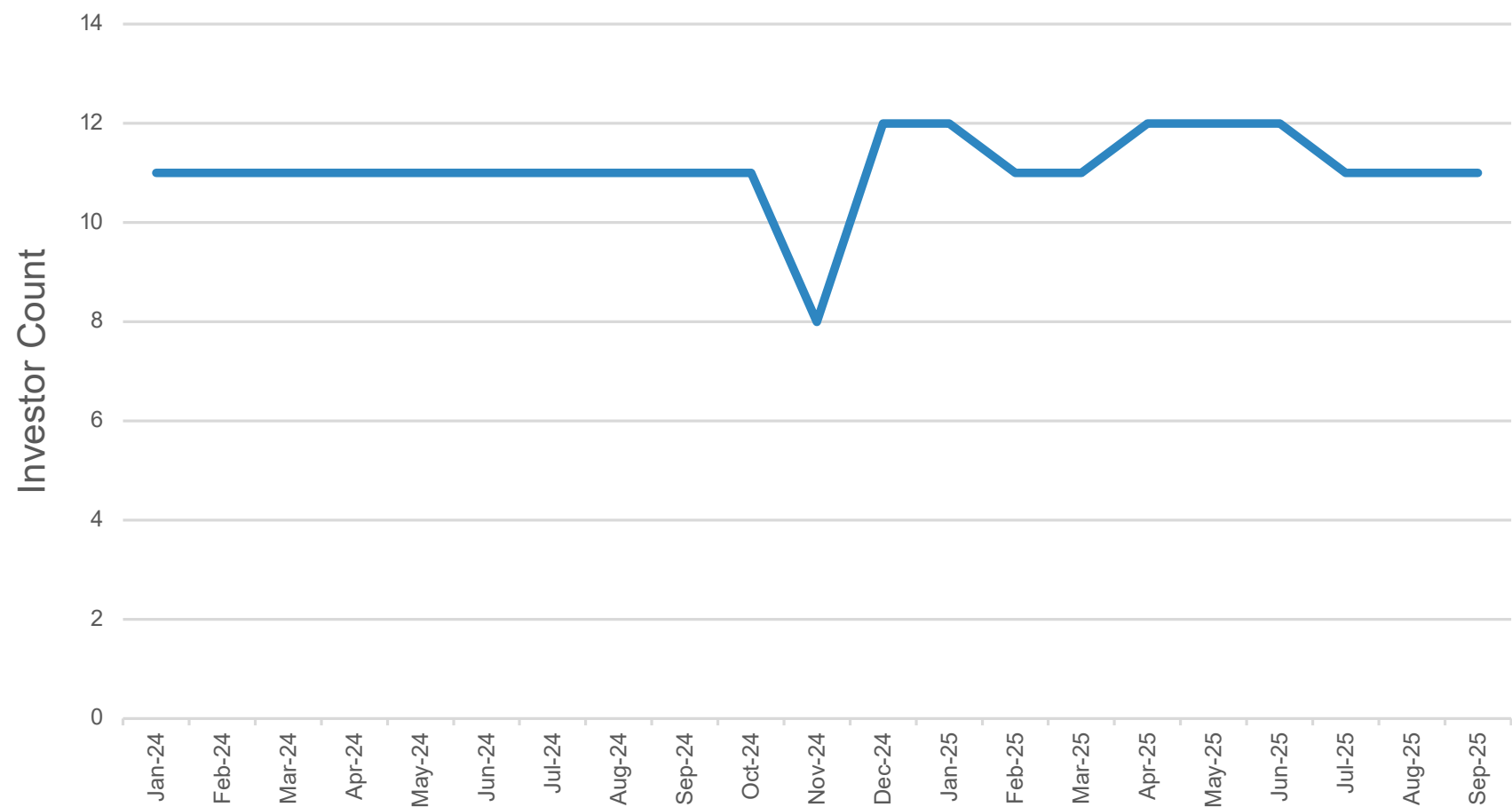
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