



MAY 2026



PEEK INSIDE:

May's TMC Insights highlight sustained productivity, record purchase concentration, and improving pipeline conversion across participating lenders, while reinforcing the importance of managing cycle times and operational capacity as the market moves toward summer.

From The Editor

May gave us another encouraging look at how our Lender Members are performing as we move through the spring market and prepare for the second half of the year.

Productivity remained strong at 2.71 funded loans per FTE, our second-highest reading in the TMC Insights series. Purchase activity reached a new high at 81.6% of funded units, and our credit pull-to-fund ratio improved to 2.5x. These are meaningful indicators of how lenders across our network are managing their pipelines, supporting their teams, and finding opportunities to operate more efficiently.

One number that caught my attention this month was cycle time. After improving to 31.9 days in April, the average increased to 33.1 days in May. It's a relatively small movement, but it's worth paying attention to as we head into summer.

We have members consistently closing loans in 21 to 23 days. I think that's an important part of the story because it gives us an opportunity to look at what those organizations are doing well. What processes are helping them move faster? How are they managing capacity? Where is technology making a measurable difference?

Those are exactly the kinds of conversations I want TMC Insights to encourage. We're also seeing how important staffing decisions have become. Headcount increased 4.7% in May, while productivity remained near record levels. With origination costs continuing to put pressure on profitability, understanding how staffing, technology, and production work together is increasingly important. And that's where I believe the collective strength of this network really comes into play.

Every month, TMC Insights gives us another opportunity to understand what's happening inside our organizations and across our industry. The data helps us ask better questions, identify areas worth exploring, and bring meaningful conversations back to our teams.

As we look toward the second half of 2026, I encourage every Lender Member to spend some time with these findings. Think about where your organization is performing well, where you're seeing pressure, and what you might learn from others who are navigating similar challenges.

Thank you to the members who continue contributing to TMC Insights. Your participation is helping us build a resource that becomes more valuable with every report



JODI HALL | PRESIDENT & CEO



Two strong months do not restructure a cost base. Build the operational habits now that sustain Q2 performance through the inevitable Q3 volume trough.

May 2026 delivered continued strong performance.

Productivity remained elevated at 2.71 units per FTE, the second-highest reading in the 17-month series. The purchase mix reached 81.6%, the highest concentration yet recorded, as the spring purchase season extended fully into summer.

- Cycle times ticked up to 33.1 days from April's 31.9, a modest reversal that warrants monitoring; the directional gains from winter must be protected through Q3
- Productivity at 2.71 units per FTE confirms the spring surge was not a one-month spike: two consecutive months above 2.7 with growing headcount is structural improvement
- Purchase mix at 81.6% is the highest in the dataset; this group is outperforming the MBA's 70% purchase forecast by more than 11 points
- Credit pull-to-fund ratio improved to 2.5x, the best reading in the series, signaling materially better pre-qualification discipline and pipeline conversion
- Conventional GOS held at 101.69 and government at 101.96; both above par for the third consecutive month, and secondary execution discipline is holding
- With cost-to-originate benchmarks from MBA and Freddie Mac still in the \$11,000 to \$13,400 range, the productivity gains of the spring must be locked in operationally before the summer seasonal slowdown arrives
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App-to-CTC Cycle Time (avg)	33.1 days, up from 31.9 in April
Funded Loans per FTE	2.71 units, strong summer hold
Average Funded Loan Amount	\$354,828
Total Funded Volume	81.6% purchase / 18.4% refi, highest in series
Purchase Mix	\$12,579 per loan
Conventional Gain-on-Sale	\$10,965 per loan
Government Gain-on-Sale	\$13,400 per loan
Cost-to-Originate (industry)	101.69 (vol-wtd), above par
Average Interest Rate	101.96 (vol-wtd), above par
Credit Pull-to-Fund Ratio	~5.86% (reporting members)

Application-to-Clear-to-Close Cycle Time

May cycle times averaged 33.1 days (median: 32 days), a 1.2-day uptick from April's 31.9-day reading. This is a caution signal, not a crisis, but it demands attention. The fact that cycle times edged up even modestly under sustained high-volume spring conditions suggests capacity pressure is building.

Best performers are closing in 21 to 23 days. At 16.7% of the group, the share above 40 days remains an unacceptable spread in a purchase-heavy market where speed directly determines realtor loyalty. A 33-day average is still well above the 25 to 28-day industry target.

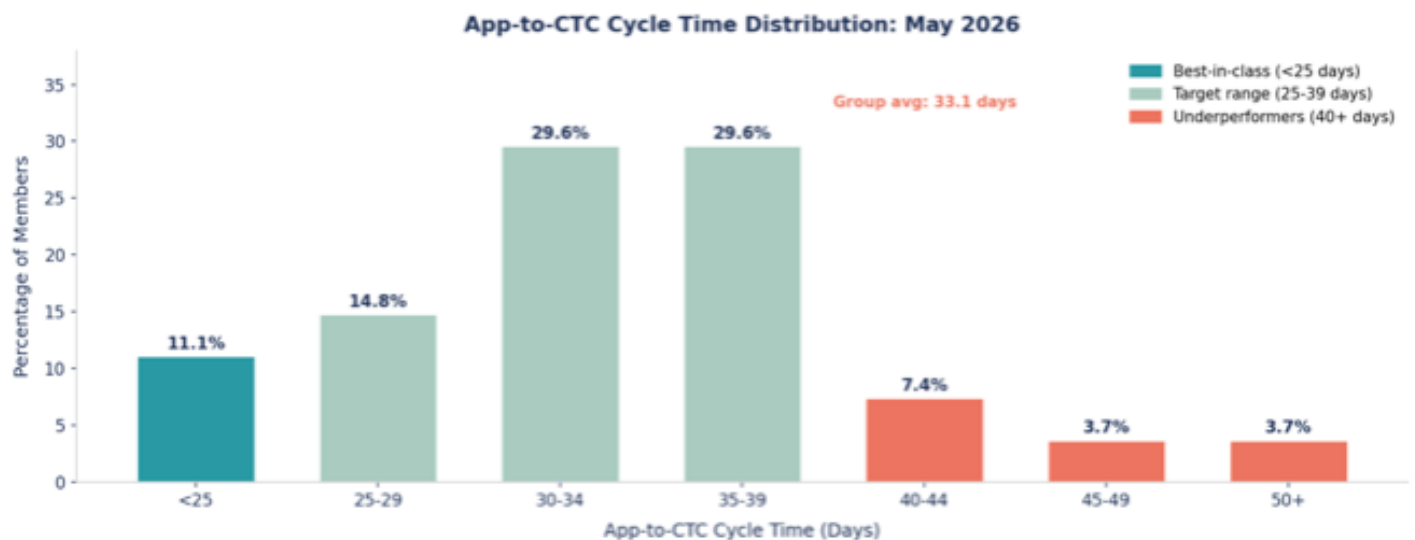
The sub-30-day goal remains in reach for the group average.

Members who pushed below 25 days in April must hold that standard. Members above 40 days in May need a documented cycle time reduction plan before June.

- May 2026 average: 33.1 days (median: 32)
- April 2026: 31.9 days, slight reversal
- Best-in-class: 21 to 23 days
- Underperformers: 49 to 57 days, act now
- 12.5% of members below 25 days | 16.7% of members above 40 days

Industry target: 25 to 28 days. Members above 40 days must make CTC reduction a top-two Q3 priority.

Figure 1: App-to-CTC Cycle Time Distribution, May 2026



**If you want other data or have questions, please contact your Member Benefits Advocate*

Funded Loans per FTE (Productivity)

May productivity came in at 2.71 units per FTE, a slight moderation from April's 2.78 but holding well above the 2.2 target and representing the second-strongest reading in the 17-month dataset. The group absorbed a 4.7% headcount increase while sustaining near-peak productivity. That is the correct staffing posture.

Two consecutive months above 2.7 units per FTE, combined with growing headcount, is meaningful evidence of structural improvement rather than a temporary spring spike. The 17-month average now stands at approximately 2.10 units per FTE, a significant step up from the 1.85 that characterized 2025.

The MBA cost data makes the stakes clear: at \$12,579 per loan in Q1 2025, every incremental funded unit per FTE is a direct margin event.

Members who added headcount without corresponding throughput gains in May will feel the cost impact in Q3.

- 17-month average: ~2.10 units per FTE
- Prior peak: April 2026 at 2.78 per FTE
- March 2026: 2.77 per FTE
- May 2026: 2.71 per FTE, second-highest in series
- MBA Q1 2025 cost-to-originate: \$12,579 per loan
- MBA Q2 2025 cost-to-originate: \$10,965 per loan

Target: 2.5-plus units per FTE sustained through Q3. June will confirm whether this is a new operational floor or the beginning of a summer decline.

Figure 2: Funded Loans per FTE, 17-Month Trend (Jan 2025 to May 2026)



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Average Loan Amount & Product Mix

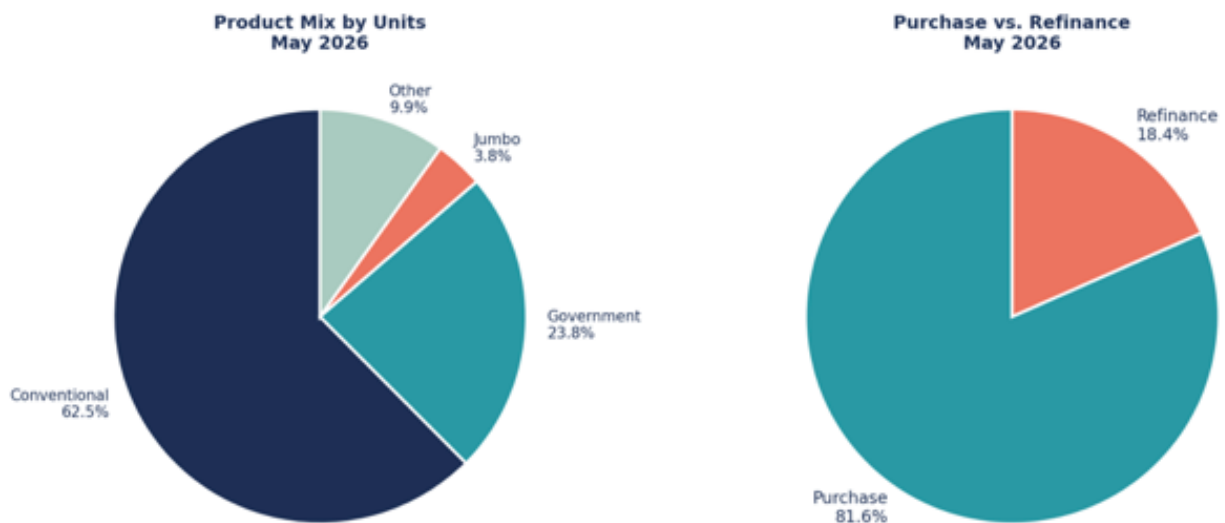
The May 2026 average funded loan amount came in at \$354,828. Conventional loans led the mix at 62.5% of funded units. Government loans held at 23.8%, reflecting strong FHA and VA demand in the purchase market. Jumbo activity at 3.8% contributed disproportionate volume, consistent with elevated home prices in premium markets.

The purchase mix of 81.6% is the highest concentration in the 17-month dataset, well above the MBA's 70% forecast, and reflects a member group that has built deep realtor and builder relationships. The national median home price continues to hold above \$400,000, supporting average loan sizes.

Average loan sizes are constrained by affordability dynamics in many markets but supported by the continued strength of the jumbo segment, which carries a significantly higher average loan amount than conventional or government product.

- Avg funded loan: \$354,828
- Conventional: 62.5% of funded units
- Government: 23.8% of funded units
- Jumbo: 3.8% of funded units
- Other: 9.9% of funded units
- Purchase: 81.6% | Refinance: 18.4%

Figure 3: Funded Loan Product Mix and Purchase/Refi, May 2026



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New Application Volume

Application volume in May was healthy and consistent with a sustained spring market, setting up a solid funded pipeline for June and July. Conventional represented 60.8% of new applications, followed by government at 25.6%. The distribution reflects a purchase-heavy spring market with government product holding a healthy share of first-time buyer activity.

The credit pull-to-fund ratio improved to 2.5x, the best reading in the 17-month series and a dramatic improvement from the 4.2x that persisted through January and February. Fewer unconverted credit pulls mean less hidden cost drag on the \$11,000-plus per-loan cost base.

Pipeline conversion discipline is now a demonstrated strength of this group. The 2.5x ratio should be defended through Q3. Any degradation back toward 3.0x or above signals pre-qualification standards are slipping.

- **Conventional: 60.8% of new applications**
- Government: 25.6% of new applications
- Jumbo: 3.5% of new applications
- Other: 10.1% of new applications
- **Pull-to-fund ratio: 2.5x, best in series**

Pipeline efficiency at 2.5x is a competitive advantage. Protect it. Every reversal toward 4x represents thousands of dollars in hidden origination cost.

Gross Margin & Gain on Scale

May gross margin metrics continued the positive trend. Conventional whole loan sale prices averaged 101.69 on a volume-weighted basis, above par for the third consecutive month following January's below-par reading of 99.47. Three months of above-par conventional execution represents a meaningful recovery in secondary margin.

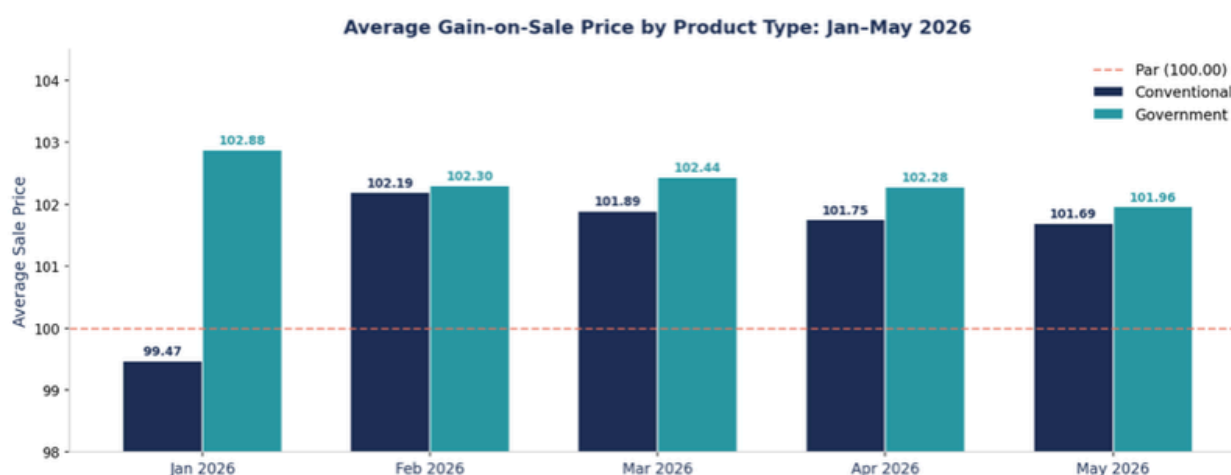
Government loan execution came in at 101.96 volume-weighted average, modestly below March's 102.44 but holding well above par. The government-over-conventional premium narrowed slightly in May, reflecting some convergence in investor demand dynamics as the spring purchase season matures.

Average lender fees reflect pricing discipline in a volume environment. Average interest rate across reporting members was approximately 5.86% with average fee income of \$42 per loan and dwell time of approximately 15 days.

Three consecutive months of above-par conventional execution is the margin foundation this group needs. Do not relax secondary execution discipline entering Q3.

- Conv avg sale price: 101.69 (vol-wtd), above par, third consecutive month
- Govt avg sale price: 101.96 (vol-wtd), above par
- January conv was 99.47, below par; fully recovered
- Avg conv lender fees: \$2,139
- Avg govt lender fees: \$1,839
- Avg interest rate: ~5.86%
- Avg fee income/loan: \$42
- Avg dwell time: ~15 days

Conv GOS has held above 100 for three months. Secondary execution is working. Maintain the discipline that got you here.



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Purchase vs. Refinance Mix

May's 81.6% purchase / 18.4% refi mix is the highest purchase concentration recorded in the 17-month dataset and a meaningful step up from April's already-strong 76.3%. This group is running more than 11 percentage points above the MBA's 70% purchase forecast for 2026.

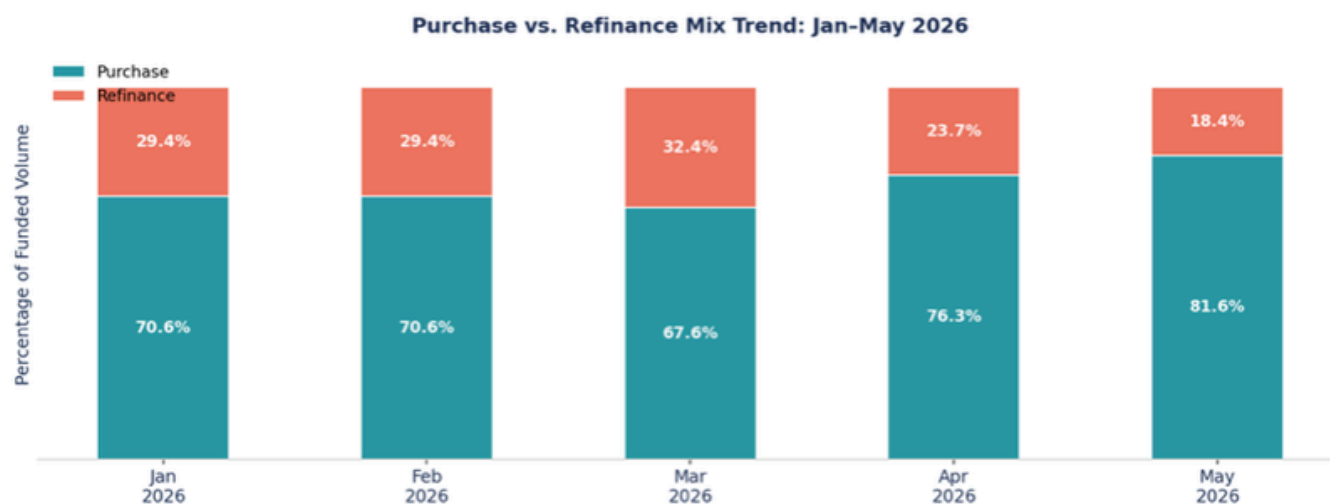
The refinance component at 18.4% reflects continued cash-out activity where strong home equity positions justify the exercise, and a small pool of borrowers who originated above 7.5% in 2023 and 2024 finding rate relief. Meaningful rate-and-term refinance volume at scale would require a sustained move below 5.75%, which is not currently anticipated.

Members below 75% purchase mix in May should examine LO referral activity and builder pipeline depth immediately. The group average is being carried by members with deeply embedded realtor and builder relationships. Those relationships must be reinforced now before the summer slowdown compresses purchase demand.

- Purchase: 81.6% of funded units
- Refinance: 18.4% of funded units
- April 2026: 76.3% purchase
- January and February 2026: 70.6% purchase
- MBA 2026 forecast: purchase approximately 70% of market
- Rate-and-term refi limited at current rate levels
- Cash-out refi sustained by strong home equity

Members below 75% purchase mix: review LO activity and referral pipeline immediately.

Figure 5: Purchase vs. Refinance Mix Trend, Jan to May 2026



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Staffing & Compensation

The group absorbed a 4.7% headcount increase in May while sustaining 2.71 units per FTE productivity, near the series high. That is the correct operational pattern for a sustained spring market: add capacity in proportion to volume, not ahead of it.

Average LO commission held at 85 basis points, consistent with April. Processor compensation averaged \$61,084 annually. Underwriter compensation edged down slightly to \$93,810, reflecting some stabilization in talent competition from non-bank and fintech lenders. Closer compensation averaged \$59,859.

The critical staffing question entering Q3 is capacity management for the summer. With spring volume likely to moderate in July and August, members who added headcount aggressively in May and June face margin compression risk.

Model the summer break-even now.

- Avg LO commission: 85 BPS
- Avg Processor salary: \$61,084 per year
- Avg Underwriter salary: \$93,810 per year
- Avg Closer salary: \$59,859 per year
- Units per FTE: 2.71

Headcount grew 4.7% in May while productivity held above 2.7. That is the right ratio. Plan your Q3 staffing ramp-down now before volume moderates.

Technology & Operational Costs

The May cycle time reading of 33.1 days, while slightly above April's 31.9, still represents meaningful improvement from the 34.7 to 34.8-day plateau that characterized January and February. Members running below 25 days are doing so with disciplined, automated stacks. The correlation between technology investment and cycle time performance remains direct.

The credit pull-to-fund ratio at 2.5x is the clearest signal that pre-qualification and early pipeline tools are working at a group level. Every credit pull that does not convert to a funded loan represents hidden cost at \$10,000-plus per loan. Moving from 4.2x to 2.5x across the group is not a minor footnote; it is a material cost reduction.

Freddie Mac's 2025 Cost to Originate study found that lenders maximizing digital automation through LPA saved approximately \$1,700 per loan, reducing their cost basis by roughly 13% relative to the industry average.

Members should benchmark their combined LOS, CRM, and POS cost per funded loan against the peer group and identify where they are over- or under-invested relative to their cycle time performance.

At \$354,828 average loan size, even 5 basis points of additional margin from better secondary execution or cycle time improvement pays for significant technology investment.

- MBA Q1 2025 cost-to-originate: \$12,579 per loan
- MBA Q2 2025 cost-to-originate: \$10,965 per loan
- Freddie Mac Q1 2025 retail estimate: \$13,400 per loan
- Technology ROI measured via:
 - Cycle time reduction (May: 33.1 days)
 - Pull-through rate improvement (2.5x ratio, best in series)
- Funded units per FTE increase (2.71 units)

Two consecutive months above 2.7 units/FTE with a 2.5x pull-to-fund ratio is proof the operational infrastructure is working. Build on it heading into Q3.