

# YTD 2019 SNAPSHOT FOR INDEPENDENT MORTGAGE BANKERS



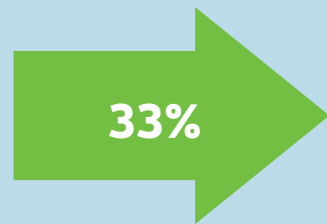
## CHANGE IN PRODUCTION VOLUME

MANY LENDERS SET RECORD HIGH PRODUCTION VOLUME FOR MONTHLY, QUARTERLY AND ANNUAL TOTALS DURING 2019.

Declining mortgage rates throughout the year played a significant role in setting new record highs, but increases in the purchase market were similarly significant. Purchase volume averaged 1.7 billion for the peer group, which was a 14% volume increase over 2018. Refinance volume averaged 766 million, a 152% increase over last year.

Q4 production decreased by 8% compared to Q3. Despite the decrease, Q4 production was seasonally high, easily surpassing 4th quarter production totals of past years.

During the 1st quarter of 2020, there were many indications that the purchase market would be very strong and low rates would extend the refinance wave through the spring, but now the uncertainty of the Coronavirus makes 2020 an especially difficult year to forecast.



## CHANGE IN SECONDARY GAIN ON SALE (BPS)

Q4 SECONDARY GAIN ON SALE INCREASED BY 9 BPS OVER Q3...

...reversing the downward trend in gain on sale from the previous two quarters. Gain on sale for all of 2019 remained at modest levels, decreasing by only 2 bps compared to last year. Although margins have been relatively low, increases in average loan sizes have made for higher margins per loan.



## CHANGE IN COSTS TO ORIGINATE

TOTAL COSTS TO ORIGINATE WERE \$8,200 PER LOAN IN 2019, WHICH WAS A \$490 PER LOAN DECREASE OVER 2018.

The decrease in costs were driven by unforeseen high production levels in combination with a decided strategy to leverage utilization of current staff instead of hiring additional staff to meet the demand. In fact, full time equivalent headcounts for 2019 were actually 5% less than 2018 for the peer group.



## CHANGE IN NET PRODUCTION INCOME (BPS)

HIGH PRODUCTION LEVELS AND LOW COSTS TO ORIGINATE...

...make for the third highest annual net production income for the peer group, not far behind incomes posted during 2016 and 2012. Return on equity was 40% for the year.



## CHANGE IN SERVICING PORTFOLIO VALUES

MARKET VALUES OF SERVICING PORTFOLIOS DECLINED BY 16 BPS DURING 2019, accounting for an average 10 bps expense on the income statement (in basis points of origination volume) for the peer group.

