

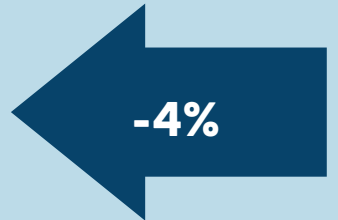
Q1 - 2020 SNAPSHOT FOR INDEPENDENT MORTGAGE BANKERS



CHANGE IN PRODUCTION VOLUME

CLOSED PRODUCTION VOLUME WAS DOWN 4% COMPARED TO Q4, BUT UP 80% COMPARED TO Q1 OF 2019.

The peer group average of 680 million in volume was not only seasonally high; it was also historically high, with production levels higher than every quarter in the programs history (since 2012) except for Q4 and Q3 of 2019.



CHANGE IN LOCK PIPELINES

AS AN ECONOMIC SYMPTOM OF THE CORONAVIRUS, RATES WERE AS LOW AS THEY HAVE EVER BEEN...

...driving unfunded lock pipelines at the end of Q1 to be record highs for most companies. Pipelines increased by an average of 220% over Q4 and 200% over the first quarter of last year. However, due to secondary market dislocation and significant MBS purchases by the Fed, MBS pricing increased dramatically, resulting in significant unrealized losses tied to hedge instruments. Values declined by roughly 80 basis points to finish the quarter, and while things have stabilized since, many lenders settled those trades in April and May at a substantial loss.



CHANGE IN SECONDARY GAIN ON SALE (BPS)

SECONDARY GAINS FOR THE PEER GROUP WERE DOWN AN AVERAGE OF 11 BPS COMPARED TO Q4.

Trends in gain on sale ranged from -40 bps to +18 bps with smaller lenders in the peer group more likely to see larger decreases.



CHANGE IN NET PRODUCTION INCOME (BPS)

NET PRODUCTION INCOME DECREASED QUARTER OVER QUARTER BY \$466 PER LOAN;

However, at an average of nearly \$1,200 per loan during Q1, net production income was seasonally high. Strong earnings numbers for Q1 comes as no surprise given seasonally higher volume which allowed lenders to maintain steady costs of \$8,500 per loan, during the quarter.



CHANGE IN SERVICING PORTFOLIO VALUES

AS OF MARCH 31, 2020, SERVICING PORTFOLIO FAIR VALUES AVERAGED 80 BPS...

...which is a 10 bps decrease in values since December 31, 2019. Despite significant refinance payoff losses, portfolio volume still increased by 10%, indicating that many lenders increased retention of mortgage servicing rights during Q1.

