Q1 2021 Snapshot

RICHEY•MAY SELECT

FOR INDEPENDENT MORTGAGE BANKERS

CHANGE IN PRODUCTION VOLUME

-10%

Q1 volume decreased by 10% compared to Q4, but still remained near historically high production levels and was a record high for production during Q1. The refinance share of originations increased by 4% quarter over quarter, reaching a total refinance share of 54% for Q1.

CHANGE IN SECONDARY GAIN ON SALE (BPS)

-52 BPS

Secondary margins decreased by an average of 52 basis points during the 1st quarter, but remained near historically high margins from 2020. Now that volume levels are not on an upward trajectory, lenders have been and will continue to be faced with the challenge of balancing production levels versus maintaining secondary margins throughout the year.

CHANGE IN COSTS TO ORIGINATE

+$287

Total costs per loan increased by $287 over last quarter. The largest increase in costs was related to an increase in employee benefits of $230 per loan, primarily driven by 401k or retirement contributions that are often one-time annual costs during the 1st quarter.

CHANGE IN NET PRODUCTION INCOME (BPS)

-60 BPS

Net production income decreased by 60 basis points, nearly all of which was driven by a decrease in secondary margins. However, production levels and secondary margins were still historically and seasonally high, which resulted in historically and seasonally high earnings. Average net production income was 124 basis points, which is well above earnings from any quarter in the program's history that came before 2020.

CHANGE IN SERVICING PORTFOLIO VALUES

+16 BPS

During Q1, MSR portfolio values increased by 16 basis points. At an average of 100 basis points as of March 31, 2021, servicing values are still below historically high values of 120 basis points that were last seen on June 30, 2018.

For access to the detailed reports, including an analysis of the results, please email us at RMSelect@richeymay.com