

# 2021 Overview Snapshot



## FOR INDEPENDENT MORTGAGE BANKERS



CHANGE IN PRODUCTION VOLUME

← -7.5%

Q4 volume decreased by about 7.5% compared to Q3, however, total production is up 5% for all of 2021 compared to 2020 due to differences in Q1 volume. Unsurprisingly, this decrease in quarterly production was driven by the drop in refinance volume. Refinance percent of total production dropped to 33% in Q4 and accounted for 40% of total volume in 2021, down from 51% in 2020.



CHANGE IN SECONDARY GAIN ON SALE (BPS)

← -14 BPS

Secondary margins decreased by an average of 14 basis points during Q4 and were down almost 94 bps from all-time highs in Q4 2020. Despite the sharp drop in 2021, gain on sale averages are still near the pre-pandemic highs seen in 2017.



CHANGE IN COSTS TO ORIGINATE

→ +\$944

Total costs per loan increased by 10% from the previous quarter and are up 16% on a full-year basis from 2020 to 2021. While total production continues to decline quarter over quarter, lenders might be struggling to scale back personnel and overhead costs accordingly.



CHANGE IN NET PRODUCTION INCOME (BPS)

← -35 BPS

Net production income decreased by almost 35 basis points from Q3 as a result of decreased margins and increased per-loan costs. Net production income has continued to decrease consistently since Q3 2020. Housing supply and steady interest rate increases have created a difficult environment for lenders to maintain the historical highs experienced in 2020 and early 2021. Average NPI in Q4 is now in line with levels seen in 2019.



AVERAGE IRLC PIPELINE

← -30%

The Q4 average IRLC pipeline declined by almost 30% from the previous quarter. This could be an indication that the financial underperformance could continue as the pipeline for new loans decline.



CLOSED LOANS PER SALES PERSONNEL

← -11%

Total closed loans per sales FTE decreased by 11% from last quarter and is down 36% for all of 2021 compared to 2020. This number (3.79 loans) has been decreasing quarter over quarter since mid-2020 and is now in line with numbers we experienced prior to 2020.