Q1 2024 Snapshot

For Independent Mortgage Bankers

RICHEY•MAY SELECT

CHANGE IN COSTS TO ORIGINATE: +$600 per loan

Costs to originate increased $600 per loan, with an average of $13,500 per loan. The increase is primarily attributed to certain personnel-related costs, which are typically higher in Q1. These costs include higher payroll tax rates and annual bonuses commonly paid in the first quarter. On a positive note, operating costs were down by $60 per loan despite the 5% decrease in units.

CHANGE IN NET PRODUCTION INCOME: +11 bps

Net production income improved 11 basis points since Q4 2023. Despite this improvement, net production income was still a loss for the 7th consecutive quarter. However, pre-tax GAAP net income was positive in Q1 as a result of lock pipeline increases and the absence of an MSR fair value write down which significantly weakened Q4 2023 GAAP earnings.

CHANGE IN SECONDARY GAIN ON SALE: +30 bps

Secondary gain on sale (excluding gains and losses from lock pipelines) increased 30 basis points and was in line with margins from Q1 of 2023. On a per-loan basis, margins were the highest they've been since Q2 2022.

CHANGE IN PRODUCTION VOLUME: -1%

Production volume decreased by 1% quarter over quarter and increased by 5% compared to Q1 of last year. Product mix was relatively flat compared to Q4 with a slight 1% increase in refinance mix driven by rate decreases at the end of 2023.

LOANS PER EMPLOYEE: +0.03 loans

Funded loans per full-time equivalent (FTE) employee was 1.16 per month in Q1, an increase of 0.03 loans from Q4 2023 and an increase of 0.24 loans compared to Q1 2023. Sales, processing, secondary, and corporate personnel groups improved efficiency measures since last quarter but underwriting, post-closing, and QC and compliance personnel groups decreased in efficiency.