Q2 2024 Snapshot

For Independent Mortgage Bankers

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CHANGE IN NET PRODUCTION INCOME: +64 bps

In Q2, the average net production income was positive for the first time in two years. Net production income, which excludes servicing activities, improved by 64 basis points compared to the previous quarter. This improvement was primarily driven by increases in volume and higher employee productivity rates. GAAP net income was also positive in Q2, averaging 39 basis points, marking the highest GAAP earnings since Q1 of 2022.

CHANGE IN PRODUCTION VOLUME: +43%

Funded volume in Q2 was 43% higher than the first quarter of 2024 and 5% higher than Q2 of 2023. Average loan sizes continue to grow, contributing to larger increases in volume. Nonetheless, funded units also showed similar growth, increasing by 37% compared to last quarter and 2% from the same quarter last year. The purpose mix has remained unchanged at around 90% purchase. Notably, there has been an increase in higher FICO scores, with scores over 701 comprising 75% of total volume in Q2. This is the highest level seen since 2021.

CHANGE IN COSTS TO ORIGINATE: -$1,940 per loan

While total costs to originate remain at historically high levels, Q2 saw significant improvements. A 37% increase in funded units led to a cost reduction of nearly $2,000 per loan compared to the previous quarter. Decreases in costs were observed across the board, particularly in corporate personnel costs and fixed operating expenses.

CHANGE IN SECONDARY GAIN ON SALE: -16 bps

Secondary gain on sale (excluding gains and losses from lock pipelines) decreased by 16 basis points, balancing out some of the margin improvements from the previous quarter. This offset came after a quarterly increase of 32 basis points. Additionally, unrealized gains from lock pipelines contributed 7 basis points to funded volume, a common gain for the second quarter.

LOANS PER EMPLOYEE: +0.04 loans

In Q2, the number of funded loans per full-time equivalent (FTE) employee rose to 1.55 per month, marking a 33% increase from the previous quarter and a 12% increase compared to Q2 2023. Productivity levels for funded loans per sales, processing, and underwriting personnel also reached their highest levels since 2021, reflecting the impact of last year's rightsizing initiatives and modest increases in units.