# 2024 Overview Snapshot

## For Independent Mortgage Bankers

RICHEY·MAY SELECT

### PRETAX NET INCOME: +63 Basis Points

In 2024, average pretax net income (PTNI) reached 18 basis points, marking a 63 bps improvement from the previous year. Notably, 70% of lenders in the Retail IMB peer group reported positive PTNI for the full year. This improvement was driven by gains in both net production income and net servicing income.

### CHANGE IN NET PRODUCTION INCOME: +50 BASIS POINTS

Net production income improved by 50 basis points year over year. Despite this progress, the average remained negative at -10 bps in 2024. Among lenders in the Retail IMB peer group, 44% achieved positive net production income and 87% saw year-over-year improvements. These gains were primarily driven by staffing optimizations at the end of 2023 and throughout 2024, an 11% increase in funded units, and modest growth in gain-on-sale margins.

### CHANGE IN PRODUCTION VOLUME: +17%

Funded volume grew by 17% in 2024, driven by a 6% increase in average loan size and an 11% rise in funded units. While a 10-week rate rally in late 2024 contributed to these increases, purchase units also increased by 5% year over year—an encouraging trend heading into 2025. The purchase mix declined by 5% during the year but remained high at 87%, the second-highest level in the past 12 years. Additionally, loans sold to aggregator investors fell below 30% for the first time since 2019.

### CHANGE IN COSTS TO ORIGINATE: -$750 per Loan

Origination costs decreased by $750 per loan, reducing the total cost per loan to $12,300. While this reflects an improvement from 2023, costs remain slightly higher than 2022 levels. Notably, 62% of the per-loan cost reduction stemmed from operating expenses, including occupancy, technology, benefits, and general administrative costs. However, absolute operating expenses remained nearly flat, decreasing by just 0.2%. As a result, the cost reduction per loan was entirely driven by increases in funded units.

### CHANGE IN SECONDARY GAIN ON SALE: +8 Basis Points

Secondary gain on sale (excluding gains and losses from lock pipelines) declined by 4 bps since Q2, offsetting the positive impact of increased funded volume and resulting in unchanged net production income for the quarter. Year-to-date, however, margins remain 19 bps higher than this time last year, a key factor enabling positive net production income over the past two quarters.