2025 Q2 Snapshot

For Independent Mortgage Bankers

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PRETAX NET INCOME: +31 Basis Points

Roughly three in four retail lenders posted positive pretax net income in Q2. Over the past 14 quarters, there have only been three periods where net production income accounted for most of pretax earnings—once in 2022, in Q3 2024 (when MSR values fell due to rate drops), and now in Q2 2025. This quarter, net production income contributed 15 of the 19 bps in total pretax earnings.

CHANGE IN NET PRODUCTION INCOME: +54 BASIS POINTS

Net production income increased by 54 basis points from Q1, ending at 16 basis points, which is 5 basis points higher than Q2 2024. Seventy percent of retail lenders reported positive net production income, representing a 7% improvement compared to the previous year.

CHANGE IN PRODUCTION VOLUME: +45%

Production jumped 45% quarter-over-quarter, consistent with Q2 seasonal gains in recent years (42% in 2023 and 43% in 2024). The Retail IMB peer group averaged $783M in quarterly volume—it's highest since 2021. Year-to-date, production is up 20% over 2024, showing demand growth despite no rate relief this year. Consistent with industry-wide trends, the retail peer group contains more lenders that have recently added a wholesale origination channel to their retail platform, showing modest increases in the overall origination mix.

CHANGE IN COSTS TO ORIGINATE: -$2,001 per Loan

Origination costs decreased by more than $2,000 to $11,715 per funded loan—closely aligned with Q2 levels from the past three years ($11,690–$11,840). Despite 20% higher volume, costs remained flat due to an 11% increase in fixed expenses, with at least half tied to higher compensation for corporate functions (QC, compliance, secondary, accounting, HR, IT, and marketing). The peer group also added headcount in certain corporate and sales functions, most notably in IT, which saw a 6% increase in headcount quarter over quarter. Despite additional hires, funded loans per headcount was 1.4 loans per month, which is the highest productivity number since 2021.

CHANGE IN SECONDARY GAIN ON SALE: -20 Basis Points

Following a nearly 30 basis point increase in margins during Q1, margins declined by 20 basis points in Q2. The average gain on sale (excluding pipeline gains and losses) was 302 basis points—7 basis points less than in Q2 2024, but effectively the same per loan due to larger average loan sizes.