

2025 Q3 Snapshot

For Independent Mortgage Bankers



CHANGE IN PRODUCTION VOLUME: -4%

As is typical in the third quarter, **production levels remained largely consistent with Q2** but ended 4% lower overall, leading to slightly weaker performance in key KPIs such as cost to originate, secondary gain on sale, and net production income for the retail peer group. Despite the modest quarterly decline, year-to-date results through Q3 2025 show strong growth—production volume is up 16% year-over-year, and total units increased 13%, extending the positive momentum observed throughout 2024.



PRETAX NET INCOME: +12 Basis Points

Pretax net income averaged 31 bps in Q3, an improvement of 12 bps from the prior quarter. This represents the second-highest quarterly result since 2021 and the largest share of lenders (87%) reporting positive pretax earnings in any quarter since that year. Pretax results outperformed net production income primarily due to stronger open-lock pipeline gains (excluded from net production income), which improved by 13 bps quarter-over-quarter.



CHANGE IN NET PRODUCTION INCOME: -11 Basis Points

Earnings from origination activities declined 11 bps compared with Q2, driven entirely by higher costs per loan stemming from the 4% decrease in production volume and slightly higher operating expenses. About two-thirds of retail lenders achieved a positive net production income—consistent with Q2 performance.



CHANGE IN COSTS TO ORIGINATE: +\$390 per Loan

Retail IMBs reported an **average cost to originate of just over \$12,000 per funded loan**, up \$390 from the prior quarter. While reduced volume accounted for part of the increase, the data also indicates higher occupancy and general & administrative spending, suggesting that costs rose due to less volume and incremental investment. Lenders added an average of seven full-time equivalent employees during the quarter. Although this increased salary expense, personnel costs represented only about 40% of the quarter-over-quarter increase, with the remainder attributable to occupancy and G&A categories.



CHANGE IN SECONDARY GAIN ON SALE: -1 Basis Points

Gain on sale margins were essentially unchanged at an average of 301 basis points, down just 1 basis point from Q2. Origination mix remained stable, with small increases in conventional loan share (+1%), refinance activity (+1%), and volume sold to the agencies (+3%). Notably, open-lock pipeline gains averaged +13 bps, an atypical improvement heading into Q4 that may signal stronger production during the early months of Q4 as these pipelines convert to funded loans.

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