

2025 Overview Snapshot

For Independent Mortgage Bankers



CHANGE IN PRODUCTION VOLUME: +17%

Production volume increased 17% in 2025, marking the second consecutive year of nearly 20% growth. Favorable mortgage rate movement in Q4 drove an unseasonal uptick in activity, with volume rising 6% over Q3, making Q4 the highest-volume quarter of the year. Rate-term refinances tripled from 6% to 18% in Q4, accounting for most of the quarter-over-quarter increase. With continued rate improvement, early 2026 production is on pace to surpass Q4 levels. Both Q4 and full-year 2025 represent the strongest production results since 2021



PRETAX NET INCOME: -8 Basis Points

Pretax net income averaged 12 basis points in 2025, down 8 bps from the prior year. The decline is almost entirely attributable to lower mortgage servicing rights valuations, which fell by roughly 8 bps compared to year-end 2024. Despite the decrease in overall profitability, **78% of lenders reported positive pretax income: 7 percentage points higher than in 2024.**



CHANGE IN NET PRODUCTION INCOME: +8 Basis Points

Net production income improved by 8 basis points year over year, bringing 2025 to a breakeven level. Fifty-eight percent of lenders achieved positive NPI, and 73% saw improvement compared to 2024. Costs-to-originate declined only modestly, so the improvement in earnings was driven primarily by stronger production revenues rather than meaningful cost efficiencies. 2025 also marked the fifth consecutive year in which total cost to originate remained in the \$12,000 range, reinforcing the need for lenders to capture more revenue per loan to drive sustained improvements in profitability.



CHANGE IN COSTS TO ORIGINATE: -\$20 per Loan

Retail IMBs reported an average cost to originate of \$12,275 per funded loan, a \$20 improvement from 2024. Personnel costs decreased by \$80 per loan, supported by a 14% increase in units funded and only a 4% increase in headcount. This resulted in the highest funded-loans-per-employee ratio since 2021—1.3 loans per headcount—matching productivity levels last seen in 2018. These efficiencies were partially offset by higher travel and miscellaneous administrative expenses, which appear to reflect increases in industry optimism rather than structural increases in operating costs.



CHANGE IN SECONDARY GAIN ON SALE: -3 Basis Points

Gain-on-sale margins declined by 3 basis points year over year; however, **larger average loan sizes drove a \$160 increase in gain-on-sale revenue per loan, reaching \$10,670, the highest level since 2021,** when margins were over \$11,000 per loan. On a quarterly basis, gain-on-sale margins fell 9 bps, or approximately \$20 per loan.