2026 Q2 Snapshot

For Independent Mortgage Bankers

RM Select

Change in Production Volume: +22%

Q2 origination volume increased by 22% compared to Q1 and, because of unseasonally high volume from last quarter, **volume through the first 6 months of the year is 30% higher than the same period in 2025**. Part of the increase can be attributed to higher average loan sizes in 2026, but even on a unit basis, production is up by 25% year-to-date. In the prior two quarters, higher production levels were driven by favorable rate movement, resulting in a refinance share in the mid to high 20s. However, in Q2 the refinance mix returned to the mid-teens, a range we've seen consistently during the last two years.

Pretax Net Income: +25 Basis Points

Pretax net income averaged 46 basis points in Q1, a 24 basis point increase from the prior quarter. This marks the highest pre-tax earnings since Q1 of 2022, but it's even more remarkable that 93% of lenders in the Retail IMBs group posted positive earnings during the quarter. The last time over 90% of lenders in the program posted positive PTNI was in 2021 and 2020, indicating that lenders are effectively adjusting their operations to perform in a market that has faced rate and affordability headwinds for several years.

Change in Net Production Income: +54 Basis Points

Similar to pretax earnings, **net production income was also strong, with over 80% of lenders posting a positive NPI** (which isolates origination activity by excluding servicing and lock pipeline gains). The average NPI was 26 basis points, which represents a 54 basis point increase over last quarter and a 7 basis point increase over Q2 of 2025. On a year-to-date basis, average net production income was 2 basis points and slightly higher than last year, setting the stage for net production income to be positive for the second straight year.

Change in Costs to Originate: –$1,415 per Loan

Production costs averaged $11,300, which is the lowest cost per loan since Q4-2021. Compared to last quarter, this represents a decrease of $1,400 per loan, or about 12%. The improvement was predominantly driven by higher production levels. In the past, lenders may have needed to hire additional headcount to support 30% more production, but this year, lenders have been able to support more volume without adding people. Because of this, Q2 employee productivity levels were much improved across the board and reached record highs not seen since 2021.

Change in Secondary Gain on Sale: +9 Basis Points

Gain-on-sale (excluding gains from lock pipelines) increased by 9 basis points, returning gains to similar levels from Q4 2025. Government origination mix increased by 3% since Q2, likely contributing to some of the increase in secondary margins. Lock pipelines saw an average loss of 8 basis points at the end of Q2, which, combined with a current mortgage rate in the high 6% range, likely indicates that production levels in Q3 may decline and put pressure on secondary margins and profitability.