

Q2 2021 Snapshot



FOR INDEPENDENT MORTGAGE BANKERS



CHANGE IN PRODUCTION VOLUME



Q2 volume decreased by 7% compared to Q1, but still remained near historically high production levels. This was a record high for production during Q2 and was 1.7x the previous quarter high prior to 2020, which was in Q3-2019. The refinance share dropped significantly quarter over quarter, reaching a total refinance share of 35% for Q2.



CHANGE IN SECONDARY



Secondary margins decreased by an average of 16 basis points during Q2 but remained near historically high margins from 2020. As production slows, lenders continue to face the challenge of balancing production levels versus maintaining secondary margins throughout the year.



CHANGE IN COSTS TO



Total costs per loan increased by another \$258 per loan over last quarter. While personnel costs across all categories were flat or slightly down over the quarter, operations costs increased by almost \$300 per loan. This is primarily due to fixed operations costs being allocated to a lower number of closed loans in the quarter. As a result, the average break even surplus dropped to 55%, but this is still higher than any quarter prior to 2020.



CHANGE IN NET PRODUCTION



Net production income decreased by 10 basis points from Q1, which is not as significant as the 60 basis point drop in Q1. Production levels and secondary margins were still historically and seasonally high, which resulted in historically and seasonally high earnings. Average net production income was 111 basis points, which is slightly above the program's previous high in 2012.



CHANGE IN SERVICING PORTFOLIO VALUES

MSR portfolio did not change from Q1 prior quarter end. At an average of 96 basis points as of June 30, 2021, servicing values are still below historically high values of 120 basis points that were last seen on June 30, 2018.