

Q1 2022 Snapshot



FOR INDEPENDENT MORTGAGE BANKERS



CHANGE IN
PRODUCTION
VOLUME



Average closed volume decreased 22.7% from Q4 2021 and was down 36% compared to Q1 2021. This marks the largest quarterly drop in average production since 2017, as overall market and economic conditions continue to create a difficult environment to maintain production levels. Despite this, Q1 volume is still higher than any pre-pandemic quarter, and 35% higher than Q1 2020.



CHANGE IN
SECONDARY
GAIN ON SALE
(BPS)



Secondary margins decreased by an average of 43 basis points (12%) over the quarter and are down almost 137 basis points (31%) from the all-time high in Q4 2020. Q1 was the fifth quarter in a row of decreasing margins, which have now compressed to below pre-pandemic levels. This quarter's average gain was 10% lower than the quarterly average for 2016-2019.



CHANGE IN
COSTS TO
ORIGINATE



Cost to originate increased 33 basis points (10%), or \$1,300 per loan (13%) over the quarter. The largest cost per loan increases were seen across backoffice expenses, which rose 28% from Q4 2020 and are up nearly \$1,000 per loan from Q1 2021.



CHANGE
IN NET
PRODUCTION
INCOME (BPS)



As expected, large drops in production and secondary margins and increased costs to originate resulted in a large drop in net production income this quarter. Average NPI was -22 basis points in Q1 2022 and was down 76.5 basis points (-140%) from last quarter. This marks the first quarter with below-zero average NPI since Q1 2019.



PURCHASE
LOANS



Refinance production continued to take a hit given rising interest rates. Average production mix stood at 70.5% purchase this quarter. This is a sizable increase since its all-time low of 45.5% in Q2 2020, but is closely in line with historical averages since 2013.



CLOSED LOANS
PER SALES
PERSONNEL
FTE



Total closed loans per sales FTE decreased 29% from last quarter and is down 55% from Q1 of the previous year. This number (2.7) has been decreasing quarter over quarter since mid-2020 and is now lower than pre-pandemic levels.