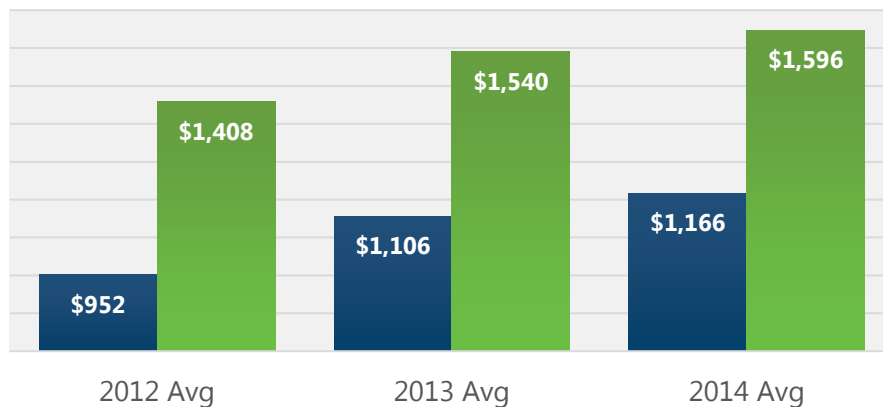


Rising Costs to Originate

Costs to originate, and in particular fulfillment costs, have been on the rise since 2012. Variability in production volumes, which at times has resulted in excess capacity, has contributed to at least a portion of the increase in costs on a per-loan basis, but does not account for the entire \$400 increase in costs to originate over the last three years. Regulatory compliance has played a significant role in the overall increase and has impacted processor and underwriter productivity levels.

Fulfillment & Back Office Costs Per Loan



Fulfillment costs include those related to processing, underwriting, and closing. Back office costs include those related to secondary marketing, post-closing, QC, compliance and other corporate personnel.

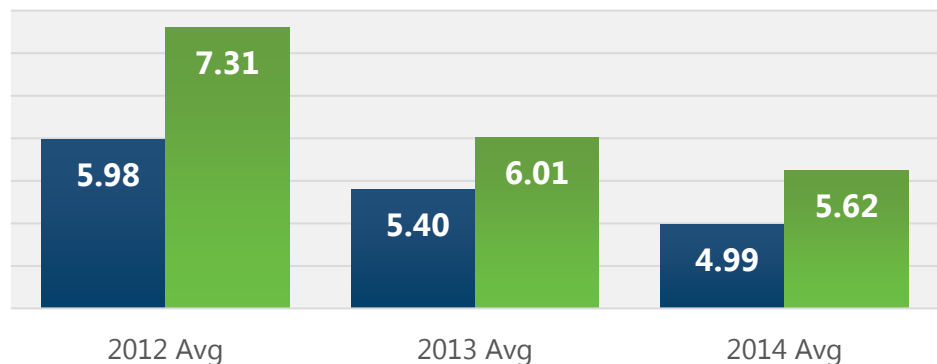


■ Fulfillment

■ Back Office

Loans by Fulfillment & Back Office FTEs

Loans per month is calculated by dividing the total number of funded loans by the number of full-time equivalents within each functional area.



This data comes from RICHEY MAY SELECT, the "next-generation" in peer-to-peer metrics. RICHEY MAY SELECT compiles quarterly financial and operational metrics from independent mortgage lenders across the United States. For more information about participating in RICHEY MAY SELECT, please email Tyler House at tyler@richeymay.com.

