# Trend Report for Independent Mortgage Bankers
## 2018 - 2nd Quarter

31%

### Change in Production Volume
Q2 volume was up 31% over Q1. Additionally, lock pipelines were up slightly compared to the end of Q1, suggesting that Q3 production levels will be similar to levels from Q2. Average year-to-date production of $1.2 billion was 2% higher than it was during the same period last year, and is the highest average volume recorded since the inception of our benchmarking program in 2012.

- 8 bps

### Change in Secondary Gain on Sale (bps)
Secondary gain on sale was reduced an additional 8 bps during the 2nd quarter, with margins now 45 bps lower than they were 15 months ago. There was a modest increase in loan origination fees during Q2 (equal to approximately $100 per loan, or 3.5 bps), which has served to at least somewhat offset the reduction in gain on sale margins.

6 bps

### Change in Pre-Tax Net Income (bps)
Pre-tax net income remained relatively flat quarter over quarter, increasing a modest 6 bps. However, year-to-date net income decreased by nearly 20 bps compared to the same period last year.

43 bps

### Change in Net Production Income (bps)
Net production income, which eliminates net servicing fee income and income related to the fair value of interest rate lock pipelines, increased by 43 bps over the prior quarter, from a net loss of over 16 bps in Q1 to net income of 27 bps in the 2nd quarter. While lenders have had strong production volume year to date, with compressed margins it has been difficult to convert that production into meaningful earnings. Year-to-date net production income of 9 bps is 30 bps lower than it was a year ago.

-$1,050

### Change in Costs to Originate ($ Per Loan)
Due to increasing production levels, costs to originate in Q2 decreased by over $1,000 on a per-loan basis from Q1. Year-to-date, costs are up approximately $250 per loan compared to the same period last year.