

## Trend Report for Independent Mortgage Bankers 2019 - 2nd Quarter



65%

### Change in Production Volume

After a slow 1st quarter, production volume skyrocketed in Q2. Average interest rates decreased by 35 bps during the quarter, which resulted in a marked increase in refinance activity. However, purchase activity was the primary driver of record-setting volumes during the quarter.



36%

### Change in Interest Rate Lock Pipelines

Unfunded lock pipelines set a new record high at the end of Q2, surpassing the previous high that was set at the end of Q1. Average pipelines as of June 30, 2019 were 36% higher than they were at March 31, 2019, and 51% higher than they were at the same time last year, suggesting that Q3 production will be equal to or even stronger than production in Q2.



-6 bps

### Change in Secondary Gain on Sale (bps)

Secondary gain on sale decreased by 6 basis points from Q1. While margins have been better in 2019 than they were in 2018, they are only modestly better and have not yet rebounded to levels seen in 2017, 2016 or 2015.



77 bps

### Change in Net Production Income (bps)

Due to high production volume, net production income improved by an average of 77 basis points over Q1. Net production income through the 1st half of 2019 was 24 basis points higher than it was during the same period in 2018. Although incomes have improved significantly over last year, they have not reached the levels observed when volume spiked in 2016 and 2015.



-\$1,706

### Change in Costs to Originate

High production during Q2 led to a decrease in costs to originate of over \$1,700 per loan. However, due to very low volumes in Q1, costs to originate during the 1st 6 months of 2019 were basically even compared to the first half of last year.



-10 bps

### Change in Servicing Portfolio Values (bps)

While a decrease in mortgage rates has positively affected production volume year to date, it has negatively impacted servicing portfolio values. During Q2, servicing values declined by 10 bps from the prior quarter, and by 25 bps from Q2 last year.