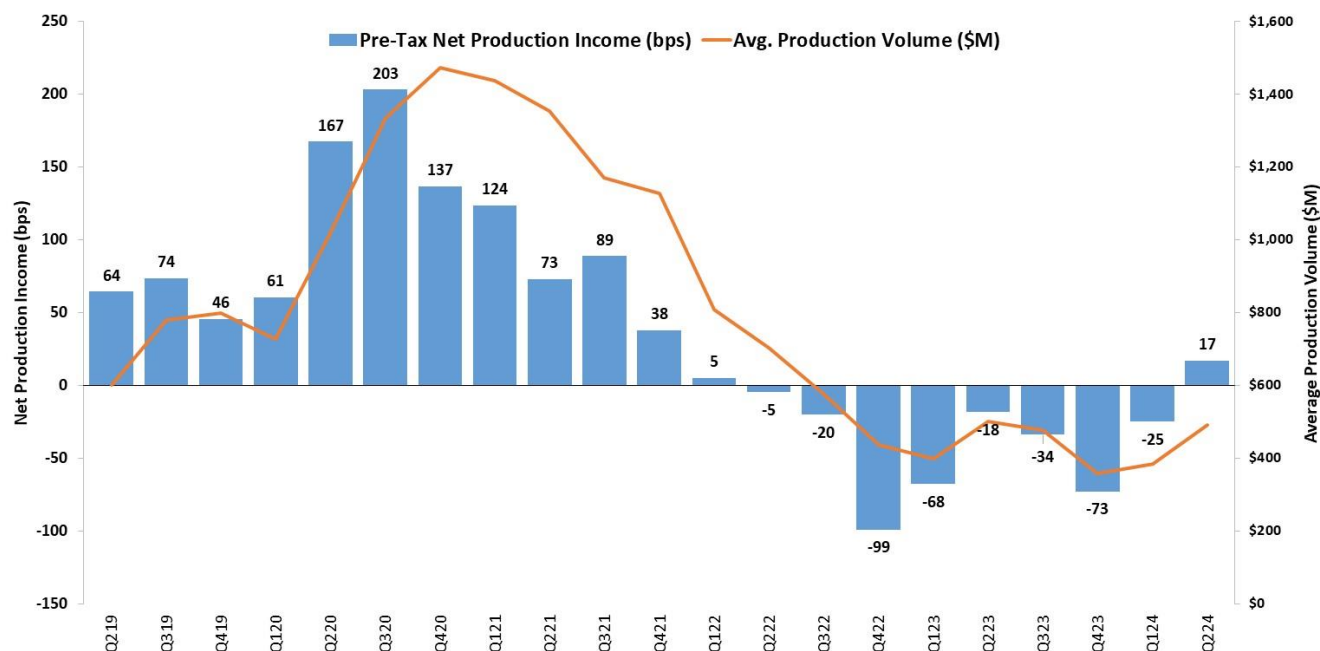


Chart of the Week – August 23, 2024 Pre-Tax Net Production Income (basis points) and Production Volume



Source: MBA’s Quarterly Mortgage Bankers Performance Report

Independent mortgage banks (IMBs) and mortgage subsidiaries of chartered banks reported a pre-tax net profit of 17 basis points, or \$693 on each loan they originated in the second quarter of 2024, an increase from the reported *loss* of 25 basis points, or \$645 per loan in the first quarter of 2024, according to the Mortgage Bankers Association’s (MBA) newly released [Quarterly Mortgage Bankers Performance Report](#).

In this week’s MBA [Chart of the Week](#), we look at production profits in basis points, relative to average production volume, over the five-year period from second quarter of 2019 through the second quarter of 2024. After eight consecutive quarters of net production losses, net production income was positive in the second quarter of 2024. With a pickup in quarterly volume from \$384 million per company in the first quarter of 2024 to \$492 million per company in the second quarter, production costs declined. In addition, productivity and closings-to-applications pull-through increased and contributed to better net results.

Including both production and servicing business lines, almost 80 percent of mortgage companies in the sample posted overall profits. After two of the most challenging years in the mortgage business, many companies are seeing light at the end of the tunnel.

Definitional Note: Pre-tax net production income in basis points is defined as total revenues (fee income, secondary marketing income, value of capitalized servicing/servicing released premiums at origination and net warehouse spread) minus fully-loaded production costs (sales, fulfillment, production support and corporate costs), divided by production volume in dollars (\$), multiplied by 10,000.

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