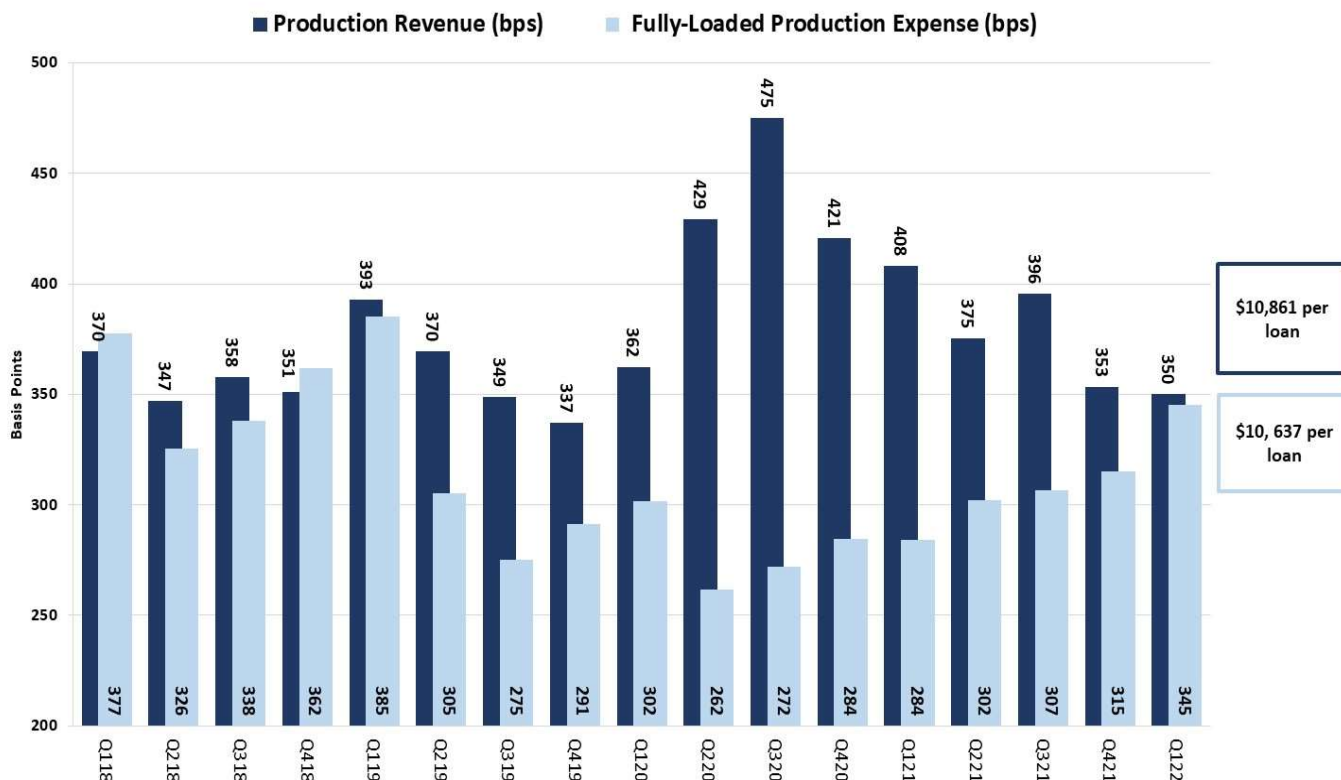


Chart of the Week – May 27, 2022 IMB Production Revenues and Costs (bps)



Source: MBA’s Quarterly Mortgage Bankers Performance Report

MBA [released](#) this week its latest [Quarterly Performance Report](#) for the first quarter of 2022. The total sample of 366 independent mortgage banks and mortgage subsidiaries of chartered banks earned an average pre-tax production profit of 5 basis points (or \$223) on each loan they originated – the lowest level since the fourth quarter of 2018 and well below the quarterly average of 55 basis points dating back to 2008.

In this week’s Chart of the Week, we show production revenues compared to production expenses from the first quarter of 2018 to the first quarter of 2022. Total production revenue (fee income, net secondary marking income and warehouse spread) decreased to 350 bps in the first quarter of 2022, down from 353 bps in the fourth quarter of 2021 and 408 basis points from one year ago.

While lower production revenue contributed to scant profit margins, the primary driver was cost. Total loan production expenses – commissions, compensation, occupancy, equipment, and other production expenses and corporate allocations – increased to 345 basis points in the first quarter of 2022, from 315 basis points in the fourth quarter of 2021. On a per-loan basis, production expenses ballooned to a new study-high of \$10,637 per loan in the first quarter, up more than \$1,000 per loan from the fourth quarter of last year and more than \$2,500 per loan from one year ago.