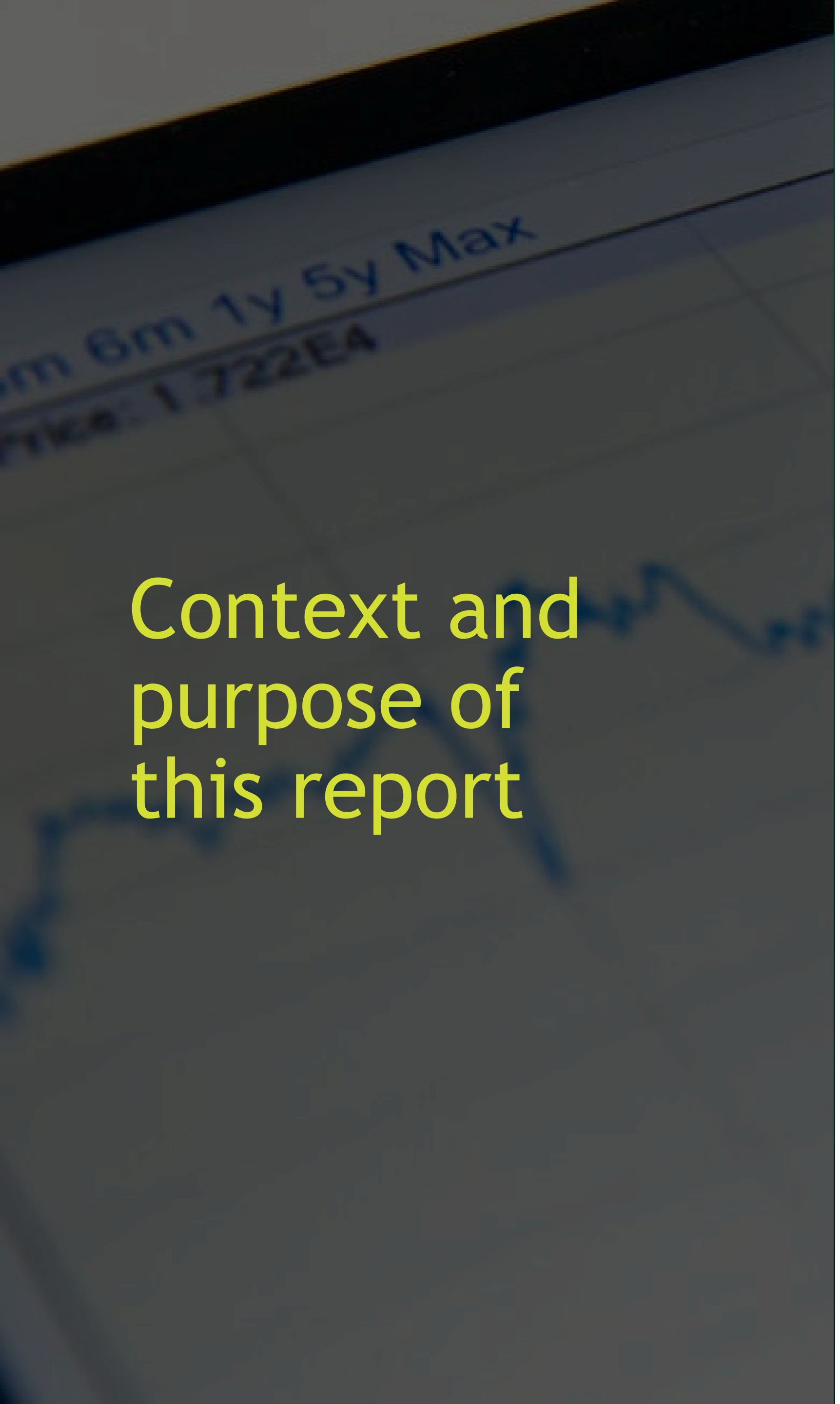
US Mortgage Performance Report

Q3 2024

NOVEMBER 2024



Context and purpose of this report

Boston Consulting Group (BCG) tracks US mortgage performance metrics on a quarterly basis: Origination, Servicing & Mortgage Servicing Rights (MSR), Company news & guidance, Real estate & mortgage trends, and topics that are top of mind for clients

- Based on publicly available data (e.g., company quarterly earnings releases, investor presentations, industry publications, governmental data sources, and news releases)

The purpose of this tracking is to provide our clients with:

- Speed in aggregating and analyzing data immediately after earnings releases
- Ability to compare current and historical performance with other mortgage players
- Provide industry-wide trends in mortgage and real estate
- View of key strategies, newsworthy items, and forward-looking guidance shared by large industry participants
- An expanded view of one hot topic market players should be considering

Certain items of data are excluded from this report

- Mortgage revenue, as it is difficult to make valid comparisons across peers given differences in business mix (e.g., channels, products, geographies) and valuation standards

The report is provided quarterly and focuses on providing industry trends and KPIs on 18 of the largest public US mortgage lenders and servicers, including bank and non-bank institutions

- Bank-owned peer set
  - Wells Fargo (WFC), JP Morgan Chase (JPM), US Bank (USB), Bank of America (BAC), Truist (TFC), Flagstar (FLG), Citizens Financial Group (CFG), PNC Financial Services (PNC), Citi (C), Fifth Third (FITB)
- Independent mortgage bank lenders and servicers
  - Rocket Companies (RKT), PennyMac (PFSI), United Wholesale Mortgage (UWM), LoanDepot (LDI), Rithm Capital (RITM), Mr. Cooper (COOP), Guild (GHLD), Onity (ONIT)

BCG tracks key publicly-reported mortgage and real estate performance metrics on a quarterly basis

1 Exec summary & recent topics of discussion

- Executive summary
- BCG client conversations

Quarterly performance metrics, news, and guidance

2a Origination

- Origination volume
- Purchase-refinance mix
- Channel mix
- Gain on sale margin

2b Servicing & MSR

- Servicing volume
- End of period balances
- Servicing mix
- Mortgage servicing rights (MSR) value
- MSR value/servicing volume
- Peer portfolio metrics

2c Company news & guidance

- Strategy
- Key initiatives
- Customer focus
- Changes to offering
- Operations
- Forward-looking guidance

Trends

3 Real estate & mortgage

- KPI Scorecard
- Real estate trends
- Construction trends
- Applications
- Delinquency rates
- IPO, M&A, funding
- Regulatory update

Hot Topic

4

- Gen Z Perspective

5 Appendix

- Top 25 originators/servicers
- Volume tables
- MSR balance sheet value

Company key

National & regional banks

JPM[1]	JPMorgan Chase
USB	US Bank
BAC	Bank of America
C	Citi
WFC	Wells Fargo
FLG[2]	Flagstar
TFC	Truist
CFG	Citizens
FITB	Fifth Third
PNC	PNC

Independent mortgage banks

UWM	United Wholesale Mortgage
PFSI	PennyMac
RKT	Rocket Companies
RITM	Rithm Capital Corp.
GHLD	Guild
COOP[3]	Mr. Cooper
LDI	LoanDepot
ONIT	Onity

1. FRC acquired by JPM on May 1st, 2023; current and historical mortgage data reflective of First Republic business operations 2. FLG completed acquisition of Flagstar Bank on Dec. 1, 2022, changed name to Flagstar; current and historical mortgage operations data reflective of Flagstar business operations 3. HMPT acquired by COOP on May 10th, 2023; coverage provided in COOP news and guidance section

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Executive summary: Key themes in Q3 2024

- Q3 ’24 provided meaningful origination growth (+13% QoQ; +21% YoY) as rates declined 90bps to ~6.1% which encouraged refi volumes
- Lenders are starting a new hiring cycle in anticipation of higher volumes though many are proceeding cautiously
- GoS margins declined slightly (-5bps QoQ; -1bps YoY) for most peers in Q3 ’24
- Peer servicing books continue to grow (+4% YoY) as many IMBs look to build their servicing portfolios; DQ rates increasing QoQ for most peers; MSR valuations declining (-8bps YoY)
- IMB peers continue to take market share in both origination (+4pp) and servicing (+3pp) volumes YoY
- Many are focusing strategic initiatives on growing servicing book, recapture techniques, new products, and bringing AI productivity use cases to scale (e.g. servicing onboarding)
- Companies continue to provide innovative product solutions to help meet borrower needs (e.g. DPA, high LTV cashout refi)
- For Q4, company expectations for origination volumes vary from with projections heavily dependent upon near term rate forecasts; GOS margins expected to decline slightly

Source: Inside Mortgage Finance; SEC filings; company press releases; BCG Analysis

Detailed executive summary: Q3 2024

1

BCG client conversations

- Many of our clients are centering their focus on robust client acquisition strategies. In the near to medium term, clients are growing their servicing books and investing in AI in anticipation of a lower rate environment. Longer term, lenders are looking to increase customer engagement to gain purchase market share. Though growth outlooks are cautiously optimistic, our clients are preparing for multiple scenarios as uncertainties around interest rates, housing inventory, and affordability persist.

2a

Origination

- Peer volumes up 13% vs. Q2 ’24, & up 21% vs. Q3 ’23; COOP leading with 100%+ increase vs. Q3 ’23
- Peer group purchase mix median for Q3 ’24 is 81%, down slightly (-6pp) vs. Q3 ’23
- 5 out of 9 peers observed GOS decreases vs. Q2 ’24; median decrease of 62bps vs. Q2 ’24; median decrease of 78bps vs. Q3 ’23
- Retail mix down moderately (-10pp) vs. Q2 ’24, and (-8pp) vs. Q3 ’23

2b

Servicing

- Peer group servicing volumes up 1% vs. Q2 ’24, & up 4% vs. Q3 ’23, with RITM, COOP, and PFSI showing highest growth vs. Q3 ’23
- Peer group MSR portfolio values down 3% vs. Q2 ’24, & down 2% vs. Q3 ’23
- Delinquency rates continue to remain near record lows

2c

News items and guidance from peer set

- Multiple peers are prioritizing growth of servicing book and improved recapture rates in anticipation of higher refinance volumes
- Practical use cases for GenAI are materializing. Chat-bots, document processing, live transcriptions, co-pilots, and QA tools have been incorporated into peer workflows
- Companies continue to provide innovative products to help meet borrower demand amid nationwide affordability constraints
- Peers reported a wide range of servicing income as a volatile interest rate environment tested different MSR hedging strategies
- The purchase market maintained dominant market share in Q3 ’24 despite a spike in refinance volumes during the quarter. Lenders are looking to expand products and partnerships to increase engagement with potential homebuyers to help grow market share in a prolonged high-rate environment.

3

Real estate and mortgage trends

- Home sales down 4% for existing homes in Sep ’24 vs Sep ’23 , & up 6% for new homes in Sep ’24 vs Sep ’23
- Inventory up 23% for existing homes in Sep ’24 vs Sep ’23, & up 8% for new homes in Sep ’24 vs Sep ’23
- Median prices up 3% for existing home sales in Sep ’24 vs Sep ’23, & unchanged for new home sales in Sep ’24 vs Sep ’23
- Single-family housing starts up 65% in Sep ’24 vs Sep ’23; building permits down 1% in Sep ’24 vs Sep ’23
- Weekly purchase mortgage apps up 25% in Q3 ’24 vs Q3 ’23; weekly refi apps trending up from -7% to +48% in Q3 ’24 vs Q3 ’23

4

Hot topic: Gen Z Perspective

As the oldest Gen Z members enter their late 20s, their collective spending power will exert growing influence across industries. The mortgage industry is no exception and in the next 5 years, Gen Z will account for about 24% of mortgage originations. Additionally, today’s high interest rates position Gen Z to become strong candidates for refinancing, further highlighting the future opportunity for lenders. By better understanding Gen Z’s timeline to home ownership, companies can position themselves as trusted advisors early in the process.

Source: MBA; IMF; SEC filings; US Census Bureau; BCG analysis

Recent topics of discussion with BCG mortgage clients

Q3 2024

Permanent low-cost structure

- Targeted cost reductions
- Front to back customer journeys

Outsized growth

- Product expansion & innovation
- Servicing as a strategic asset

Business direction

- Enterprise strategy refresh
- Home ecosystem
- AI-driven solutions for mortgage
- Analytics-driven lead generation

Societal shifts

- Equity and Affordability
- Gen Z home buyers Hot topic: pg. 56-64
- Talent planning and upskilling
- Ops, IT, and cyber resilience

Recent topics of discussion with BCG mortgage clients

Q3 2024

Permanent low-cost structure

Targeted cost reductions
Companies are busy identifying the last remaining sources of efficiencies as part of a final push to right-size their cost structure and establish resilient, low-cost platforms.

Our clients are now pivoting to strategies focused on revenue growth, margin expansion, and increased market share.

Front-to-back Customer journeys
Cost per loan and efficient customer acquisition will continue to be a source of competitive advantage for those who get it right
- Origination: Clients are piloting GenAI applications to drive efficiencies at point of sale
- Servicing: Clients are seeing efficiency gains from using Gen AI to reduce call center costs

Outsized growth

Product expansion & innovation
Companies are expanding product portfolios to address the pain points of potential borrowers (e.g. zero down payment, digital HELOCs, one-day mortgages).

Our clients are exploring optimal product portfolios that drive consistent revenue through the mortgage cycle while meeting the specific needs of potential customers.

Servicing as a Strategic asset
Lenders/Servicers are thinking of ways to best leverage their MSR assets and current customer relationships:
- Building robust client databases
- Enhancing cross-sell opportunities
- Hedging against volatile origination volumes
- Stabilizing operating cashflows

Business direction

Enterprise strategy refresh
Faced with rapidly declining origination volumes, companies are evaluating their current strategic investments. Considerations include:
- Exits and divestitures from underperforming segments
- Targeted acquisitions of companies within core business
- Diversification/expansion outside mortgage

Home ecosystem
Homeowners are increasingly thinking about homebuying, financing, & home ownership in a more integrated manner

To create differentiated experience for homeowners and diversify revenue, mortgage players should consider partnerships within the ecosystem, & ways to make the homebuying experience feel seamless & integrated across partners

AI-driven solutions for mortgage
GenAI has captured the attention of business leaders due to its transformative potential. In our discussions, we highlight use cases for:
- Document processing and back-office automation
- Call center efficiency and customer experience
- Personalized marketing
- Maximizing value of traditional AI/ML models

Analytics-driven lead generation
Lower volumes have increased competition and customer acquisition costs. Our clients are focusing on:
- Developing robust client data platforms to leverage data across product suite
- Identifying "early signals" to reach higher propensity customers sooner
- Executing rapid test and learn processes for quicker go-to-market

Societal shifts

Equity and Affordability
Home values and borrowing costs have continued to strain affordability. We have discussed several different initiatives with local governments to increase supply of affordable housing:
- Streamlined permitting
- Reducing taxes on building materials
- Increasing support for Native American communities

Gen Z home buyers
Members of Gen Z are beginning to enter home buying age. While they will not be a major proportion of home buyers in the near term, many well positioned lenders are beginning to develop strategies a establish early relationships to position themselves as trusted advisors.

Hot Topic pg: 56-64

Talent planning and upskilling
Challenges persist in talent environment as skill gaps widen due to the pace of technological development. Opportunities for:
- Skills based workforce planning and intentional upskilling
- Acquisition strategy to fill gaps and upgrade current capabilities
- Refreshing performance management

Ops, IT, and cyber resilience
Digitization of mortgage value chain has increased vulnerability to cyber incidents. Companies should engage in:
- Assessing resiliency maturity
- Tabletop exercises around "corner cases"
- Review of continuity of operations plan against rapidly developing threat environment

Company-specific performance metrics, news, and guidance

What is in this section?

2a

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- Peer volumes up 13% vs. Q2 ’24, & up 21% vs. Q3 ’23; COOP leading with 100%+ increase vs. Q3 ’23
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- Peer group MSR portfolio values down 3% vs. Q2 ’24, & down 2% vs. Q3 ’23
- Delinquency rates continue to remain near record lows

2c

News items from our peer set

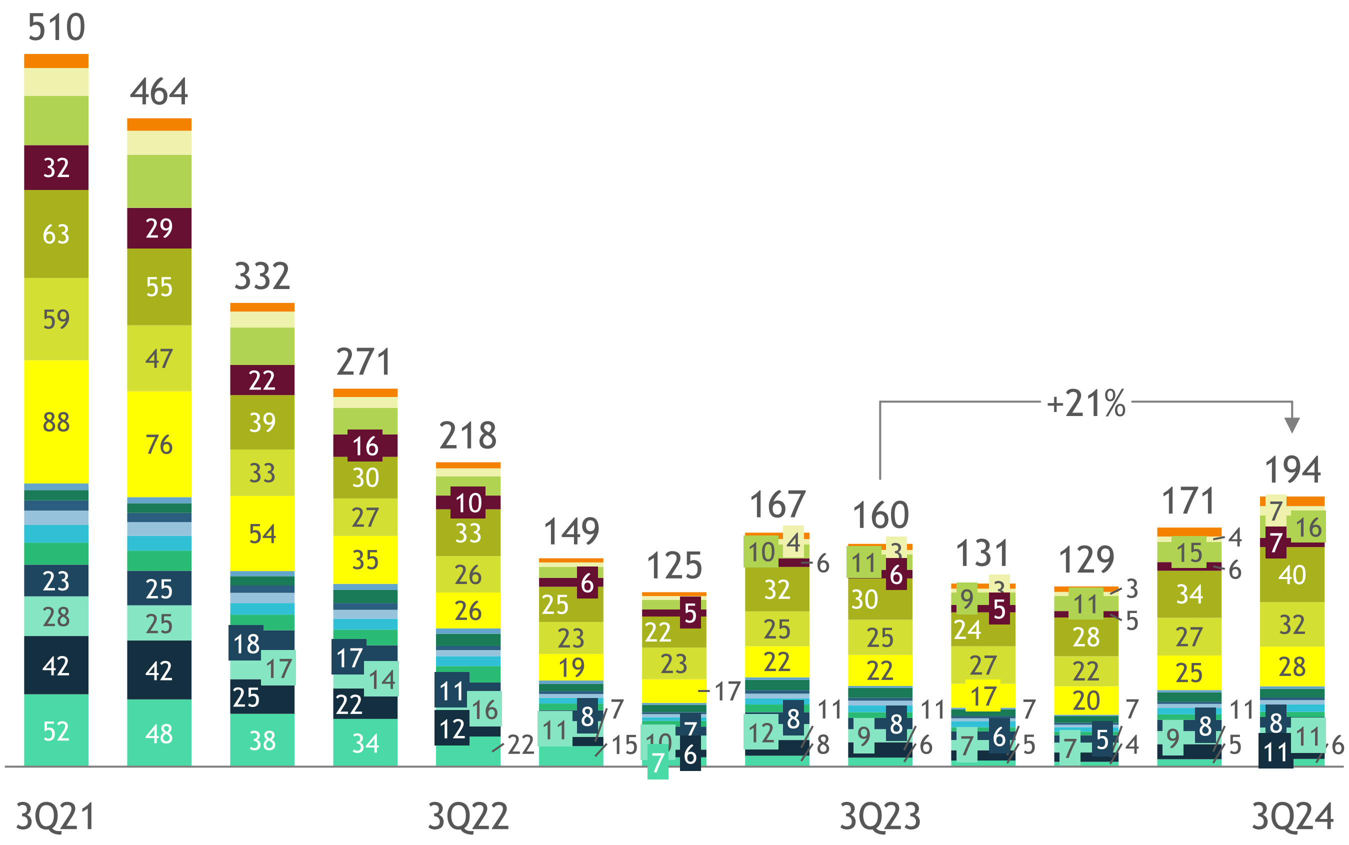
- IMBs continue to maintain majority market share in both origination and servicing volume
- Practical use cases for GenAI are materializing. Chat-bots, document processing, live transcriptions, co-pilots, and QA tools have been incorporated into peer workflows
- Companies continue to provide innovative products to help meet borrower demand amid nationwide affordability constraints
- Peers reported a wide range of servicing income as a volatile interest rate environment tested different MSR hedging strategies

2c

Forward-looking guidance from our peer set

- Many peers are eagerly positioning for an expected refinance boom, though most acknowledge rates may be volatile in the near-term as the yield curve adjusts to new expected policy adjustments
- Peers investing in technology to increase internal efficiencies and to outsource as a "white label" platform to increase scale and revenue
- Lenders evaluating channel and product mix as new technologies and macro conditions reshape competitive advantages throughout the mortgage industry

Origination volume



	Δ % vs. 2Q24	Δ % vs. 3Q23	Δ % vs. 3Q22
All	13%	21%	-14%
GHLD	6%	60%	57%
COOP	79%	100%	19%
RITM	9%	46%	14%
LDI	9%	9%	-32%
UWM	17%	33%	18%
PFSI	17%	26%	22%
RKT	16%	28%	11%
FITB	19%	27%	-53%
C	-7%	-12%	-28%
PNC	6%	-14%	-42%
CFG	12%	-5%	-27%
FLG[1]	12%	9%	-26%
TFC	-4%	-11%	-68%
BAC	-6%	-5%	-31%
USB	17%	17%	-29%
JPM[2]	7%	4%	-6%
WFC	4%	-14%	-74%
Group total (ex-First Republic acq.)	13%	21%	-11%

1. FLG includes impact of Flagstar acq 2. JPM includes impact of First Republic acq.
Note: Origination volume is the volume of mortgages underwritten by each bank (includes home equity lines).
Source: Company quarterly earnings releases; IMF (where historical figures not reported for select IMBs)

Purchase mix

1. FLG includes impact of Flagstar Bank acquisition

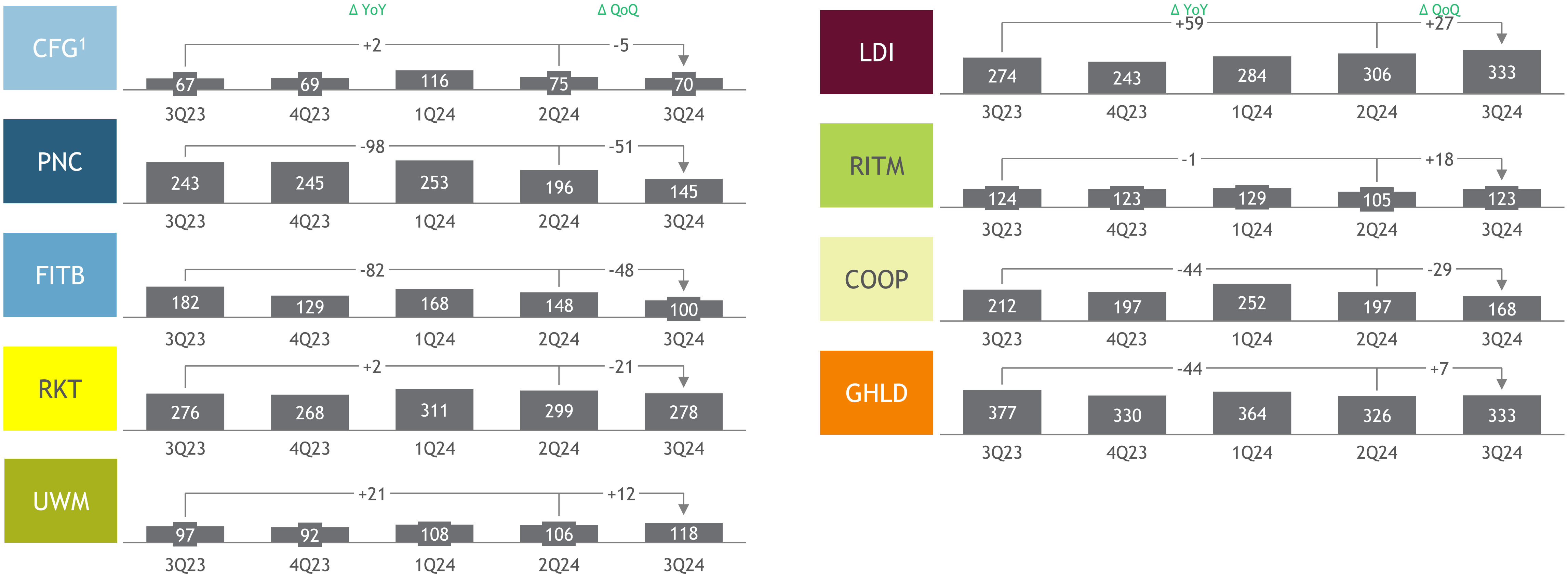
Note: Purchase %s are based on origination volume

Source: Company quarterly earnings releases; Inside Mortgage Finance

Channel mix

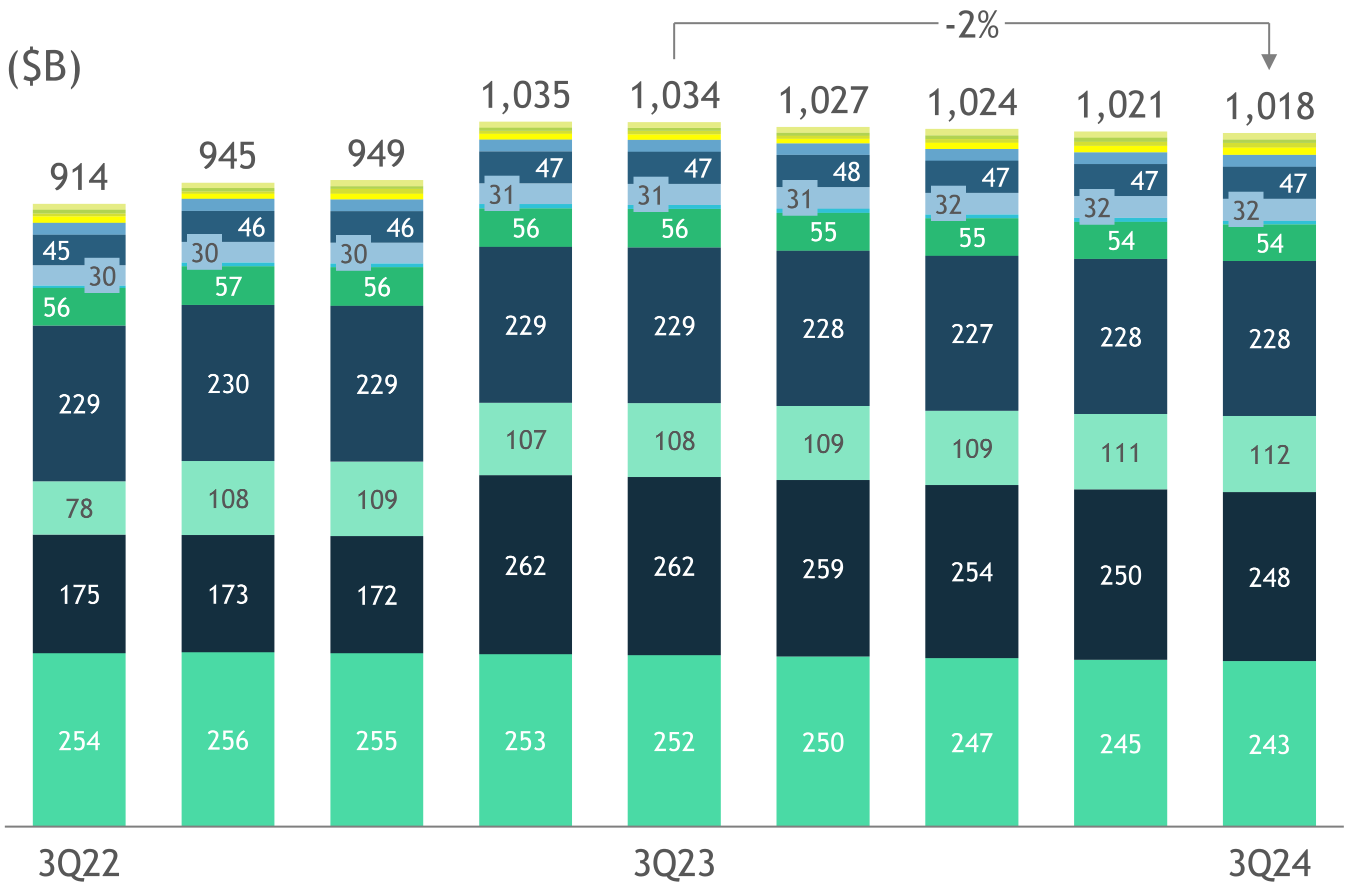
Note: WFC retail = retail; 3rd party = correspondent; JPM retail = retail; 3rd party = correspondent; FLG retail = distributed retail + direct lending; 3rd party = correspondent + broker; CFG retail = retail; 3rd party = third party; RKT retail = D2C; 3rd party = partner network; PFSI retail = D2C; 3rd party = broker direct + correspondent; LDI retail = in market + call center; RITM retail = D2C + JV; 3rd party= wholesale + correspondent; RITM includes impact of Caliber acquisition; COOP retail = D2C; 3rd party = correspondent; GHLD retail = retail in-house; 3rd party = brokered + correspondent. Source: Company quarterly earnings releases

Gain on sale margin (bps)



1. CFG GOS margin calculated as production revenue as % of originated for sale volume
Source: Company quarterly earnings releases

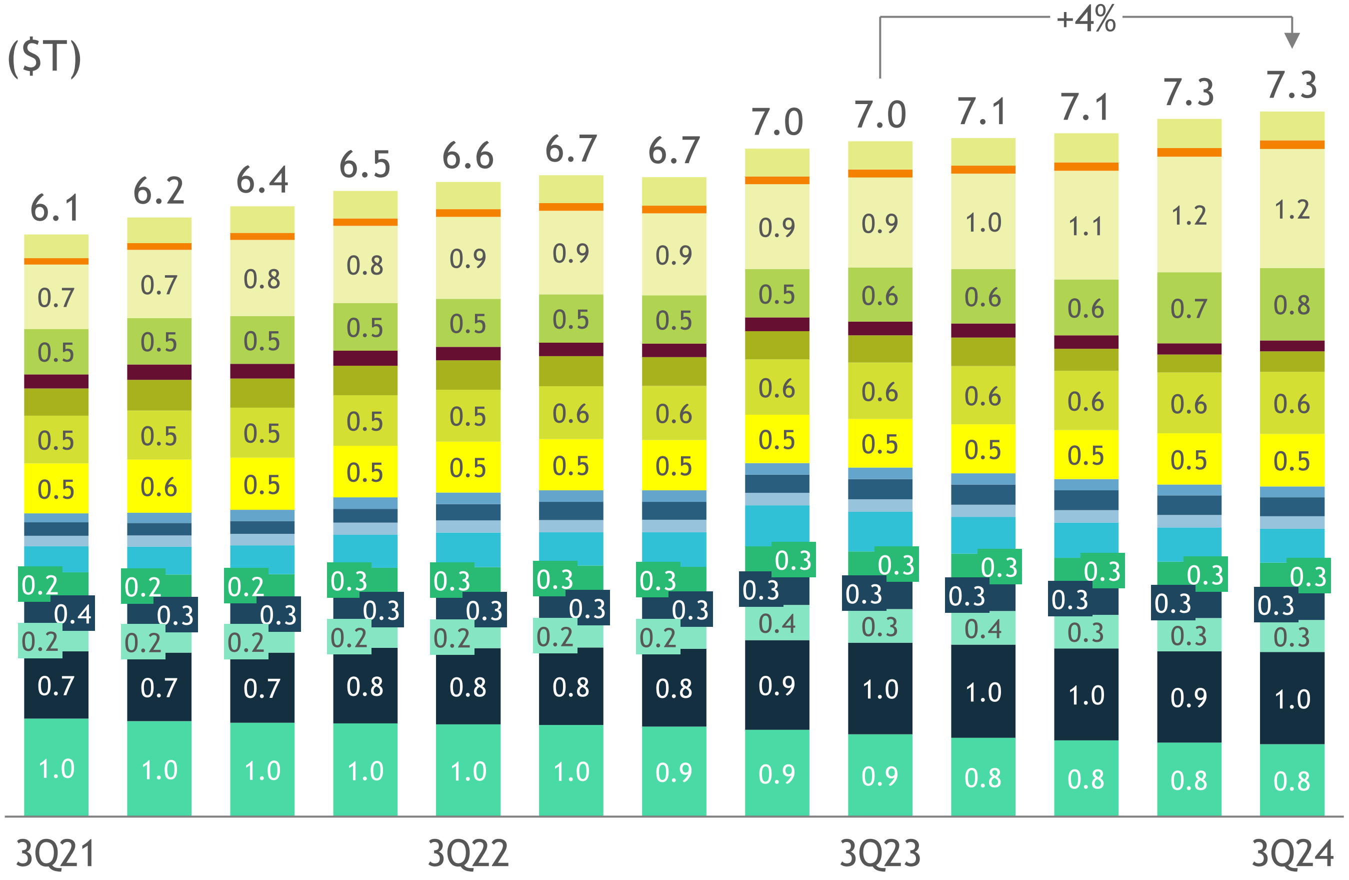
End of period mortgage balances



	Δ %		
	vs. 2Q23	vs. 3Q23	vs. 3Q22
All	0%	-2%	11%
OCN	2%	9%	17%
RITM	-13%	19%	-15%
PFSI	5%	27%	58%
RKT	16%	37%	20%
FITB	1%	-1%	-2%
PNC	0%	-1%	4%
CFG	2%	5%	10%
FLG[1]	-9%	-11%	67%
TFC	-1%	-4%	-3%
BAC	0%	-1%	-1%
USB	1%	4%	43%
JPM[2]	-1%	-5%	42%
WFC	-1%	-3%	-4%

1. FLG includes impact of Flagstar acquisition in 4Q22 2. JPM includes impact of First Republic acquisition in 2Q23
Note: Excludes home equity balances; JPM includes HE; select firms excluded due to lack of full history
Source: Company quarterly earnings releases

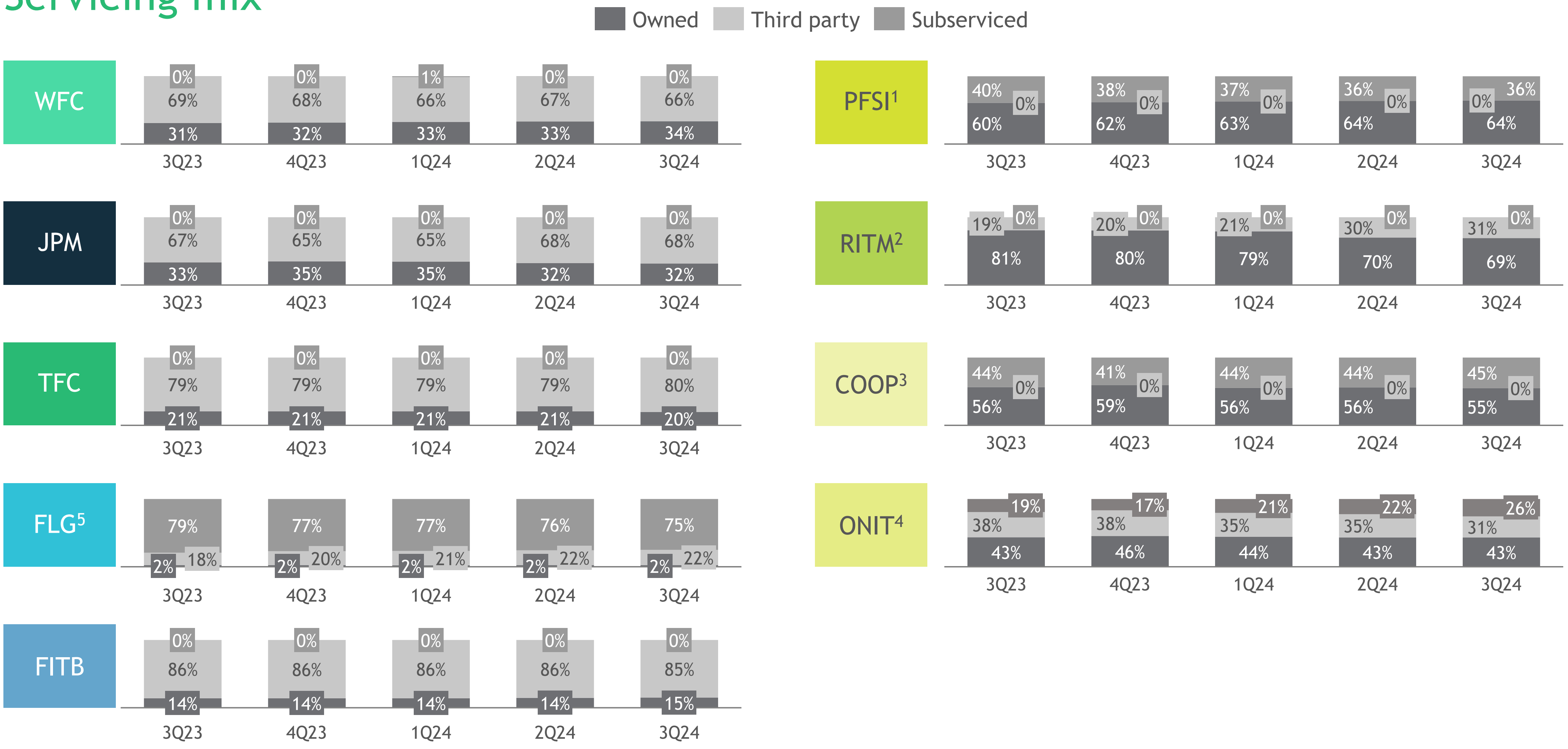
Servicing volume



	Δ % vs. 2Q24	Δ % vs. 3Q23	Δ % vs. 3Q22
All	1%	4%	11%
OCN	-2%	1%	6%
GHLD	3%	9%	18%
COOP	3%	32%	45%
RITM	2%	34%	50%
LDI	1%	-20%	-18%
UWM	12%	-25%	-31%
PFSI	2%	10%	20%
RKT	2%	8%	3%
FITB	-1%	-5%	-7%
PNC	-2%	-6%	18%
CFG	0%	0%	2%
FLG[1]	-1%	-14%	-2%
TFC	5%	1%	0%
BAC	0%	-3%	-5%
USB	-4%	-4%	46%
JPM[2]	1%	0%	21%
WFC	-2%	-12%	-22%
Group total (ex-First Republic acq.)	1%	4%	9%

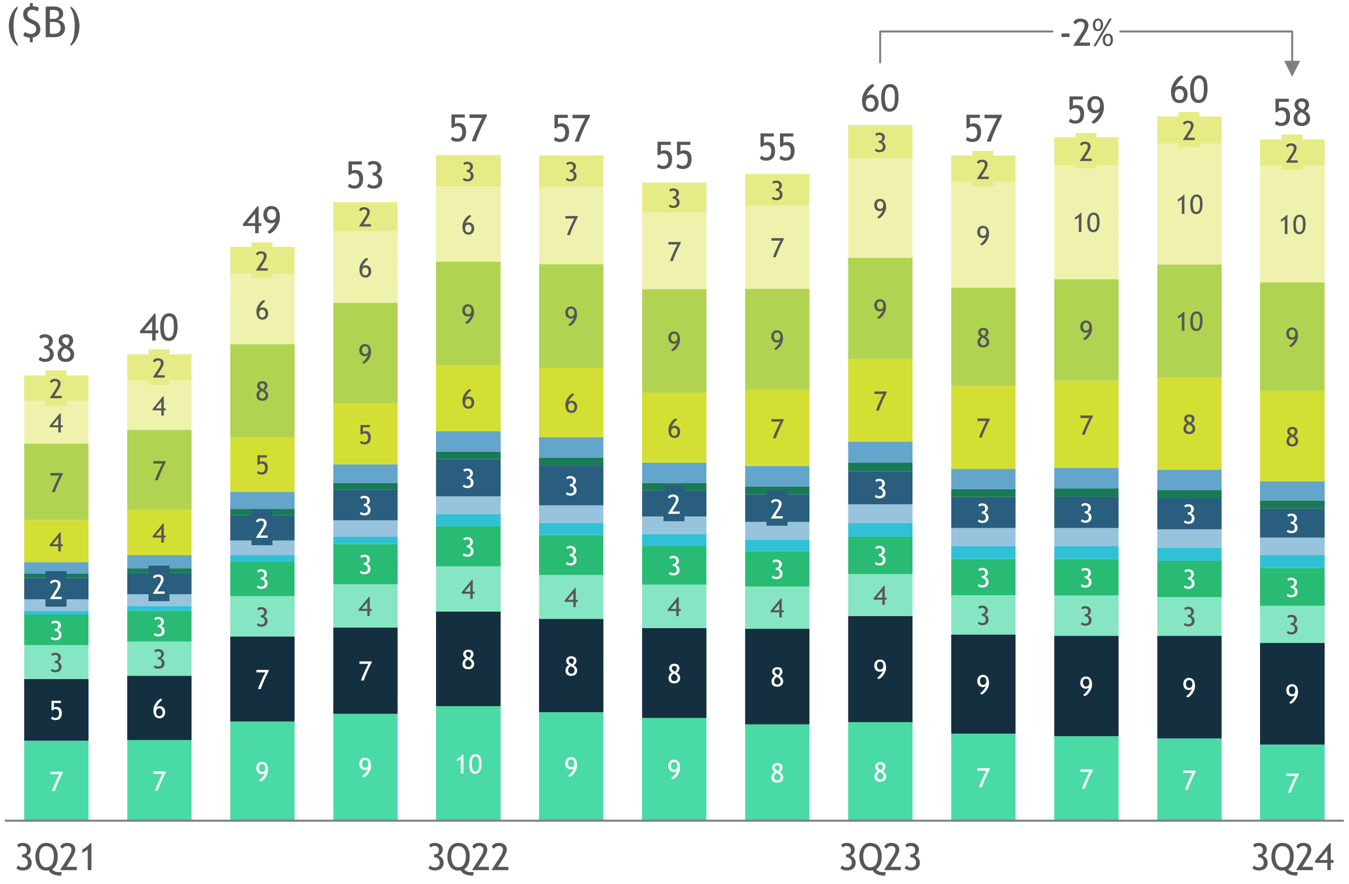
1. FLG sold servicing book to Mr Cooper in Jul 2024 2. JPM incl impact of First Republic acquisition.
Note: Svc volume is the UPB of loans serviced for others and the book value for owned loans; volumes reflect residential mortgage and exclude comm'l portfolio where possible; includes residential mortgage loans, home equity lines of credit & home equity loans.
Source: Company quarterly earnings releases; IMF (where historical figures not reported for select IMBs)

Servicing mix



1. PFSI owned = owned MSR; subserviced = subserviced for advised entities or PMT + special servicing 2. RITM owned = in-house; third party = third party + whole loan & other; RITM incl impact of Caliber acquisition 3. COOP owned = forward owned MSR; third party = reverse (in 1Q21); subserviced = subservicing; COOP sold reverse svc portfolio in Q2 '21 4. OCN owned = owned MSR; third party = loans serviced pursuant to agreement with RITM & MAV (MAV incl beginning Q3 '21); subserviced = subservicing 5.FLG sold servicing book to Mr Cooper in July 2024
Note: Percentages may not sum to 100% due to rounding error. Source: Company quarterly earnings releases; BCG analysis

MSR portfolio value

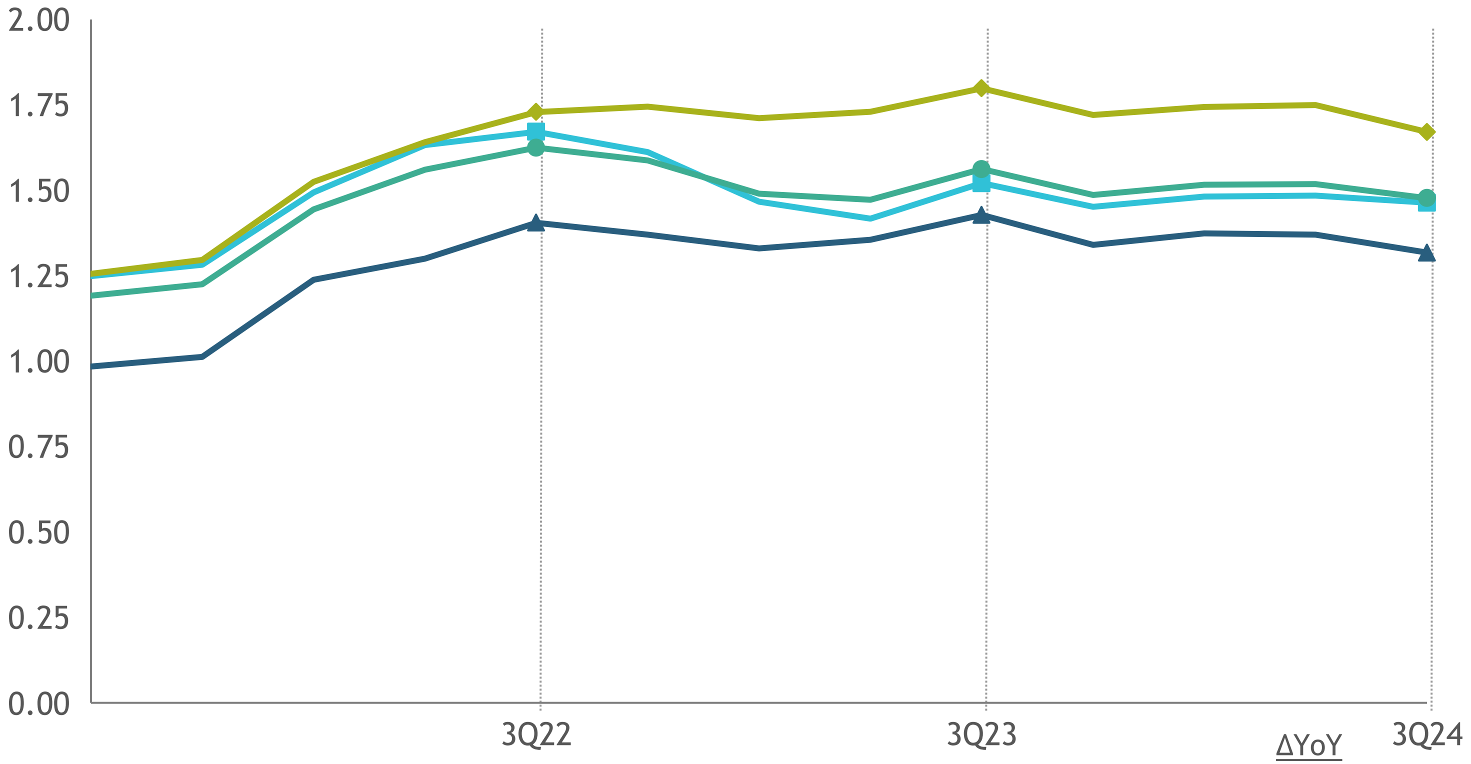


	Δ %		
	vs. 2Q24	vs. 3Q23	vs. 3Q22
All	-3%	-2%	2%
OCN	-4%	-22%	-18%
COOP	-3%	18%	57%
RITM	-4%	7%	5%
PFSI	-2%	9%	37%
FITB	-4%	-9%	-4%
C	-4%	-6%	6%
PNC	-6%	-12%	-22%
CFG	-4%	-7%	-2%
FLG[1]	-2%	-3%	8%
TFC	4%	0%	-7%
USB	-4%	-11%	-18%
JPM	-1%	-4%	7%
WFC	-7%	-23%	-33%

1. FLG sold servicing book to Mr Cooper in Jul 2024
Note: Mortgage Servicing Rights are measured using the fair value method; net additions include servicing from securitizations or asset transfers and sales; valuation model input changes include mortgage interest rate assumptions, servicing and foreclosure costs, discount rates, and prepayment estimates; other changes in fair value relate to the collection/realization of expected cash flows over time; select firms excluded due to lack of full history. Source: Company quarterly earnings releases

MSR valuations

MSR valuation[1] (%)

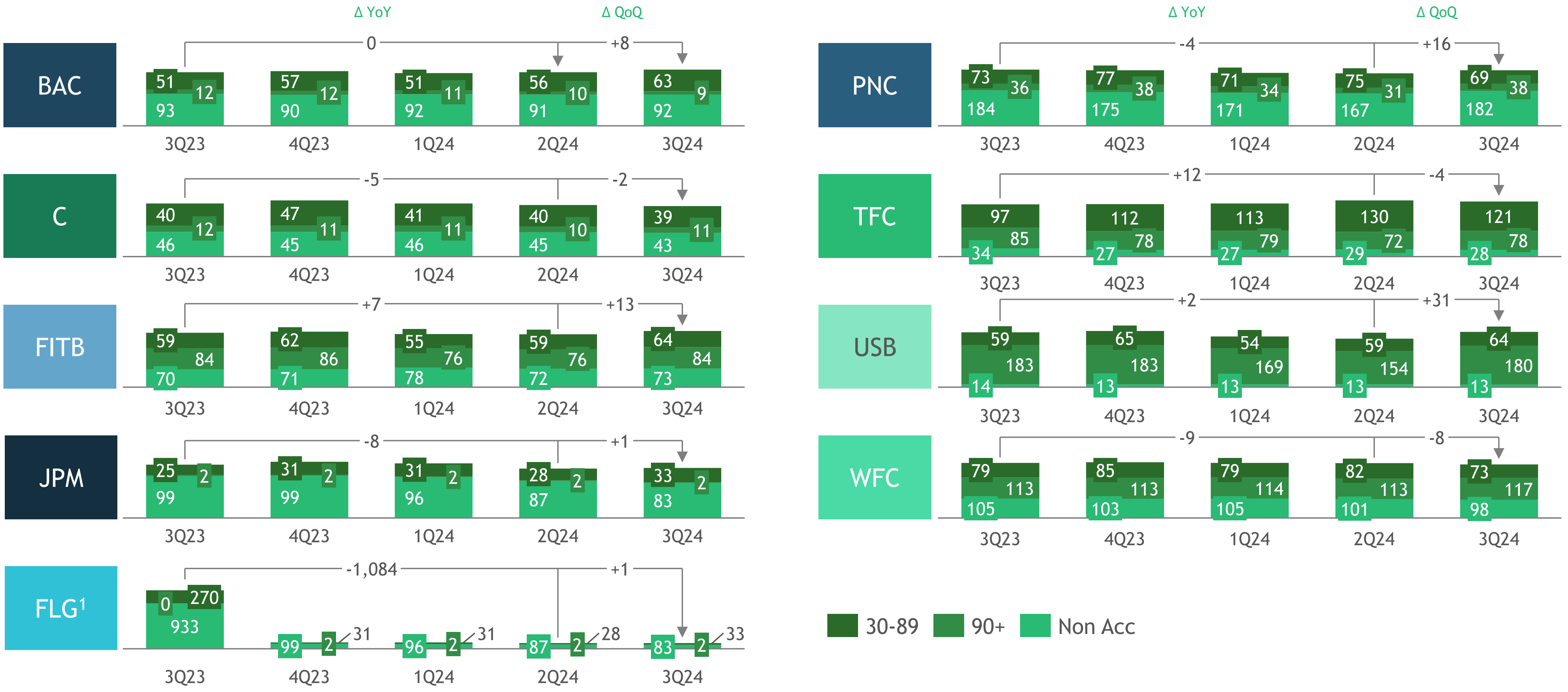


	3Q22	3Q23	ΔYoY	3Q24
Nationals	1.41	1.43	-.11pp	1.32
Regionals	1.67	1.52	-.06pp	1.46
IMBs	1.73	1.80	-.13pp	1.67
All peers	1.62	1.56	-.08pp	1.48

1. Ratio of MSR value to corresponding unpaid principal balance; represent group weighted averages
Note: Nationals represent JPM, WFC; Regionals represent USB, PNC, FITB, TFC, FLG; IMBs represent COOP, PFSI
Source: Company quarterly earnings releases

Delinquencies (bps)

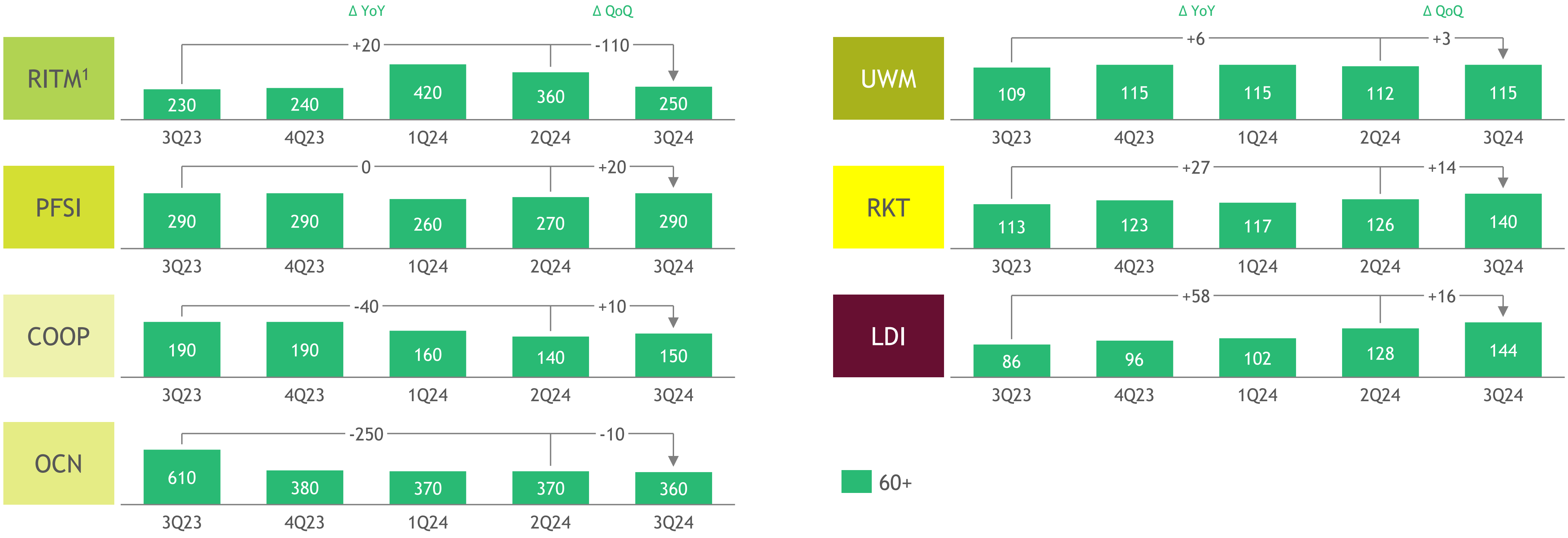
Banks



1. Sold residential servicing book to Mr. Cooper Jul 2024, completed transaction November 1, 2024
Note: Delinquency percentage calculated from volume of owned loan portfolio
Source: Company call reports; FFIEC; S&P Capital IQ Pro; BCG analysis

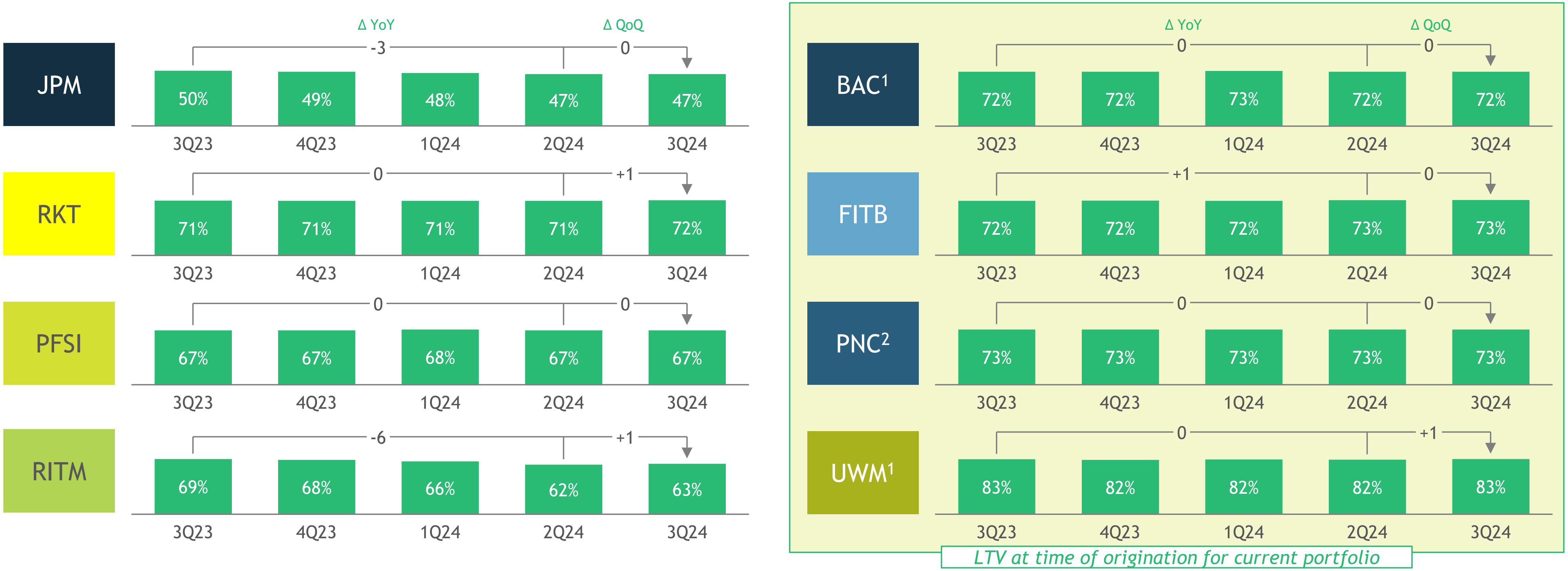
Delinquencies (bps)

IMBs



1. Added "Third Party Servicing & Other" in Q1 ’24, RITHM Total Third Party Servicing 60+ DQ rate was 8.0% for Q1 ’24
Note: Delinquencies calculated as percentage of MSR portfolio, inclusive of subservicing where applicable; graphs not displayed on same axis due to large variations across peers.
Source: SEC filings; Company earnings presentations; Press releases

Portfolio credit factors: LTV



1. Represents LTV at origination for loans originated in that period 2. Each period represents trailing twelve-month average for LTV at origination
Note: Bank portfolio metrics represent owned loan portfolio; IMB metrics represent owned MSR portfolio; current LTVs used for JPM, RKT, PFSI, and RITM
Source: SEC filings; Company earnings presentations; Press releases

Portfolio credit factors: FICO

	3Q23	4Q23	1Q24	2Q24	3Q24	Δ YoY	Δ QoQ
JPM	772	770	776	775	774	+2	-1
RKT	733	733	733	733	733	0	0
RITM	735	736	729	731	733	-2	+2

FICO at time of origination for current portfolio

	3Q23	4Q23	1Q24	2Q24	3Q24	Δ YoY	Δ QoQ
BAC[1]	772	775	772	775	772	0	-3
FITB	764	764	764	764	764	0	0
PNC[2]	772	772	772	771	771	-1	0
PFSI	712	715	717	718	719	+7	+1
UWM[1]	738	738	735	739	738	0	-1

1. Represents FICO at origination for loans originated in that period 2. Each period represents trailing twelve-month average for FICO at origination
Note: Bank portfolio metrics represent owned loan portfolio; IMB metrics represent owned MSR portfolio; current FICO scores used for JPM, RKT, and RITM
Source: SEC filings; Company earnings presentations; Press releases

WELLS FARGO

Company news and guidance: Wells Fargo

	News - recent developments	Forward-looking guidance
Highlights	• Reported home lending revenue up 2% QoQ largely driven by higher servicing income • Recorded nonperforming assets of $8.4B, down $266M or 3% QoQ, predominantly driven by lower CRE nonaccrual loans and lower residential mortgage nonaccrual loans • Announced an increase in their CET1 ratio from Q2’24, with a 28bps benefit from higher accumulated other comprehensive income due to lower interest rates and tighter mortgage-backed security spreads	N/A
Originations	• Noted originations decreased 14% YoY, reflecting progress in simplifying the Home Lending business, while increasing 4% QoQ banking peers on average decreased their mortgage originations 1% YoY and increased originations 5% QoQ • Reported refinance volume of $1.1B, up 60% QoQ (up 7% YoY)	
Servicing	• Continued progress on reducing the size of the servicing business, with the volume of third-party mortgage loan service down 16% YoY • Stated total nonperforming assets down $266M predominantly driven by lower CRE and lower residential mortgage nonaccrual loans	
Products and Programs	• Donated more than $1.2M in grants to Rebuilding Together, a leading national nonprofit dedicated to repairing homes and revitalizing communities	
Personnel	• Reduced headcount in Home Lending by 46% since 2023	

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: JP Morgan Chase, Citi and Truist

News - recent developments		Forward-looking guidance	
CHASE			
Highlights	• Reported home lending revenue of $1.3B, up 3% YoY, driven by higher NII, partially offset by lower servicing and production revenue	N/A	
Originations	• Stated mortgage origination volume was $11.4B, up 4% YoY and 7% QoQ compared to banking peer originations down 1% YoY and up 5% QoQ on average		
Products and Programs	• Reported stable servicing portfolio of $656.1B in 3Q'24 as compared to $643B in the prior quarter and $638B in 3Q'23		
citi			
Highlights	• Stated it is growing its mortgage portfolio as the rate environment shifts, with stress signs concentrated in lower FICO score • Saw a decrease in all other revenues of 18% YoY, driven by closed exits, wind-downs, and margin compression on extended mortgage securities • Reported $6B in mortgage originations down 12% YoY and 7% QoQ and up compared to banking peer originations down 1% YoY and up 5% QoQ on average	Originations	• Stated they will grow their mortgage portfolio as the rate environment shifts
TRUIST			
Highlights	• Informed total adjusted noninterest income increased 3.1% QoQ primarily due to higher other income and investment banking and trading income, partially offset by lower mortgage banking and wealth management income • Stated consumer and small business banking noninterest income of $506M is flat vs. Q2'24, primarily driven by lower service charges and card and payment related fees, offset by higher mortgage income • Mortgage originations decrease 11% YoY and 4% QoQ compared to banking peer originations down 1% YoY and up 5% QoQ on average	N/A	
Servicing	• Mentioned that the consumer loan balance remained relatively stable QoQ as growth in other consumer loans was offset by lower residential mortgage and home equity loans		

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: U.S. Bank & Bank of America

News - recent developments		Forward-looking guidance
usbank		
Highlights	• Reported noninterest income decreased 4.2% QoQ, due to lower mortgage banking revenue and service charges and higher net losses on securities sales, partially offset by commercial products revenue and trust and investment management fees • Discussed that core business components performed well, with trust up 6%, commercial products at 12%, and mortgage growing 8% YoY	N/A
Originations	• Reflected high credit quality with weighted average credit score of 770 and weighted average LTV of 72% among originations • Grew mortgage originations 17% YoY and 17% QoQ compared to banking peer originations down 1% YoY and up 5% QoQ on average	
Servicing	• Stated average loans increased slightly on a linked quarter basis; continued low losses and non-performing loans were supported by strong portfolio credit quality and collateral values • Noted Q3’24: 30-89 delinquency =14bps; 90+ delinquency = 15bps, and non-performing = 13bps; vs. 11bps, 11bps, and 14bps respectively in Q3’23	
BANK OF AMERICA	Bank of America	
Highlights	• Reported consumer banking loan growth was driven by credit card, small business, and vehicle borrowing, while overall growth was moderated by a decline in mortgage balances, as paydowns exceeded originations in a higher rate environment	N/A
Originations	• Informed Q3’24 avg FICO score for mortgage originations decreased from 775 to 772 QoQ, with a LTV of 72% • Stated the new home equity originations decreased from $2.4B in Q2’24 to $2.3B in Q3’24, with avg FICO of 791 and LTV of 55%; 793 and 57% respectively in prior quarter • Reported declines in mortgage originations of 5% YoY and 6% QoQ compared to banking peer originations down 1% YoY and up 5% QoQ on average	

Source: Company quarterly earnings releases; publicly-sourced news articles

PNC Citizens

Company news and guidance: PNC & Citizens Financial

News - recent developments		Forward-looking guidance	
PNC			
Highlights	• Stated mortgage revenue was up $50M QoQ, driven by a $59M increase in the valuation of net MSRs	N/A	
Originations	• Reported originations declined 14% YoY and grew 6% QoQ compared to banking peer originations down 1% YoY and up 5% QoQ on average		
Citizens			
Highlights	• Stated mortgage banking fees decreased by $8M QoQ due to lower MSR valuation, net of hedging, with this decline offset by securities gains resulting from investment portfolio • Said Mortgage banking fees decreased $23M YoY, primarily reflecting lower MSR valuation, net of hedging	Strategy and Investments	• Believes its position in superprime HELOC originations will grow, with the product becoming a key lever for U.S. consumers to borrow against record home equity as economic confidence strengthens
Originations	• Reported originations declined 5% YoY and grew 12% QoQ compared to banking peer originations down 1% YoY and up 5% QoQ on average	Originations	• Expects decent growth in mortgage and home equity, with a modest increase in mortgage originations as interest rates ease slightly
Servicing	• Informed retail period-end loans up $0.7B QoQ and $1.3B YoY, driven by home equity and mortgage • Reported an avg mortgage FICO of 785 and weighted avg booked LTV of 52%...interesting here if there is a level of comparison with previous quarter or year…is it better or worse • Stated home equity as 23% of retail loan portfolio with avg FICO of 760, 33% secured by 1st lien, 99% with CLTV less than 80% and 87% CLTV less than 70%		

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Fifth Third Bank & Flagstar

News - recent developments

Fifth Third Bank

Highlights	• Stated mortgage banking net revenue was stable QoQ, reflecting an increase in net MSR valuation offset by an increase in MSR asset decay and a decrease in gross servicing fees
Originations	• Generated $1.9B in originations, up 19% QoQ and up 27% YoY; ~81% purchase volume • Reported growth in origination volume to $1.9M up 26.7% YoY from $1.5M in 3Q'23 and 19% QoQ as compared to banking peers on average down 1% YoY and up 5% QoQ • Maintained a weighted avg FICO at mortgage origination of 764 with weighted avg LTV of 73%; and reported an home equity weighted avg FICO at origination of 768 with weighted avg LTV of 66%
Servicing	• For DQ in Q3'24: 30-89 DQ = 16bps and 90+ DQ = 5bps; compared to 30-89 DQ = 15bps and 90+ DQ = 5bps respectively in Q2'24

flagstar

Highlights	• Rebranded from New York Community Bancorp to Flagstar Financial and began trading under the ticker "FLG" on the NYSE as of October 28, 2024 • Reduced non-core businesses and focusing on relationship-based banking • Completed its board transformation and announced a sale of MSRs and the third-party origination business to Mr. Cooper, which closed in November 2024
Originations	• Reported increases to mortgage originations of 9% YoY and 12% QoQ compared to banking peers on average down 1% YoY and up 5% QoQ
Servicing	• Sold majority of mortgage servicing rights (MSRs) and third-party origination business to Mr. Cooper
Personnel	• Announced the hiring of Chris Higgins as the new Chief Information Officer (CIO) • Hired over 30 new employees to build out middle-market commercial banking and specialized lending

Forward-looking guidance

Fifth Third Bank: N/A

flagstar:

Strategy and Investments	• Focusing on building out its commercial and industrial (C&I) loan portfolio with the goal of expanding it from $16B to $30B over the next 3 to 5 years • Aiming to reduce their CRE portfolio to about $30B over time
Servicing	• Reducing its servicing operations in the near term by selling MSR's to Mr. Cooper

Source: Company quarterly earnings releases; publicly-sourced news articles

ROCKET Companies, Inc.

Company news and guidance: Rocket Mortgage (I of III)

News - recent developments	
Highlights	• Generated adjusted revenue of $1.323B, a 32% YoY increase from $1B, exceeding the guidance range of $1.15 to $1.3B and marking the 5th consecutive quarter of YoY growth • Reported a GAAP net loss of $481M, compared to a net income of $115M in Q3'23, resulting in a GAAP diluted loss per share of $0.19 in Q3'24 • Achieved adjusted net income of $166M, compared to $7M in Q3'23, or $0.08 adjusted diluted EPS in Q3'24 • Delivered Q3'24 adjusted EBITDA of $286M, the highest in two years; adjusted EBITDA margins came in at 22%, 3x higher than Q3'23 • Stated total liquidity was $8.3B, which includes $1.2B of cash on the balance sheet, $1.8B of corporate cash used to self-fund loan originations, $3.3B of undrawn lines of credit, and $2B of undrawn MSR lines of credit • Unveiled Rocket Superstack, aiming to double purchase market share to 8% and expand refinance share to 20% by 2027. Leveraging an integrated ecosystem, unique client experiences, proprietary technology, and a strong brand as its competitive advantage • Stated that continued focus on top-line growth, operational leverage, and efficiency made this quarter the most profitable in two years • Named the #1 mortgage lender with 10M clients served • Received 22 J.D. Power awards in origination and servicing, the most awarded brand in customer satisfaction and servicing, with a 70 NPS • Highlighted tailwinds benefiting the company: 1) Strong market consolidation potential for scaled players, 2) Banks leaning back from mortgage and 3) AI unlocking operational efficiency • Maintained a strong liquidity position with $3B in available cash and $5B in undrawn lines of credit
Originations	• Generated $29.8B in net rate lock volume, marking a 19% QoQ and 43% YoY increase, the highest volume since Q1'22 • Reported $28.5B in closed loan originations, a 16% QoQ and 28% YoY increase compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ • Recorded Gain on sale of 2.78%, a decrease of 21 bps QoQ and increase of 2 bps YoY • Expanded purchase and refinance market share YoY, driven by numerous optimizations in its processes, teams, marketing, and technology capabilities • Reached over 400 bps in direct-to-consumer sold loan GOS margins, with partner network margins at 150 bps • Achieved an 85% recapture rate vs 25% industry, supporting long-term client relationships and reducing acquisition costs • Saw mortgage rates briefly dip to 6%, driving a surge in refinancing and purchases that hit a 24-month high and scaled up quickly to capture this volume surge • Increased originations 28% YoY and 16% QoQ compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ • Applied AI in income verification, collateral review, and client interactions, resulting in a 43% increase in net rate lock volume with 7% fewer production team members, showing capacity for additional origination support without added fixed costs • Capable of adding $150B in origination volume without adding a single dollar of fixed cost • Partnering with over 8k wholesale partners
Servicing	

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Rocket Mortgage (II of III)

News - recent developments	
Servicing	• Recorded $546.1B of UPB, an increase of 2% QoQ and 8% YoY, with 2.6M loans serviced; generating $1.5B of servicing fee income on an annualized basis and $374M in this quarter • Acquired MSR portfolios totaling $311M, adding $22.4B in UPB with a weighted average coupon above its current portfolio, presenting a strong refinance opportunity as rates decline • Expanded the serviced portfolio YTD, adding $70B in UPB through bulk acquisitions and subservicing—a 15% increase from the 2023 year-end balance; with 220K new clients • Ended the quarter with $6.8B of mortgage servicing rights and 97% net client retention rate • Announced a subservicing agreement with Annaly Capital Management for Rocket Mortgage to manage servicing and recapture of part of Annaly's mortgage rights, starting in Dec 2024
Products & Programs	• Fitch Ratings upgraded Rocket Mortgage to 'BBB-', the first non-bank mortgage to earn investment-grade from a 'big three' rating agency in nearly 20 years • Home equity loan volume grew 78% YoY, positioning as the largest originator of closed-end second mortgages • Introduced the Welcome Home Rate Break, when paired with the ONE+ down payment program, reduces mortgage rates by 2pp in the first year and 1pp in the second. This has driven a 21% increase in affordable product usage • Integrated generative and live chat to support purchase, refinance, and servicing. Chat usage doubled QoQ, offering 24/7 availability, improved client engagement, and operational efficiency by allowing bankers to manage multiple sessions. Chat users convert to credit pulls at 3x times the rate of non-users • Expanded Rocket Logic Synopsis, a tool for analyzing client interactions—including sentiment and call purpose—to cover all inbound calls. By the end of October, it supported 1M calls per week • Saved over 800K team hours annually with Rocket Logic, a 14% increase from two months ago, resulting in $30M in yearly savings • Rocket Logic Docs processed 10M+ documents per month and 85% of fields extracted from income related documents are fully automated • Launched Navigator, an internal AI-driven knowledge and workflow platform, that puts answers to questions within reach in second enabling team members to analyze data and create solutions. Users can build no-code apps, summarize documents, analyze sentiment, role-play scenarios, and create custom RAG apps; over 52K LLM interactions were logged by 2K team members • Leveraged technology to support hurricane relief, with 70% of affected clients accessing self-service for credit suppression, fee waivers, and forbearance via website, AI chat, and IVR. Automation cut collateral review times by 75% • Announced a partnership with Ameriprise Financial, offering their clients support from Rocket bankers, a $2K lender credit, and preferred pricing through referrals from Ameriprise's 10K advisors • Invested $500M over 5 years in AI with 210 proprietary AI models produced, 6TB of data powering its platform, and 800K team hours unlocked annually • Partnered with Black Tech Saturdays to host the Digital Empowerment Summit, designed to help residents navigate the Detroit's tech landscape

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Rocket Mortgage (III of III)

News - recent developments

Products & Programs	• Announced the completion of free public Wi-Fi installations at five Detroit parks • Addressed home affordability with an affordable product suite, now comprising 25% of purchase volume since the start of the year • Rocket Pro TPO raised its 2025 national conforming loan limit to $802K up from $766K
Personnel	• Appointed Papanii Okai, as EVP of Product Engineering to develop AI-driven products for modernizing homeownership • Named Dan Sogorka as GM of Rocket Pro TPO to lead vision and growth of the wholesale partner channel
Legal and Regulatory	• Faced DOJ suit alleging race discrimination in mortgage refinance application

Forward-looking guidance

Strategy & investments	• Expects adjusted revenue between $1.05B to $1.2B in Q4'24, reflecting midpoint 27% YoY growth from Q4'23 adjusted revenue of $885M • Expects Q4 expenses to align with Q3 levels and anticipates a slight expansion in GOS margin in Q4 compared to Q3 • Noted signs of recovery in the housing market as the 30-year fixed mortgage declined from nearly 8%, boosting affordability and refinancing options. Housing inventory also improved 26%, from 3.4 to 4.3 months, gradually approaching the 5- to 6-month range • Focused on growth audiences: Hispanics, female-led households, and aging first-time buyers. Expecting Hispanics to make up over half of first-time buyers by 2030 and women to manage two-thirds of household wealth • Plans to unveil a new Rocket brand identity in February 2025, using rocket.com to unify home search and mortgage • Observed reasons for optimism as housing inventory has increased nearly 30%, active listings have risen for 12 months, and homes sold above listing price are down 10% • Believes there is significant growth potential in second lien products
Origination	• Highlighted the mortgage market to grow 20% to 30% YoY and market size to exceed $2T in 2025 • Anticipates the mortgage market in Q4 to be smaller than Q3
Servicing	• Plans to expand MSR portfolio and leverage sub-servicing partnerships

Source: Company quarterly earnings releases; publicly-sourced news articles

PennyMac

Company news and guidance: PennyMac (I of II)

News - recent developments	
Highlights	• Reported net income of $69M, translating to an annualized return on equity (ROE) of 8% • Achieved an operating ROE of 20%, excluding valuation-related impacts, indicating strong underlying operational performance • Leveraged their proprietary servicing system environment (SSE) to drive a 30% reduction in servicing costs over the last few years • Grew originations 26% YoY and 17% QoQ compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ • Said delinquency rates of 60+ days rose slightly to 3.4% from 3.0% in the prior quarter
Originations	• Informed production segment pretax income was $107.9M, up from $41.3M in Q1'24 and $25.2M in Q3'23 • Reported production market share over Q3'24 LTM vs 2023: Correspondent 20.2% (+-0.8 pp), Broker Direct 3.9% (+0.6 pp), and Consumer Direct (CD) 0.6% (+0.1 pp) • Informed revenue per fallout adjusted lock for PFSI's own account was 88 bps in Q3'24, up from 62 bps in Q2'24 • Continued to see growth in government loan refinance recapture rates, achieving a 52% recapture rate for the first three quarters of 2024, up from 48% in 2023 • Aiming to recapture the $90 billion in UPB on mortgages with rates over 5% as refinancing activity increases with declining rates • Achieved 34% refinance recapture on conventional loans (a slight decrease from 42% in 2023) • Said production expenses (net of loan origination expense) increased 18% from the prior quarter due to higher volumes • Reported 794 correspondent sellers, essentially unchanged QoQ remaining the largest correspondent aggregator in the US accounting for ~42% of total correspondent production in 3Q'24 up from 18% in the prior quarter • Totaled 4,400 approved brokers at the end of Q3'24, up 3% QoQ, representing about 25% of the total broker population • Reported a 24% increase in lock volumes and an 8% rise in originations, driven by strong trends in jumbo loans, which accounted for 11% of total originations

Forward-looking guidance	
Strategy & investments	• Plans to continue expanding capacity, focusing on optimizing the balance between loan production and servicing efficiency • Sees increased opportunities in second-lien products and expects to shift resources based on prevailing market conditions, maintaining flexibility to capitalize on fluctuations in interest rates • Intends to continue to invest across all three production channels, focusing on driving organic servicing portfolio growth through continued dominance in correspondent production, building upon positive and consistent execution for brokers to become a strong second alternative to wholesale channel lenders, and leveraging the servicing portfolio to capitalize on consumer direct refinancing opportunities • Plans to explore opportunities to leverage their SSE technology to increase efficiency and cost reductions internally, expansion into white label subservicing, partnerships with innovative technologists, and commercialization of the software platform

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: PennyMac (II of II)

News - recent developments	
Originations	• Grew consumer direct lock volumes and originations QoQ (93% and 69% respectively) due primarily to higher refinance volumes, 97% of which were sourced from their servicing portfolio
Servicing	• Stated servicing segment pretax income was a loss of $15M, compared to a gain of $88.5M in 2Q'24, due to fair value declines in MSRs; pretax servicing income excluding fair value changes grew from $149M in 2Q'24 to $151M in the current quarter • Reported 2.6M customers with $648B in UPB, up 2% QoQ and 10% YoY, driven by the continued growth of PFSI's servicing portfolio • Increased revenue from servicing and placement fees from $1.8B in 2023 to $2.2B over the past twelve months due to higher proportion of owned servicing and higher rates • Decreased operating expenses from 7.2bps of UPB in 2023 to 6.2bps of UPB over the last 12 months, driven by increased scale and efficiency, lower variable costs due to proprietary SSE, enhanced technology use, and low delinquency rates • Saw MSR fair value decline by $402M due to lower market interest rates, but hedging gains of $242M offset 78% of the decline, despite significant interest rate volatility and elevated hedge costs
Personnel	• Appointed Sundil Chandra to the board of directors • Announced the retirement of James Hunt and Emily Youssouf effective Dec 31, 2024 • Announced William Chang is stepping down from his positions as Senior Managing Director and Chief Capital Markets Officer for PFSI and Senior Managing Director and Chief Investment Officer for PMT • Said Mark Elbaum will assume the responsibilities of Chief Capital Markets Officer for PFSI and Chief Investment Officer for PMT • Hinted at more hiring as mortgages rates continue their rocky downward path to keep up with capacity needs
Legal and Regulatory	• Reported a debt-to-equity ratio of 3.2x in 3Q'24 which beat the target of 3.5x and $3.8B in total liquidity as of Sep 30, 2024 • Looking for opportunities to refinance a 5 3/8% bond due in Oct 2025, however there is no rush at the current coupon to refinance as they could retire the debt at maturity with liquid reserves

Forward-looking guidance	
Origination	• Cited third-party estimates forecasting a total origination market of $2.3T in 2025, driven by declining mortgage rates • Projects annualized operating ROE to remain in the high-teens to low-twenties in 2025, supported by the growth in the origination market and further enhancements in consumer direct refinancing
Servicing	• Expects servicing to remain a significant contributor to earnings, particularly through increasing revenues from custodial balances and deposits, as well as improving efficiency driven by technological advancements in their proprietary servicing system • Anticipates higher refinance recapture rates, especially for government-insured loans, given streamlined refinancing programs and advancements in targeted marketing

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: UWM (I of II)

News - recent developments

Highlights	• Reported net income of $31.9M in Q3'24, inclusive of $446M decline of fair value of MSRs, compared to net income of $76.3M in Q2'24 and net income of $301M in Q3'23 • Ended with ~$2.5B of available liquidity, including $636.3M of cash and available borrowing capacity under secured and unsecured lines of credit • Named the #1 mortgage lender for the last 3 yrs, #1 wholesale lender, #2 refinance lender, and #1 purchase lender; 8% overall market share, 43.1% wholesale market share • Said the broker channel has achieved its highest market share since 2009, 25.9% broker share of direct lending (vs 23.6% in 2023) and 18.6% broker share of total volume (vs 16.9% in 2023) • Forecasting 2024 to have the lowest amount of existing home sales since 1995
Originations	• Reported originations of $39.5B, compared to $33.6B in Q2'24 (up 18%) and $29.7B (up 33%) in Q3'23; above of production guidance of $31B-$38B and marking the biggest quarter in 3 years compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ • Recorded purchase originations of $26.2B, compared to $27.2B in Q2'24 (down 4%) and $25.9B in Q3'23 (up 1%) • Said purchase market share has grown ~300% since 2019 • Total gain margin of 118 bps, compared to 106 bps in Q2'24 and 97 bps in Q3'23; guidance of 85 to 110 bps • Showcased purchase volume growth of 0.9% vs industry's rate of 1.6% • Closed $13.3B in refinances, marking the biggest refi quarter in a couple of years and signaling strong potential for success when the refinance market fully returns • Reached $100.8B in YTD production, a 20% increase YoY, with gain margin up to 111 bpss from 92 from last year • Closed rate locks within 10 to 14 days, with the $39.5B increase based on locks from September
Servicing	• Reported UPB of MSRs of $212.2B with a WAC of 4.56%, compared to $189.5B with a WAC of 4.31% at Q2'24, and $281.4B with a WAC of 4.20% at Q3'23 • Continued with some MSR sales in Q3, while most were concentrated in H1, bringing YTD proceeds to $2.6B and ending Q3 with a $212B MSR portfolio

Forward-looking guidance

Strategy & investments	• Highlighted investment highlights include 1) a leading position in the wholesale mortgage channel, 2) an efficient B2B model that reduces costs and maximizes customer value, 3) competitive advantage supported by technology, partnerships, and pricing power, 4) business mix focused on purchase loans, and 5) sustainable financial profile • Mentioned 5 parts of its strategy: brokers are better, high quality loans, better service, lower cost, and competitive pricing to consumers • Plans to make the broker channel #1 with over 50% market share • Anticipates margin adjustments as the 10-year yield moves, with readiness to manage increased volume • Stated goals to grow UWM in the broker channel market share by dominating in purchase and investing and preparing for the next refi boom while others in the industry are cutting staff and investments
Origination	• Anticipates Q4 production to be in the $34B to $41B billion range, with gain margin from 85 to 110 bps • Projects the highest annual purchase production ever in 2024, reaching $100.3B, despite home sales expected to hit a 29-year low • Said is better positioned than in 2019 to originate more refinances when rates trend lower, with $39.1B in 2024 • Mentioned over a 5-to-7-year horizon, purchase originations remain steady supporting cyclicality of refinance business • Sees large opportunity to grow when the 10-year treasury yield reaches 3.75%

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: UWM (II of II)

	News - recent developments
Products & Programs	• Launched KEEP, program utilizing AI to send borrowers pre-validated refinance opportunities as soon as they may obtain meaningful savings on their monthly payments • Raised conforming loan limits ahead of competitors, with an $803,500 cap for one-unit conventional and VA-backed mortgages • Updated limits for 2-to-4 unit properties are also available • Introduced a new refinancing option, allowing up to 89.99% loan-to-value on cash-out refinances without mortgage insurance. Loans over 80% LTV require MI credit enhancement for Fannie Mae and Freddie Mac • Reported a NPS of 79.3 • Highlighted 3 broker programs: LO Partner Points (points redeemable for benefits like fast passes, marketing, coaching, closing costs), Success Track (broker courses training with + 21.7K clients visited UWM for Success Track YTD 3Q24), Broker Services (coaching, licensing and compliance support, technology support & partner academy) • Saw increased adoption of tools, with TRAC+ helping brokers save consumers money, PA+ gaining traction, BOLT enabling faster approvals, and ChatUWM usage rising to support broker success • Observed increased traffic on Mortgage Matchup
Personnel	• Announced BrokerX, a new program enabling brokers to train and license new talent in 5 weeks without needing an in-house training team • UWM believes its Operations and Underwriting team members are the most efficient in the industry, averaging ~4.2 times the industry production; with Application to close in 16 days vs 39 days industry average • Maintained stable leadership since 2016, with no turnover among direct reports
Legal and Regulatory	• Filed motions to dismiss a suit brought by The Okavage Group and America's Moneyline, arguing it's a continuation of previous claims challenging UWM's "All-In" initiative

	Forward-looking guidance
Origination	• Project purchase originations to reach $100.3B and refinance originations to reach $39.1B in 2024 which reflects an increase over $93.9B and $14.4B respectively in 2023
Servicing	• Focused on managing MSRs through selective sales rather than hedging, particularly selling with higher WACC • Considers MSR sales based on business cash needs and market demand, particularly noting buyer interest due to high production levels

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Guild (I of II)

News - recent developments

Highlights	• Reported net revenue of $159.3M compared to $285.7M in Q2'24; net loss of $66.9M compared to net income of $37.6M in Q2'24 • Adjusted net income and adjusted EBITDA totaled $31.7M and $46.4M, respectively, compared to $30.7M and $41.6M in Q2'24 • Reported $106M in cash and cash equivalents, $488M in unused loan funding capacity, and $295M in unused mortgage servicing rights credit • Repurchased ~24K shares at an avg price of $14.29 per share, leaving $10.3M remaining under the initial $20M repurchase authorization as of Sep 2024 • Identified strategic themes 1) retail-based loan sourcing through deep relationships in referral network, 2) personalized mortgage-borrowing experience, 3) internally-developed technology package driving originations and productivity, 4) brand reputation, 5) developing client trust and confidence, and 6) in-house servicing platform extending the client lifecycle
Originations	• Recorded total originations of $6.9B compared to $6.5B in Q2'24 and $4.3B in Q3'23 (up 60% YoY and 6% QoQ), compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ • Originated 88% of closed loan origination volume from purchase business vs industry estimate of 75% for the same period • Recorded net income of $6.4M compared to net loss of $3.1M in Q2'24, driven by higher origination volumes • Noted GOS margins on originations increased 7 bps QoQ to 333 bps; GOS margins on pull-through adjusted locked volume increased 6 bps QoQ to 321 bps and total pull-through adjusted locked volume was $6.9B compared to $6.5B in Q2'24
Servicing	• Reported servicing portfolio UPB of $91.5B, up 3% compared to $89.1B in Q2'24 • Recorded net loss of $74.6M compared to net income of $69.5M in Q2'24, loss was due to the non-cash downward valuation adjustment of MSRs of $146M • Retained MSRs for 67% of total loans sold in Q3'24; valuation adjustments totaled a loss of $145.8M, compared to a gain of $2.1M in Q2'24, reflecting the interest rate decline • Refinance recapture rate of 41% reflecting the interest rate decline, and purchase recapture rate of 29%

Forward-looking guidance

Strategy & investments	• Expects profitable growth, driven by robust organic recruiting and reputation, while remaining open to strategic acquisitions • Remains confident in its market position, leveraging a balanced model, retained loans for steady earnings, and technology investments to maximize customer opportunities despite rate uncertainties • Anticipates some inconsistency in QoQ growth until rates decline further and home inventory becomes more available • Said that market volatility is typically significant in the fourth quarter, which may impact margins due to long-term locks, though the base margin at the branch level should remain steady • Mentions growth in reverse mortgages and success in second programs for equity holders in a high-rate environment • Highlights focus on first-time buyers and leveraging local presence to capture grant-supported market share, with plans to pursue more opportunities • Sees strong performance in organic growth, with M&A activity slower this year but potentially increasing next year if rates remain high. Plans to explore opportunities as they arise, supported by capital base • Expect the market to continue growing, but at a slower rate than initially thought

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Guild (II of II)

News - recent developments	
Products and Programs	• Launched MyPath2Own, a down payment and closing cost assistance program by Guild Mortgage and eHome America, designed to help first-time homebuyers become “mortgage ready” through education, with up to $4K available for qualifying customer • Collaborated with Househappy, a personal home concierge service, to provide free accounts for all Guild customers with funded loans • Introduced Flex Payment Mortgages, offering aging homeowners flexible financing options to support aging in place. This suite includes federally-insured HECMs and reverse mortgages for purchase, enabling homeowners to access their home equity without selling • Achieved a NPS of 95.4, and recently became the most reviewed lender on Zillow, with an avg rating of 4.97 out of five stars
Personnel	• Hired Nora Guerra, formerly of Freddie Mac, where she specialized in national affordable lending, to lead the development and expansion of programs for attainable homeownership • David Battany, Guild Mortgage’s Executive Vice President of Capital Markets, was named the 2025 Chair of the Mortgage Bankers Association’s (MBA) Residential Board of Governors

Forward-looking guidance	
Origination	• Anticipates benefits from retail origination leadership, regardless of rate changes, with further growth expected from new loan officers leveraging advanced products and technology
Servicing	• Identified a portion of its loan portfolio that could benefit from new financing opportunities as rates decrease over time, with ~a quarter of its unpaid balance at rates above 6%

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: LoanDepot (I of II)

News - recent developments

Highlights	• Completed Vision 2025 strategic imperatives: 1) Increased focus on purchase transactions, 2) Executed growth generating initiatives, 3) Centralized management of loan originations, 4) Sized cost structure, 5) Capital Allocation Strategy, 6) Foundational Investments to focus on customer, and 7) Delivered Profitability • Announced Project North Start 2025-2027 initiatives: 1) Becoming the lending partner of choice through an AI powered customer relationship and engagement platform; optimize home buying experience, 2) Expand purchase reach and capabilities, 3) Expand its mortgage servicing AUM, 4) Launch “low touch” automated data-driven loan processing workflow, and 5) Become mortgage employer of choice • Reported revenue of $315M, up 18% YoY and adjusted revenue of $329M, up 26% YoY • Recorded net income of $3M and adjusted net income of $7M, compared with prior year net loss and adjusted net loss of $34M and $29M, respectively, reflecting the positive impact of higher revenue and cost productivity. • Highlighted strong liquidity profile with cash balance of $483M • Noted total expenses increased by $5.9M or ~2% YoY, primarily on higher volume and headcount related costs • Reported non-volume related expenses decreased $11.4M from Q3’23, primarily due to lower general and administrative expenses, offset by salary expenses and marketing costs • Incurred restructuring and impairment charges totaling $1.9M, a decrease of $0.4M YoY • Closed $300M of notes backed by a revolving warehouse LOC secured by mortgages • Ended 11-quarter streak of financial losses with profitable quarter
Originations	• Reported pull-through weighted GOS margin of 329bps (+7 bps QoQ and 36bps YoY), the highest margin since the start of the market downturn and above guidance of 280-300 bps • Recorded pull-through weighted lock volume of $6.7B, an increase of $1.1B or 19% YoY, within issued guidance of $5B-$7B • Saw $6.7B billion in loan originations, an increase of $0.6B or 9% YoY and 9% QoQ, in line with Q2’24 guidance of $5B- $7B compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ • Stated purchase volume totaled 66%, down slightly from 71% during Q3’23 • Recorded unit market Share of 175 bps in Q3’24 vs 181 bps in Q3’23 and purchase unit market share of 130 bps in Q3’24 vs. 135 bps in Q2’24 and 130 bps in Q3’23 • Mentioned origination market share of 1.4% over the last 2 quarters vs 1.5% in Q3’23

Forward-looking guidance

Strategy & investments	• Believes in a growing upward trend in housing transactions and mortgage activity, driven by household formation and demand for home equity-linked products • Sees strong potential to capitalize on improving market conditions in 2025 and beyond • Anticipates inflationary pressures from vendor spending, with observed cost increases from key vendors between ’23 and ’24, and expects similar trends to continue into ’25 • Plans to expand in the South and Southeast markets through Project North Star which targets first-time homebuyers • Mentioned expenses may grow as the company grows loan officers and operations team • Feel confident of ability to make money
Origination	• Predicts origination volume of between $6B and $8B, pull-through weighted rate lock volume of between $5.5B and $7.5B, and pull-through weighted GoS margin of 285bps and 305bps in 4Q’24 as compared to 4Q’23 $5B, $4B, and 296bps respectively • Targeting veteran population as growth market for mortgage origination
Servicing	• Expects Q4 to be impacted by reduced servicing revenue from Q2 MSR sales, the absence of a one-time insurance benefit, and higher volume-related expenses due to loan closings

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: LoanDepot (II of II)

News - recent developments	
Servicing	• Mentioned that the organic refinance consumer direct recapture rate increased to 71%, up from 69% in Q3'23 • Shared profile of its servicing portfolio: weighted avg FICO of 730, weighted avg coupon of 3.73%, LTV of 74%, 60+ days DQ of 1.4%; mix as 56.5% GSE, 34.1% Gov't/EBO, 9.3% other • Stated servicing fee income increased from $121M in Q3'23 to $124M in Q3'24, due in part to higher earnings credits on custodial balances from higher interest rates and custodial balances • Hedged the servicing portfolio to reduce fair value impact on operations, protecting against earnings and liquidity volatility with a dynamic strategy that adjusts to interest rate changes • Reported increasing total servicing expense to average UPB of 2.6bps compared to 2.0bps the prior quarter and 2.0bps the prior year
Products and Programs	• Announced Ridgeland Mortgage joint venture with Smith Douglas Homes, expanding loanDepot's network of partnerships with top homebuilder • Added a HELOC to its product suite, enabling homeowners without a mortgage to borrow against their home equity
Personnel	• Announced that Chief Information Security Officer Mike Brown received HousingWire's 2024 Tech Trendsetters award • Noted that President and CEO Frank Martell was honored with HousingWire's Vanguard Award for the second consecutive year • Said that six loanDepot originators were recognized on Asian Real Estate Association of America's "A-List" • Saw 115 loan originators rejoin the retail division since Jan 2023 which excludes originators who returned from the shop's DTC channel
Legal and Regulatory	• Accrued a net benefit of $18.9M primarily associated with expected insurance proceeds related to the settlement of class-action litigation related to the first quarter Cybersecurity Incident

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Rithm

News - recent developments

Highlights

- Believes the current valuation of 86% of book value undervalues Rithm's core segments
- Was the second largest nonbank servicer and fifth largest mortgage originator
- Grew originations 46% YoY and 9% QoQ, compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ, lenders, driven by strong performance in wholesale and correspondent channels
- Maintained a strong liquidity position, closing the quarter with $2.0B in cash and liquidity
- Completed the first phase of CRM rebuild and believe there is still room to improve retention and performance

Origination

- Reported $15.9B in funded mortgage origination volume for Q3 2024, up 9% from $14.6B in the previous quarter, reflecting strengths in wholesale and correspondent channels
- Improved gain-on-sale margins by 18bps QoQ to 1.23%
- Said customer retention investments in Newrez's platform, brand, digital strategy, and data insights helped power originations through the quarter
- Gained additional market share in originations accounting for 3.4% of the market in 2024 through Q3, up from 2.5% in 2023
- Focusing platform on customer retention and recapture

Servicing

- Grew total servicing portfolio to $878B, with $755B serviced by Newrez
- Increased third-party servicing 116% YoY, driven by the completed integration of Specialized Loan Servicing (SLS)
- Kept servicing cost per loan at $113 (in line QoQ and down from $134 YoY)
- Improved recapture rates to 55% YTD, including second liens, and to 38% for direct refinance recaptures
- Mentioned a slight rise in MSR delinquencies QoQ but still at historically low rates
- Reported $144B or 25% of Newrez's servicing portfolio has rates over 5% providing ample opportunity for recapture
- Said 89% of the MSR portfolio is out-of-the-money with a portfolio WAC of ~4.2%
- Highlighted special servicing and growing third-party subservicing businesses as drivers of capital-efficient earnings
- Attributed operational efficiency, cost leadership and performance to portfolio scale
- Reported CPR rates in Q3'24 increased to 7.2%, rising from 6.2% QoQ and 6.3% YoY
- Saw MSR multiples decline to 4.8x, down from 5.0x QoQ and 5.1x YoY

Forward-looking guidance

Strategy & investments

- Expect Sculptor Capital to play a key role, with more capital deployed into real estate and credit verticals
- Exploring new strategic investments in the commercial real estate sector, aiming to capitalize on emerging opportunities as the market resets
- Mentioned continued desire to grow through 1) leveraging in-house operating platforms, 2) expanding investment verticals, 3) developing investor partnerships, and 4) driving scale
- Raised $300M for potential M&A and liquidity for a potentially volatile economy
- Planning to spin-off Newrez as a separate entity in 2025
- Highlighted key macroeconomic themes moving forward: 1) election uncertainty, 2) higher federal deficits, 3) asset-based finance in vogue, 4) banks favoring specialists when divesting, 5)consumers remaining resilient, 6) CRE investment supercycle

Origination

- Expect continued growth in origination volumes, particularly in wholesale and correspondent channels
- Anticipate maintaining their market share, driven by investments in technology and the expansion of direct lending capabilities
- Predicted stable or slightly improved gain-on-sale margins, depending on market conditions and ability to capture opportunities in non-agency and correspondent channels

Servicing

- Planning expansion of third-party servicing operations, leveraging the integrated platform
- Anticipate low delinquency rates and stable servicing income from the portfolio
- Continued focus on operational efficiency, with further gains expected from integrating AI tools like Rezi to enhance customer retention and servicing capacity

Source: Company quarterly earnings releases; publicly-sourced news articles

mr. cooper

Company news and guidance: Mr. Cooper (I of II)

News - recent developments

Highlights	• Reported a net income of $80M and pretax operating income of $246M in 3Q'24, reflecting significant write downs in MSR values which decreased $415M but where partially offset by $289M in hedging gains equivalent to a 70% hedge ratio • Increased TBV to $69.93 per share, up 11% YoY • Reported servicing portfolio growth to $1.2 trillion, up 32% YoY, marking significant operational growth in managing mortgage servicing rights • Closed on the acquisition of Flagstar Bank's residential mortgage servicing/sub-servicing business, mortgage servicing rights, and the third-party origination platform • Grew originations 100% YoY in and 7% QoQ compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ • Targeting ROTCE of 14-18% which will be achieved through investments in Ai and other technology including piloting AgentIQ, a customer service coaching tool powered by pyro • Grew their customer base up to over 6M including Flagstar customers, up from 3.4M in 2020 leading to 152M customer interactions annually and 16 petabytes of customer data • Reported delinquency rates of 60+ days rose slightly to 1.5% from 1.4% QoQ with customer FICO score averaging 736 up from 720 in 3Q'21
Originations	• Generated $69M in pretax operating income in 3Q'24, up 80% QoQ, with a funded volume of $6.8B, highlighting significant improvement driven by favorable market conditions as well as investments in DTC and correspondent platforms • Increased direct-to-consumer (DTC) originations by 35% QoQ to $2.3B with ample room to continue growing given $132B of Mr Cooper's MSR portfolio has rates over 6% and another $74B has rates over 5% • Saw correspondent volumes rise by 116% QoQ, reaching $4.5B, supported by enhanced pricing models and deepened client relationships
Servicing	• Highlighted servicing segment pretax income was $305M, up 38% YoY, due to portfolio growth and strong operating leverage • Reported MSR value of $1.2T, up 3% QoQ and 32% YoY, indicating substantial growth • Said CPR rose slightly from 5.5% in 2Q'24 to 6.2% in 3Q'24 with expectations for this growth to continue in the fourth quarter and throughout 2025 • Noted MSR delinquencies rose slightly by 8 bps to 1.1%, driven primarily by FHA and VA loans

Forward-looking guidance

Strategy & investments	• Prioritizing increasing 1. AI integration, 2. enhancing the digital-first platform, and 3. expanding the capacity for loss mitigation in anticipation of a potential adverse credit environment • Investing in DTC origination through componentization and automation, enhanced front-end customer experience, data analytics, and AI throughout workflow and sales coaching • Growing correspondent channel through more granular pricing models, deepening client relationships, process improvements, and improved capital market execution • Achieved record liquidity of $4.1 billion, an increase from $3.2 billion in Q2, driven by the issuance of $750 million in senior notes and an additional $750 million in MSR financing capacity. The capital ratio ended the quarter at 27.9%, still above their target range despite a slight decrease from the previous quarter • Expects the Flagstar acquisition to decrease their tangible net worth to asset ratio, but not significantly enough to prohibit further expansion

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Mr. Cooper (II of II)

News - recent developments

Servicing	• Decreased full time servicing employees 8% from 3,959 in 3Q'23 to 3,649 in 3Q'24 while operating revenue grew 28% from $481M to $616M over the same period • Enabled FTE reduction through digital customer touchpoints and declining servicing phone calls per loan
Products and Programs	• Piloted Pyro AgentIQ, an AI-driven coaching platform that listens live to customer service calls, providing the team member with relevant information, helping gauge the customer's needs, and proactively pulling documents • Expect Pyro AgentIQ to roll out completely across servicing and origination in 2025
Personnel	• Promoted Sridhar Sharma to Chief Innovation and Digital Officer, and Jeff Carroll joined as Chief Technology Officer, reflecting strategic leadership changes to support technological advancements • Certified as a Great Place to Work for the sixth consecutive year, demonstrating a focus on positive workplace culture

Forward-looking guidance

Originations	• Expect 4Q'24 pretax income from originations to range from $45M to $65M, reflecting a more normalized level due to higher mortgage rates since September 2024 • Project DTC and Correspondent channels to continue growing, with a focus on improving efficiency and customer experience, leveraging new technologies and enhanced pricing models • Sustaining leading the industry in refinance recapture rates which ended the quarter at 69%
Servicing	• Forecasting servicing pretax income to range between $285M and $305M for 4Q'24, considering expected higher amortization due to rising CPRs and ongoing portfolio growth • Expect a strengthened servicing portfolio through adding $50-70B in MSRs in the Flagstar acquisition • Slowed bulk MSR acquisitions in part due to seasonality but expect to pick back up in the first half of 2025

Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Onity (I of II)

News - recent developments	
Highlights	• Priced $500M in senior notes due 2029, expected to close in escrow on Nov 2024. Proceeds will fund debt retirement, reducing interest expenses and increasing annual income by $14M • Reduced MSR and Corporate debt by $182M YTD and total liquidity improved to $299M as of Q3'24 • Executed several transactions to facilitate debt refinancing: 1) Issued Reverse assets securitization, redeemed $23.5M PMC notes, and sold $8.5B GSE MSR, 2) Acquired ~$55M reverse mortgage assets from Waterfall and issued $52.7M of preferred equity for assets, 3) Monetized 15% MAV interest for $49M, extended subservicing by 5 years, and reduced warrant dilution uncertainty, and 4) Redeems PMC '26 notes and Onity '27 notes • Completed the acquisition of reverse mortgage assets from a large financial institution and securitized assets, resulting in $46.1M in liquidity • Sold Fannie Mae and Freddie Mac MSRs, reducing MSR debt by $73.4M and generating $26.5M in cash proceeds to pay down corporate debt • Restructured corporate debt resulting in a debt-to equity ratio of 2.9x as of Q3'24, compared to 3.9x in Q4'23 • Reported the 8th consecutive quarters of positive adjusted PTI, achieving $35M in Q3'24, the highest in the last 3 years, and $81M YTD • Recorded ROE of 19% compared to 10% in the previous quarter and 8% in Q3'23 • Cited $300M in liquidity and reduced corporate and MSR debt by $180M during 2024 • Announced offering of $475M of Senior Notes Due 2029 • Improved efficiency in Q3'24, with the Origination efficiency ratio dropping from 71% to 52% and Servicing from 31% to 26%
Originations	• Originations volume of $8.5B, up 13% YoY and 23% QoQ, compared to independent mortgage peers who reported average increases of 34% YoY and 17% QoQ, demonstrating MSR replenishment capability • Increased funded recapture volume by 52% compared to Q2'24, with a reported 1.9x industry average recapture rate • Experienced a 100 bps drop in rates over 80 days in Q3'24, boosting recapture performance with lock volume up 76%, funded volume up 52%, and Adjusted PTI of +526% vs Q2'24

Forward-looking guidance	
Strategy & investments	• Highlighted strategy built on: 1) Balance and diversification 2) Prudent capital light growth 3) Industry-leading cost structure 4) Top-tier operating performance 5) Diversified Asset management • Focused on closing the valuation gap as the stock remains discounted below book value, while peers trade above book value • Anticipates 20% of Adjusted ROE in FY24 and 15%+ for FY'25; $202 Adj PTI in FY24 • Expects its profitability in 2025 and beyond to be favorably impacted due to $14M lower annualized corporate interest expense • Estimates a ($41M) impact from refinancing transactions on Q4 2024 net income, including -($37M) from OID acceleration, which eliminates future P&L impact • Forecasts strong Adjusted PTI ROE, building on 2024 performance and robust cash flow and strong interest coverage • Believes the earnings trends from the first 3 quarters of 2024 to continue into Q4, with servicing as the main earnings contributor and origination earnings steadily improving • Foresees debt restructuring transactions helping to close the book value gap by removing OID dilution through 2027, increasing annual earnings by $14M, and reducing uncertainty around warrant dilution

Note: PTI = Pre-Tax Income
Source: Company quarterly earnings releases; publicly-sourced news articles

Company news and guidance: Onity (II of II)

News - recent developments

Originations

- Highlighted recapture investments strategy: 1) Strengthened team with industry talent, 2) Improved servicing integration, 3) Optimized workflows and technology, 4) Expanded data and machine learning, and 5) Enhanced HELOC, HELOAN, and home purchase offerings
- Continues to hold position as top 10 correspondent lender with 700+ client relationships plus participation in agency MSR exchanges
- Generated a $6M increase in Consumer Direct PTI YoY and a 45% reduction in Opex-to-Revenue ratio vs. Q2'22
- Achieved $8.5B in MSR sales above book value and $8.5B in MSR originations to replenish after sales, with a $4M QoQ decline in B2B PTI due to strong Q2 execution
- Stated B2B volume up to replenish opportunistic MSR sales, margin down due to execution gains recognized in Q2 and a more volatile pricing environment in Q3
- Said consumer Direct PTI up ~$4M QoQ due to 52% volume increase fueled by decline in 30yr fixed mortgage rate
- Mentioned reverse PTI improved over last quarter driven by improved margin and volume in the Reverse Correspondent subchannel
- Integrated Reverse platform drives profitability, with $722M in Q3'24 originations, $22B in owned servicing and subservicing, and ~11% hedging on forward MSR

Servicing

- Reported $18B in total servicing additions and $60M YTD; $8B in subservicing additions for Q3'24, with $38B YTD subservicing and 80% growth from Q4'20 to Q3'24
- Achieved $23B in YTD MSR originations and purchases, with Q3 up 39% over Q2, and completed $16B in MSR sales, capitalizing on favorable bulk market pricing
- Increased high-margin channel MSR originations to 39%, up from 20% in 2022
- Delivered a $10M increase in reverse servicing adj PTI QoQ and $14M rise in forward servicing adj PTI YoY
- Reported $9B growth in subservicing avg UPB YoY, $46M in liquidity from reverse securitization and a 47% Opex-to-Revenue ratio
- Reported $299B in total servicing UPB, with 57% subservicing and 43% owned MSR
- Stated its MSR hedging strategy resulted in a net gain of $10M with a 90%-110% hedge coverage ratio for owned MSRs and 24% reduction in MSR D/E leverage YTD

Forward-looking guidance

Origination

- Believes servicing and origination platforms drive performance through rate cycles, with servicing profitability rising as rates increase and origination earnings improvin

Servicing

- Expects to maintain MSR hedge coverage of 90-110% and will continue managing its owned MSR portfolio within a UPB range of $115B to $135B
- Continues to capitalize on market cycle opportunities, demonstrated by its selective MSR sales above book value

Note: PTI = Pre-Tax Income
Source: Company quarterly earnings releases; publicly-sourced news articles

Real estate and mortgage market trends

What is in this section?

- Real estate & mortgage scorecard
- Real estate trends
- Construction trends
- Mortgage trends
  - Applications
  - Delinquency rates
  - IPO, M&A, funding
- Regulatory update

All growth figures are YoY unless otherwise noted

Real estate and mortgage industry scorecard

Real Estate & Construction

September 2024

Real estate

Home sales [annualized]
Existing 3.8M (-4%)
New 738K (+6%)

Home inventory
Existing 1.4M (+23%)
New 470K (+8%)

Home prices
Existing $405K (+3%)
New $426K (-)

Construction

Single-family housing starts [annualized]
1.0M (+6%)

Single-family building permits
1.0M (-1%)

Origination

Most current available

Origination Volume [Q2 '24]
$429B (-7%)

Purchase share [Q2 '24]
78% (-2pp)

Product mix [Q2 '24]
58% conv/25% gov/13% jumbo/4% EC

30Y fixed [Oct.]
6.43% (-119bps)

Channel mix [Q2 '24]
53% retail/18% broker/29% corr

Originator mix [Q3 '24][1]
Bank 20%/IMB 80%

Cycle [Oct.][2]
43 days (-)

Servicing

Most current available

Volume [Q3 '24]
$14.2T (+2%)

% in forbearance [Sep.]
0.34% (+3bps)

DQ rate [Sep.]
3.3% (+47bps)

MSR Valuation [Q3 '24]
148bps (-8bps)

Servicer mix [Q3 '24][3]
Bank 41%/IMB 59%

Securitization & Regulatory

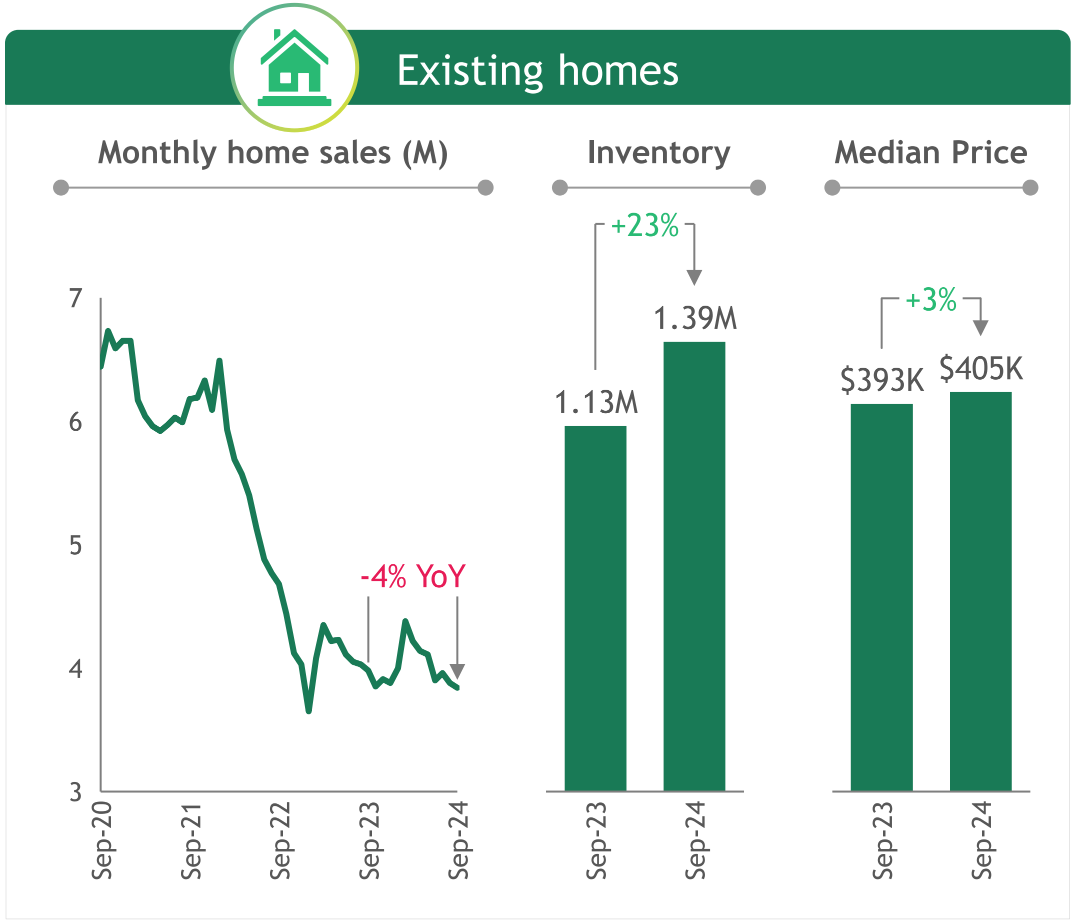
Most current available

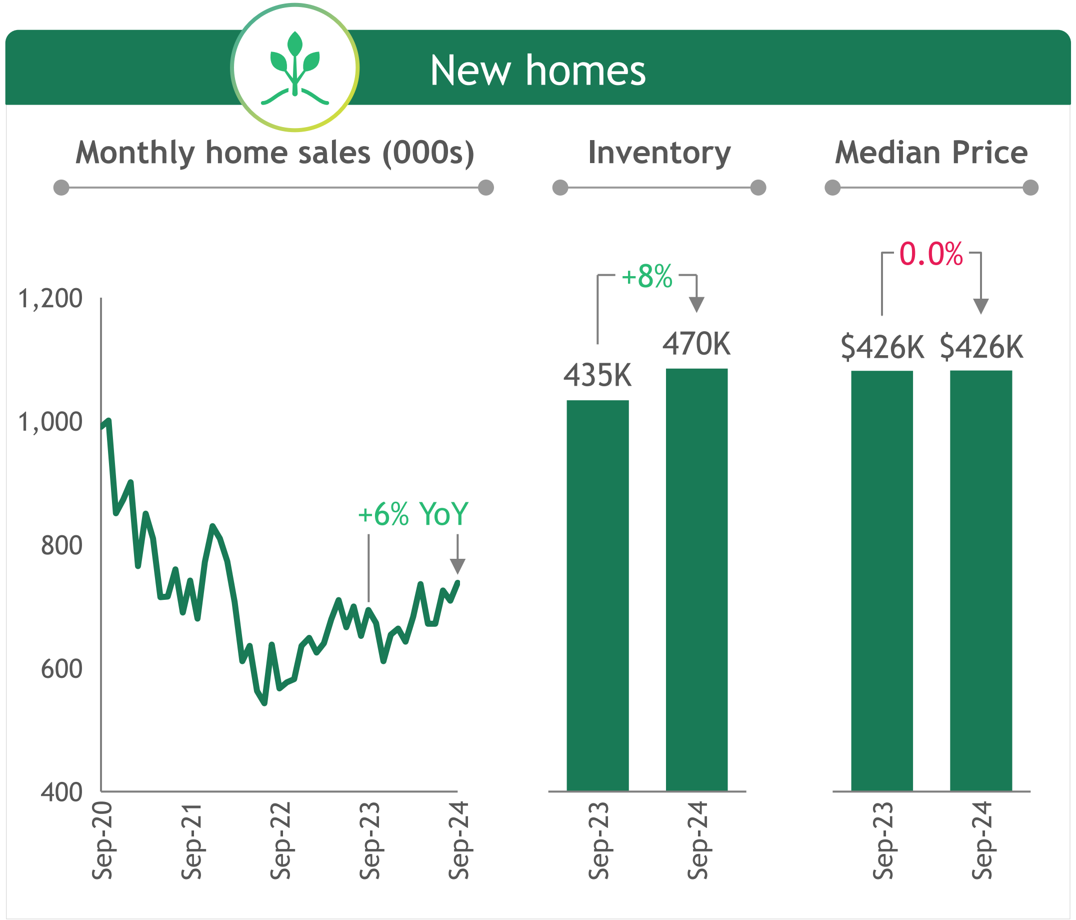
Securitization rates [Q2 '24]
64% across products
- 30% Fannie
- 29% Freddie
- 36% Ginnie
- 2% Jumbo
- 3% ECM

Regulatory
- CFPB finalized open banking rule, providing consumers better control over their financial data
- FHFA expands lender access to loan repurchase alternatives and appraisal waivers
- HUD issues update to manufactured housing safety standards

1. Bank/IMB originator mix based of top 50 originators, representing ~74% of Q3 '24 originations 2. Change in cycle time measured vs. May '24 3. Bank/IMB servicer mix based on top 50 firms in owned mortgage servicing, representing ~68% of total servicing UPB at Q3 '24. Note: All growth figures are YoY unless otherwise noted; % may not sum due to rounding; EC = expanded credit; IMB = independent mortgage bank. Source: NAR; US Census Bureau; MBA forecast; MBA Loan Monitor Survey press release; IMF; ICE Mortgage Technology; BCG analysis

Real estate trends: home sales, inventory, prices

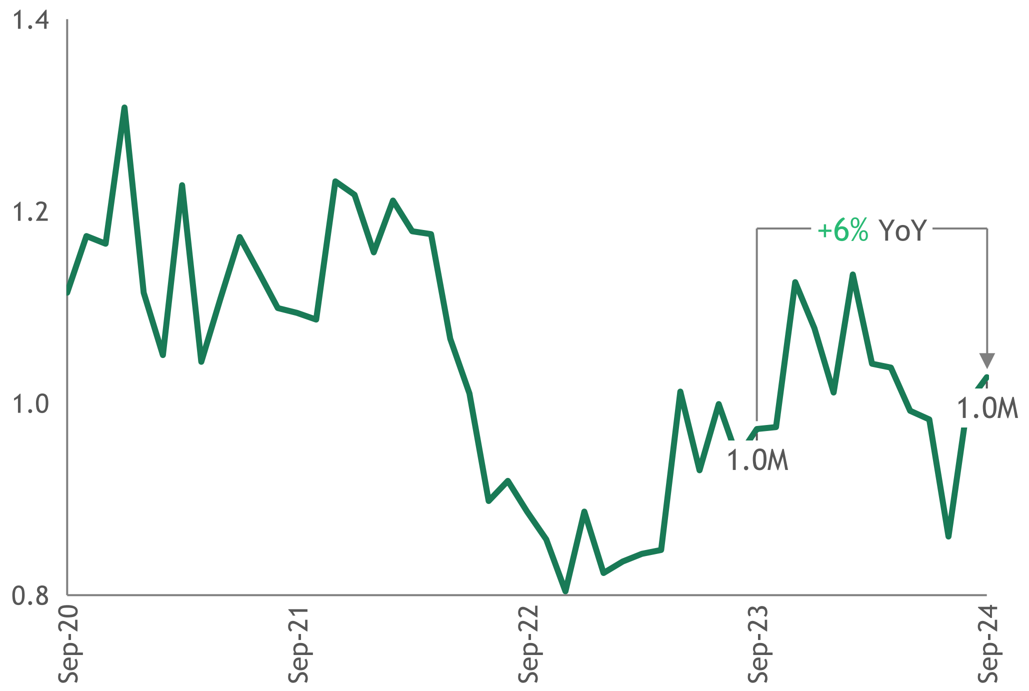




Note: Monthly homes sales and inventory displayed as seasonally adjusted annual rate; not all graphs set to same scale
Source: Census Bureau; HUD; National Association of Realtors

Construction trends: single-family housing starts, building permits

Housing starts



Building permits

Note: Monthly housing starts and building permits displayed as seasonally adjusted annual rate
Source: Census Bureau; HUD; National Association of Realtors

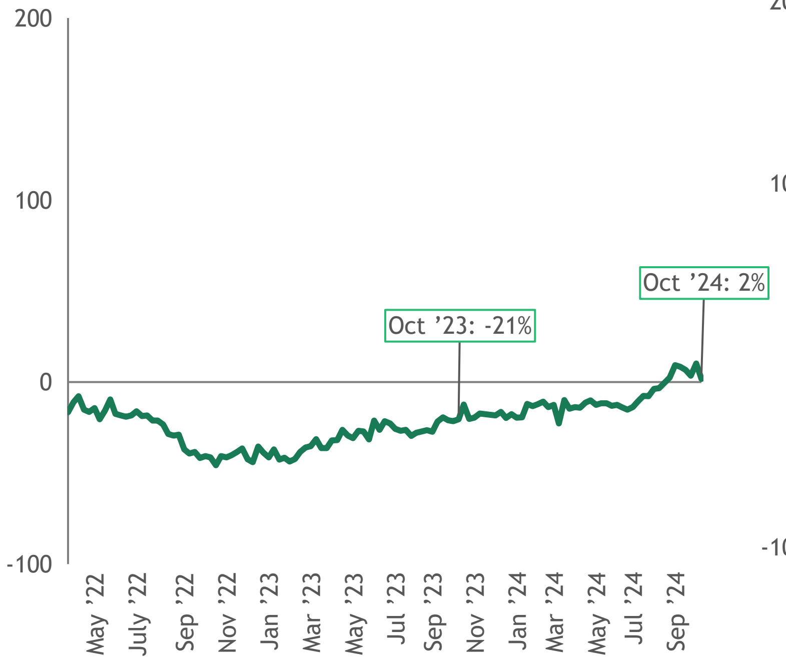
Mortgage weekly application rates

Growth in all applications turns positive mid-July '24

YoY change in all applications (%)

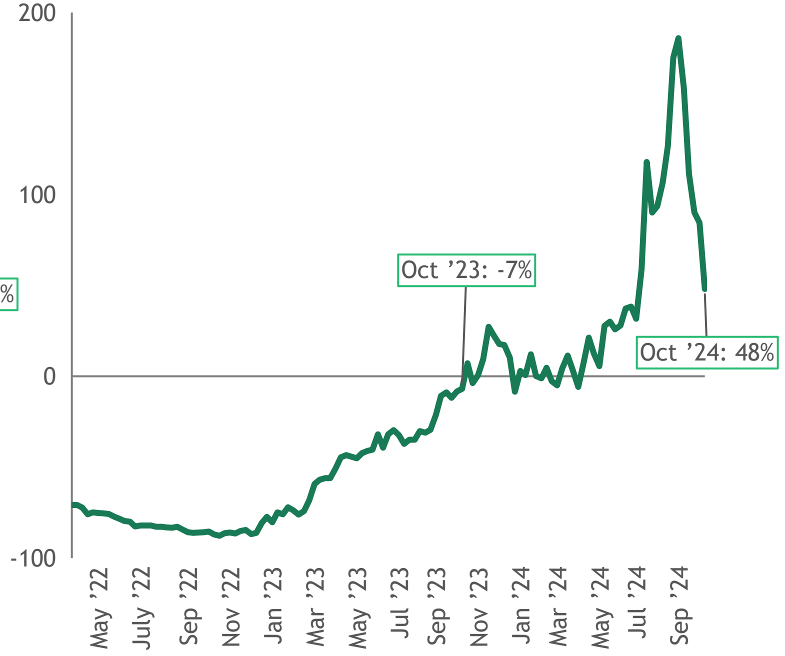
Growth in purchase applications turned positive at end of Sep '24

YoY change in purchase applications (%)



Growth in refi applications accelerated in Sep '24 as rates declined to ~6.1%

YoY change in Refi applications (%)

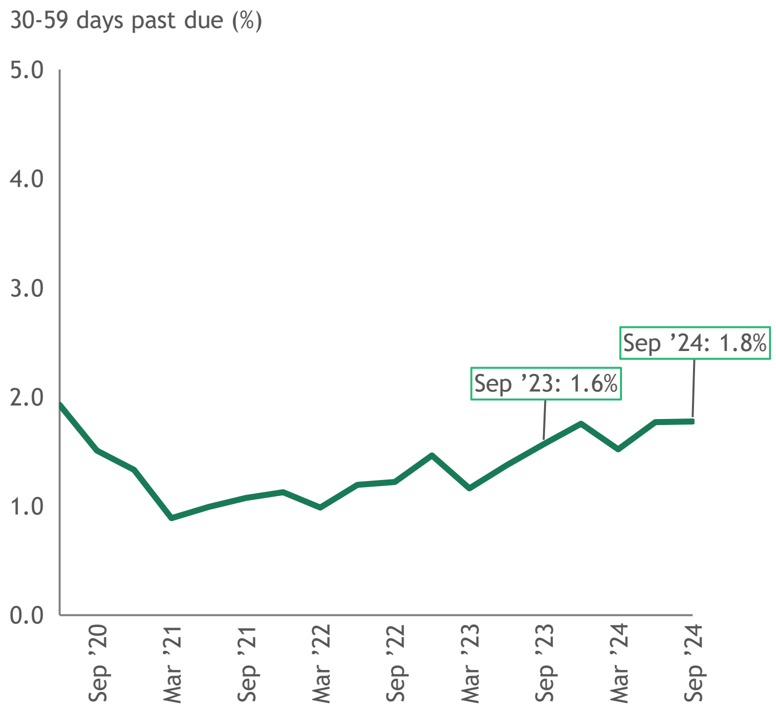


1. Calculated by taking average weekly application data within Q3 '24

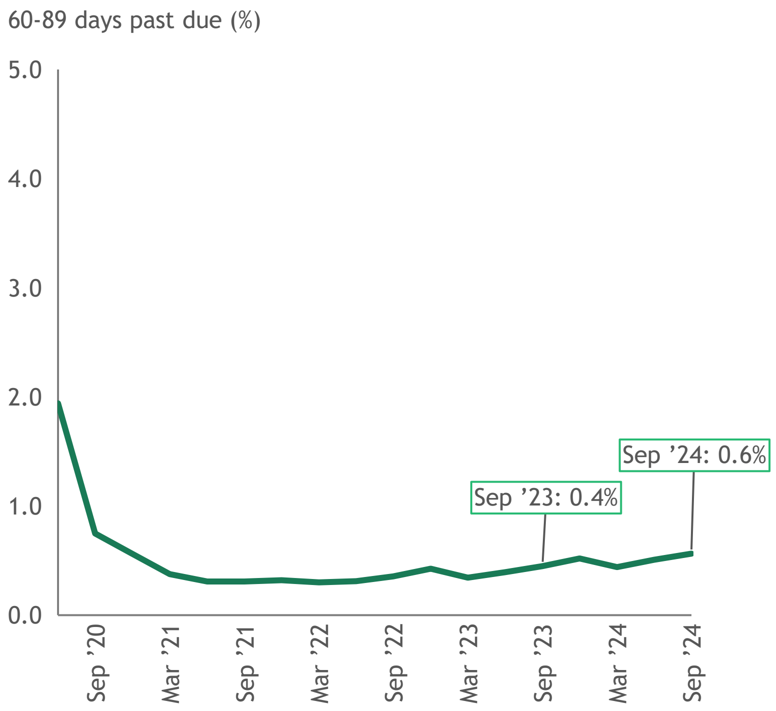
Source: MBA press release; MBA Weekly Mortgage Application Survey; BCG analysis on weekly MBA survey

Mortgage delinquency rates
(3.3% total 30+ day DQ rate as of September '24)

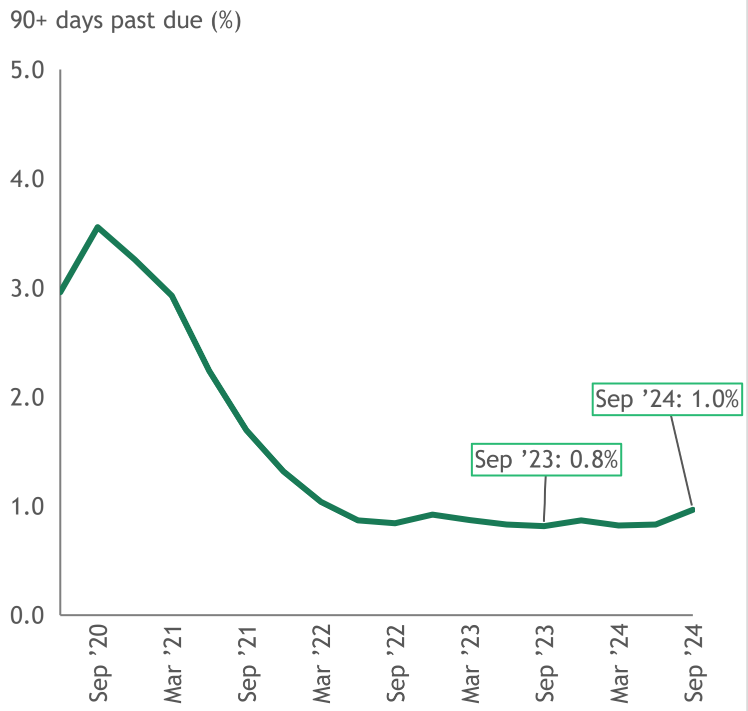
30-59 day DQ rate up 20bps YoY



60-89 day DQ rate up 20bps YoY



90+ day DQ rate flat YoY and down 320bps vs. COVID peak



Note: DQ = delinquency; totals may not sum to 30+ day total due to rounding error; DQ rates do not include ARMs
Source: Inside Mortgage Finance; BCG analysis

M&A: originators and servicers

New addition | Not comprehensive

Recent M&A

Mr. Cooper → Flagstar	Mr. Cooper acq. Flagstar servicing portfolio and TPO business assets <7/25/2024>
ACNB Bank → Traditions Bancorp	ACNB Corp. acq. Traditions Bancorp.<7/24/2024>
Renasant Bank → The First	Renasant Bank acq. The First Bank <7/29/2024>
Planet Home Lending → Axia Home Loans	Planet Home Lending acq. retail assets from Axia Home Loans <8/1/2024>
Onity → Mortgage Assets Management	Onity acq. reverse mortgage assets from Mortgage Assets Management <8/1/2024>
OceanFirst → GardenState Home Loans Inc	OceanFirst Bank acq. Garden State Home Loans <8/2/2024>
Sixth Street → SPS Select Portfolio Servicing	Sixth Street acq. Select Portfolio Servicing from UBS <8/14/2024>
Beeline → Eastside Distilling	Beeline merges with Eastside Distilling <9/5/2024>
LoanStream Mortgage → Homestar	LoanStream acq. Homestar Financial <9/5/2024>
reAlpha → Be My Neighbor	Realpha acq. Be My Neighbor <9/9/2024>
NexBank → Equity Now	NexBank acq. Equity Now <9/18/2024>
Synergy One Lending → Mann Mortgage	Synergy One Lending acq. Mann Mortgage <9/30/2024>
EverBank → Sterling bank & trust	EverBank acq. Sterling Bancorp. <10/8/2024>
Fortress Bank → Compass Mortgage LLC	Fortress Bank acq. Compass Mortgage <11/5/2024>

Recent Exits

EPM	Equity Prime Mortgage exits retail channel <9/7/2023>
BayFirst	BayFirst shut down national mortgage loan production ops; continuing to originate only in FL <9/26/23>
First Savings Bank	First Savings Bank to cease its national, originate-to-sell residential mortgage banking ops <10/10/23>
HomeTown Lenders	Hometown Lenders to transition from retail to broker model <10/11/23>
Homestar	Homestar Financial ceases mortgage operations <10/25/2023>
Flagstar	Exits warehouse lending; sold $5B in warehouse loans to JPM <5/15/2024>
HomeTown Lenders	Files for Chapter 11 bankruptcy <6/4/2024>
Independent Bank	Exits mortgage warehouse lending <10/28/2024>
Wholesale channel exits:	Citizens, U.S. Bank, LoanDepot, AmeriSave, Mountain West, AnnieMac, Point Mortgage, Guaranteed Rate, and Fairway Independent Mortgage

IPO

Figure	Announced draft registration statement for proposed IPO <3/27/2024>
Better	Completed SPAC merger <8/24/23>

Source: HousingWire; National Mortgage News; PR Newswire; BusinessWire; public disclosures

M&A: select service providers to the mortgage and real estate industry

☆ New addition | Not comprehensive

Recent Acquisitions

Acquirer	Target	Details
a360inc	ProVest	Terms not disclosed <7/31/24>
☆ Alliant National Title Insurance Company	Dream Finders Homes	Terms not disclosed <10/23/24>
Arch	rmic	Agreed to acquire run-off mortgage insurance business (RMIC[1]) for $140M <11/13/23>
Ascent	Value Acceptance	Terms not disclosed <11/28/23>
Class Valuation	Valuation Connect	Purchased Valuation Connect from Mortgage Connect, Terms not disclosed <11/15/23>
clever	gravy	Terms not disclosed <1/8/24>
consolidated analytics	Real Info	Terms not disclosed <1/23/24>
consolidated analytics	Investor Claim Solutions	Terms not disclosed <8/2/24>
CoStar Group	Matterport	Agreed to acquire Matterport for $1.9B in cash & stock transaction <4/21/24>
EasyKnock	Balance	Terms not disclosed <12/5/23>
EasyKnock	HomePace	Terms not disclosed <5/13/24>
Final Offer	openn	Acquired North American Operations; terms not disclosed <7/10/24>
Flyhomes	ZeroDown	Terms not disclosed <6/11/24>
Gravy Analytics	unacast.	Merger agreement <11/29/23>
MCS	fivebrothers	Terms not disclosed <3/13/24>
MYND	roofstock	Merger agreement <5/16/24>
Maxwell	revvin	Terms not disclosed <9/27/23>
☆ nerdwallet	Next Door Lending	Acquired for $1M cash and $3.5M in performance comp. <10/31/24>
Stavvy	Signia Documents	Terms not disclosed <11/15/23>
Stratmor Group	Teraverde	Merger agreement <5/17/24>
Title Resources Group	doma	Acquired company for $213M <3/28/24>
University Bank	Blue Water Financial Technologies	Acquired 50.5% stake in Blue Water from Voxtur Analytics for $39.5M
☆ Vine Light	Securent	Acquired majority stake from SitusAMC <10/2/24>
Zillow	follow up boss	Acquired for up to $500M <11/1/23>

Note: Sorted alphabetically by acquirer
Source: Pitchbook; WSJ; HousingWire; National Mortgage News; PR Newswire; BusinessWire; public disclosures

Funding: select service providers to the mortgage and real estate industry

☆ New addition | Not comprehensive

Recent Funding

	aidium	$19M in series A; $19M total funding <3/8/24>
	argyle	$30M in series C; $108M total funding <3/24/24>
	ASCENT DEVELOPER SOLUTIONS	Received equity capital commitment from Elliot Investment Mgt.
	blend	$150M in new equity issuance to Haveli Investments <4/2/24>
	CANDOR	$8M Series B; $32M total funding <2/5/24>
	CERTIFID	Received growth financing from CIBC; terms undisclosed <4/2/24>
	Dwellsy	$12M in seed funding <11/15/23>
	FINLOCKER	$17M Series B from Radian; $40M total funding <5/14/24>
	GREAT AJAX	$11M investment from Ellington Financial[1] <10/23/23>
☆	HomeLight	$20 Series D; $541M total funding <8/28/24>
	kasa	$70M Series C; $126M total funding <10/31/23>

☆	Perchwell	$25M Series B; $40M total funding <7/30/24>
☆	POLLY	$25M Series B; $91M total funding <9/10/24>
	Propify	~$3M in seed funding <10/10/23>
	RADIUS	$13M Series B <11/2/23>
	richr	$1.7M in seed funding; $2.2M total funding <4/1/24>
	ROAM	~$4.3M in seed funding <9/13/23>
	ROAM	$3M in seed funding; $7.3M total funding <5/9/24>
	safely	$8M in funding led by Highgate Tech Ventures; <10/2/23>
	SHEPHERD'S FINANCE, LLC	$1.2M Series C; $7.5M total funding <4/2/24>
	TRUE FOOTAGE	$31.6M Series C; $81.3M total funding <4/29/24>
☆	unlock	$30 Series B; $130M total funding <9/3/24>
☆	Valon	$100 Series C; $180M total funding <8/30/24>

Note: Sorted alphabetically
Source: Pitchbook; Crunchbase; S&P CapitalIQ; WSJ; HousingWire; National Mortgage News; PR Newswire; BusinessWire; Public disclosures

Regulatory and policy changes

CFPB
(Consumer Financial Protection Bureau)

CFPB finalizes guidance for how lenders should approach re-appraisal process

CFPB will now require sellers to disclose financing costs and assess borrower ATR for contract-for-deed financing deals

CFPB to provide guidance on proper use of chatbots and identify certain use cases that are unlawful

CFPB set new thresholds for TILA protections from $69,500 to $71,900

CFPB set new thresholds for special appraisal exemption for higher-priced mortgage loans from $32,400 to $33,500

CFPB non-bank registry of repeat offenders active as of October

CFPB finalized open banking rule which provides consumers better control over how their financial data is used

Patrice Ficklin, Head of Fair Lending, leaving CFPB to join Fannie Mae

FHFA
(Federal Housing Finance Agency)

FHFA redrafted rules for suspending mortgage companies

FHFA announced that FHLBs must establish processes to monitor financial health of its members

FHFA proposed a rule to exclude interest-bearing deposits and other investments from certain capital requirements for FHLBs

FHFA proposed a rule requiring an annual assessment of incumbent directors at FHLBs to determine board effectiveness

FHFA expands fee-based alternative to repurchase loans to all approved lenders for Freddie Mac performing loans with defects

FHFA to require GSEs to provide 60-day notice to lenders prior to raising G-fee by one basis point or more

FHFA announced it will allow appraisal waivers for LTVs up to 90% and inspection-based appraisal waivers for LTVs up to 97%

HUD
(US Dep. of Housing & Urban Development)

HUD adds translations of 19 FHA mortgage servicing documents to increase information access

FHA eases cyber reporting requirements for lenders

HUD finalized rule to expand accepted communication methods for counseling clients

FHA proposes updates to partial claim payoff statements which would align understanding of how much is owed on a partial claim across borrower and lender

FHA announced an update to its Electronic Appraisal Deliver module in effort to modernize system

HUD issues update to manufactured housing safety standards

FHA announced it plans to relax requirements for direct endorsement underwriters to allow for part-time underwriters

Other
(State agencies, attorneys general, etc.)

Federal reserve provided guidance on how they would like to narrow the scope and lower capital requirements in Basel III re-proposal

New FCC robocall rules which simplify a customer's ability to opt out of robocalls and texts to take effect on April 11, 2025

Treasury announced plan to increase financial inclusion for low-income households, people of color, and rural populations

Source: HousingWire; National Mortgage News; press releases

Hot Topic: Gen Z Perspective

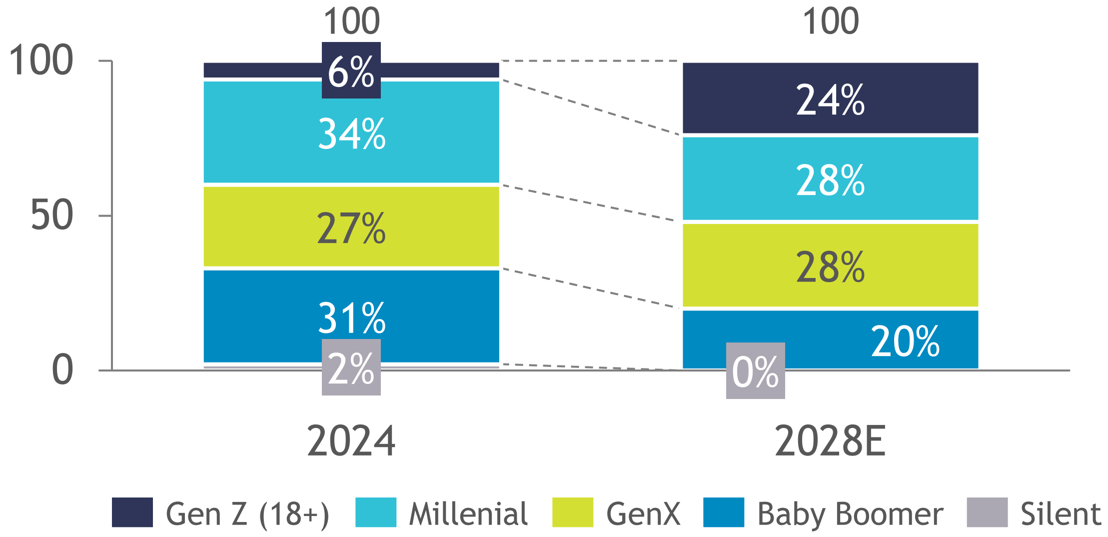
Deep dive: Gen Z and mortgage

- Gen Z to grow to 25% of mortgage holders in 5 years but majority will still be older buyers
- Early Gen Z borrowers could be strong refi candidates in coming years
- Gen Z maintains strong credit heading into an unaffordable housing market
- Gen Z values on word-of-mouth when making brand decisions
- Younger consumers are using social media to discover information
- Challenger banks targeting Gen Z are already appearing in the market

Gen Z to grow to 25% of mortgage holders in 5 years but majority will still be older buyers

Demographics | Gen Z and Gen X catching up to Millennials' home buying in prominence by 2028

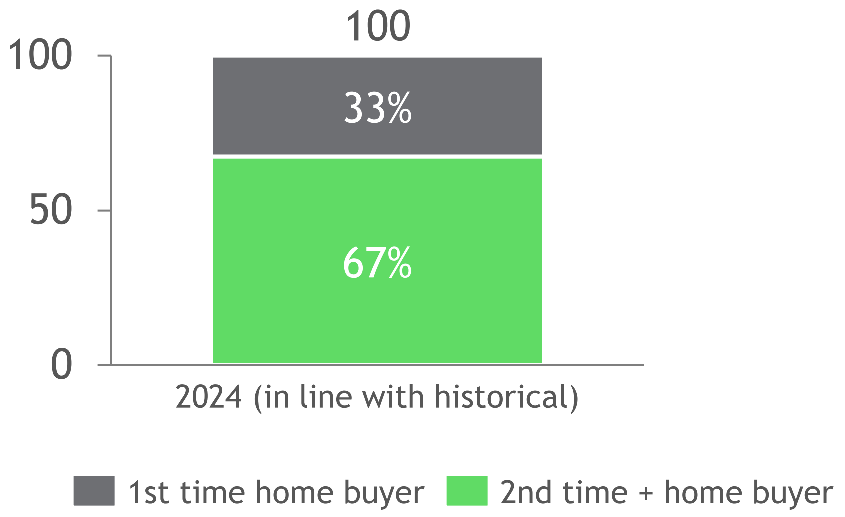
2024 vs. 2028: % of home mortgages by cohort[1]



- Millennials, GenX, and Baby boomer are the key demographic today but by 2028 Gen Z will increase in prominence

Purchase history: 2/3 of all buyers are (and will remain) experienced buyers

Mortgages originated by first-time vs. second time buyer (2024)[2]

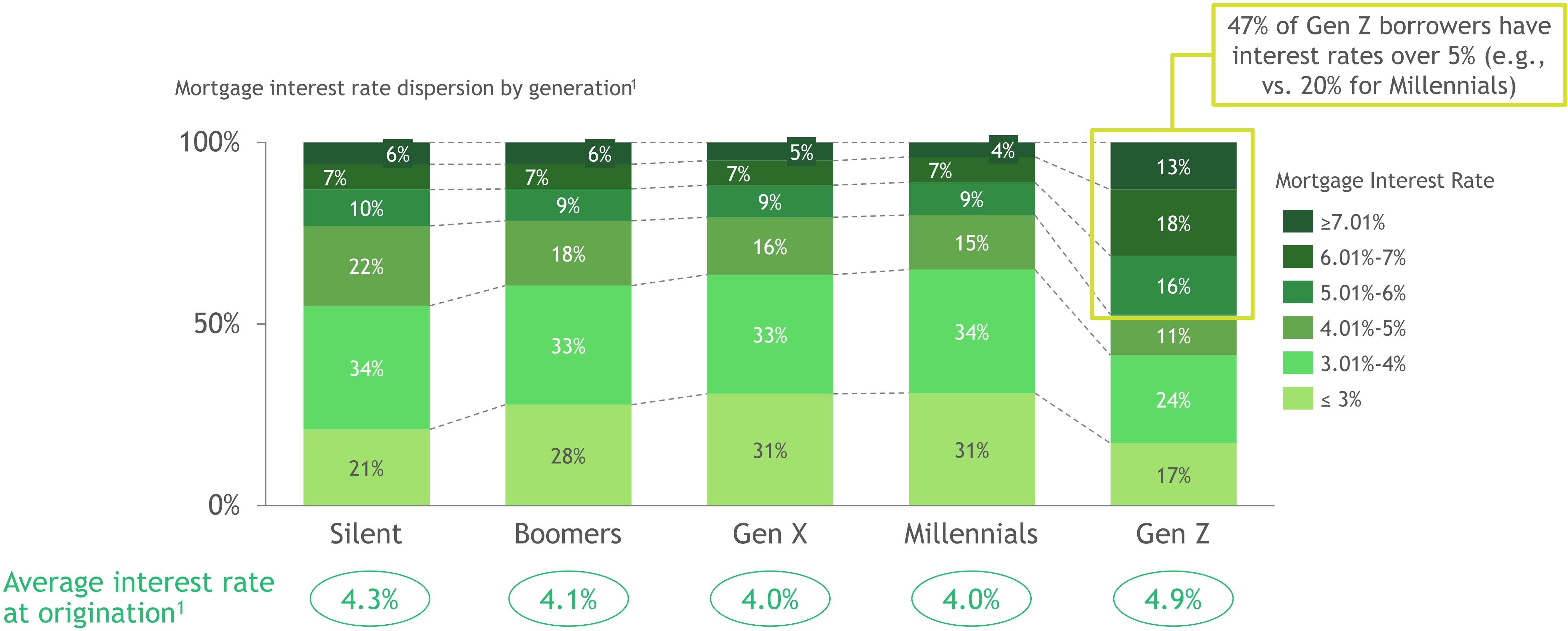


- Experienced buyers will continue to be a critical group especially for next generation of refinancing and other financial products (e.g., reno)
- Critical to create a value proposition (outside rates)

1. % of home mortgages originated by each age cohort, out of total ~4M mortgages in 2024 2. Estimates as of 2024 based on current home ownership by cohort

Early Gen Z borrowers could be strong refi candidates in coming years

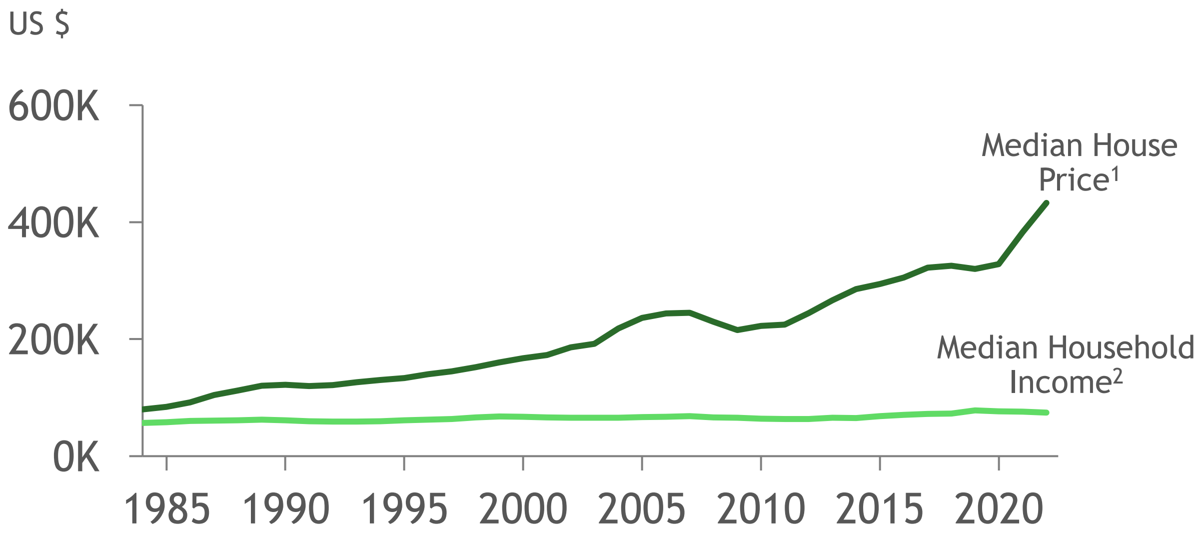
Mortgage interest rate dispersion by generation[1]



1. Active single-family owner-occupied purchase + refi loans conforming + jumbo; Based on all active loans originated since 1990, active as of January 2024
Source: Freddie Mac

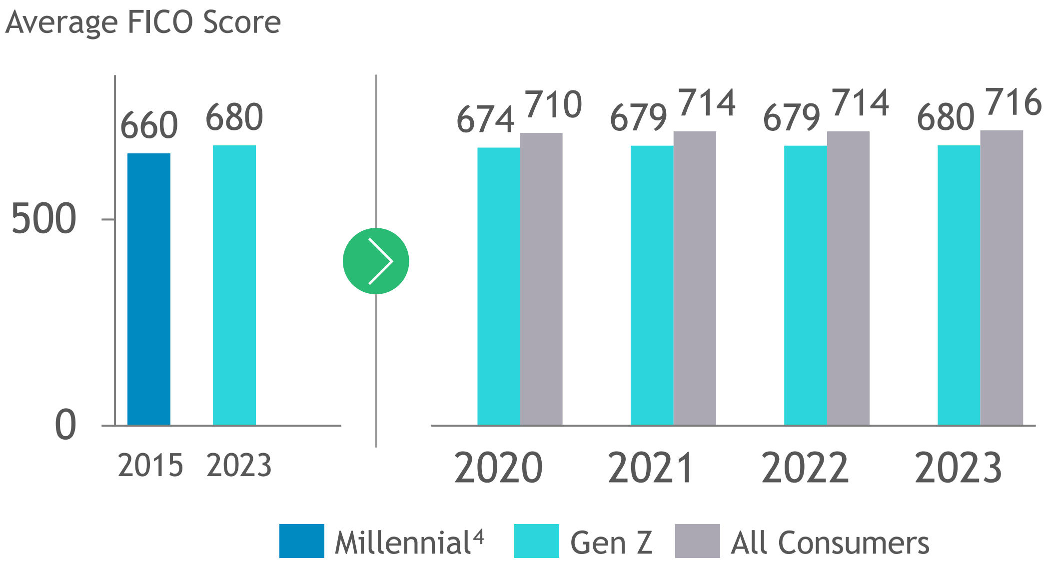
Gen Z maintains strong credit heading into an unaffordable housing market

Gen Z are entering the housing market when prices are historically high compared to household income



- 2024 median house prices are 5.8x median household income, a historic high

Gen Z's credit scores are stronger relative to Millennials at similar age



- Greater focus on financial education, an increase in awareness campaigns targeting younger generations, and online tools have all contributed to this increase

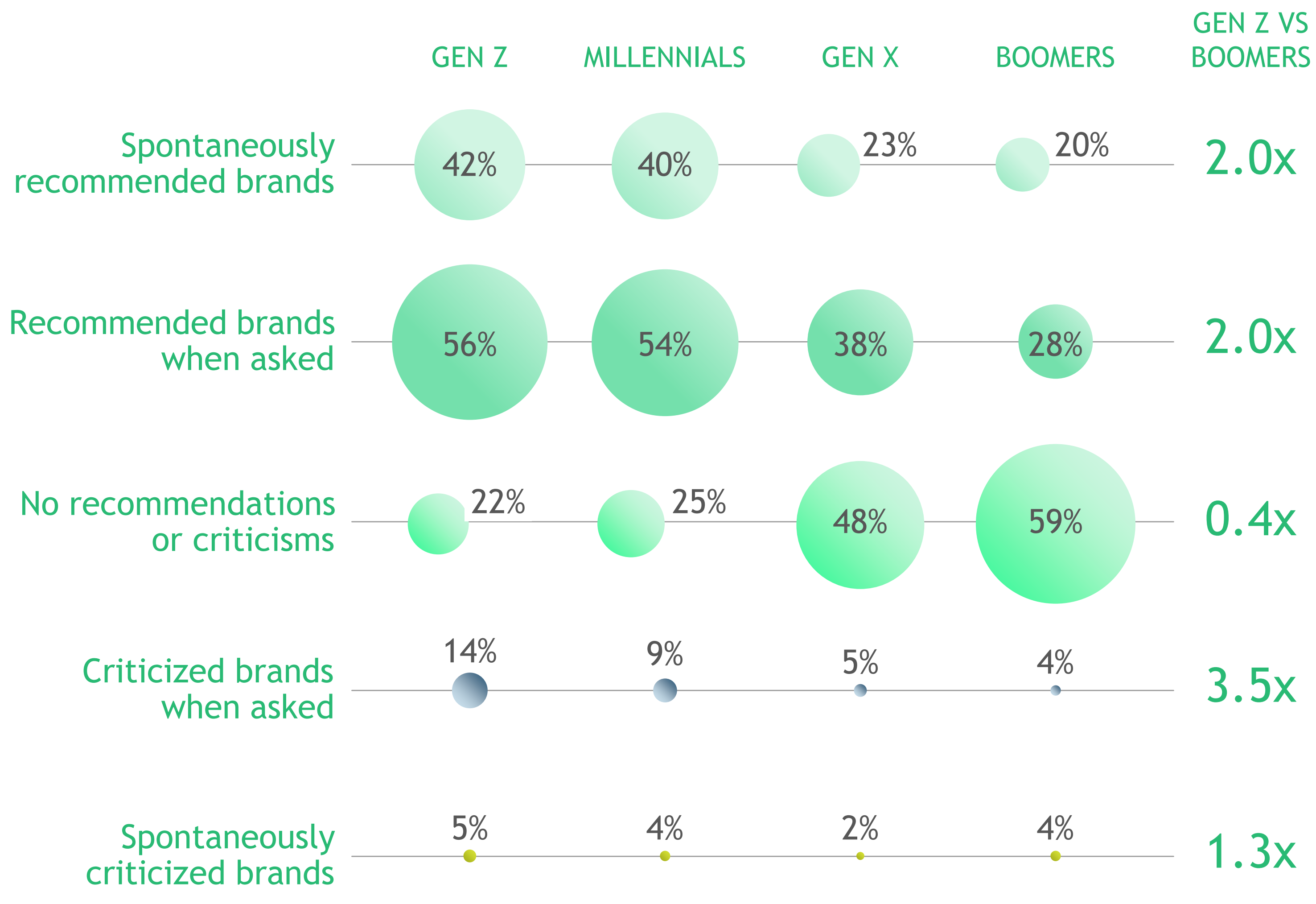
1. Median Sales Price of Houses Sold for the United States, Dollars, Annual, Not Seasonally Adjusted; 2. Real Median Household Income in the United States, 2022 CPI-U-RS Adjusted Dollars, Annual, Not Seasonally Adjusted; 3. Per Experian Data; 4. Millennial avg. score reflects 23-29 age range in 2015
Source: Federal Reserve Economic Data, Experian

Gen Z values on word-of-mouth when making brand decisions

2x more likely than Older Consumers to recommend a brand

3x more likely than Older Consumers to criticize a brand

Gen Z is 2.75x more likely than Boomers to say recommendations from friends impact purchase decisions

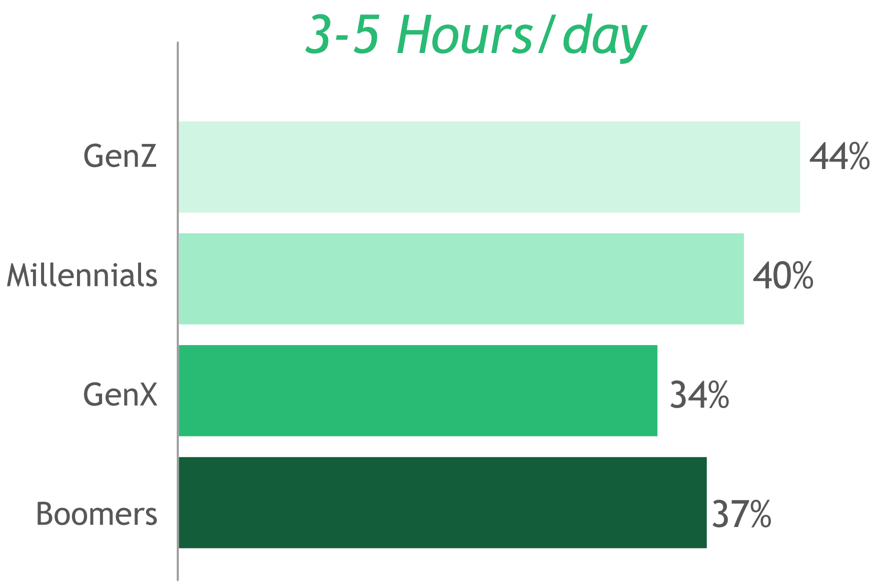


Q: Think about brands in your category, how does the following impact your likelihood of purchasing from the brand?
Note: Unweighted sample; includes oversample Beauty & Skincare N = 746; Gen-Z N=324; Millennials N=308; Gen-X N=60; Boomers N=54
Source: BCG Gen Z Survey, May 2023; Q: Think about brands in your, have you recommended/criticized any brand in the past 12 months?

Younger consumers are using social media to discover information

While all generations spend similar amount of time online for leisure …

Q: On average, how much time do you spend online on leisure activities (non-work related)?
(% of respondents that answered 3-5 hrs/day)



… their top motivators to use these applications are somewhat differentiated

LinkedIn, Twitter, Facebook: Older generations skew towards using Social Media for sharing

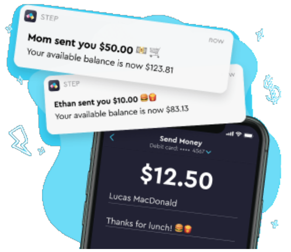
Snapchat, Instagram, YouTube: Both Gen Z and Millennials use Social Media to stay in touch with friends/family and see what content they share

Instagram, TikTok, reddit: Gen Z uses social media for education, brand discovery, & content creation

Note: Unweighted sample; includes oversample N = 3,891; Gen-Z N=1,943; Millennials N=1,199; Gen-X N=293; Boomers N=456
Source: BCG Gen Z Survey, May 2023;

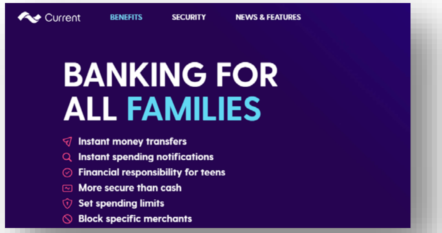
Challenger banks targeting Gen Z are already appearing in the market

Challenger bank Step targets teens with no-fees mobile banking and Visa card combined with modern digital banking experience. Parents can set spending limits and connect their own accounts to easily transfer money.

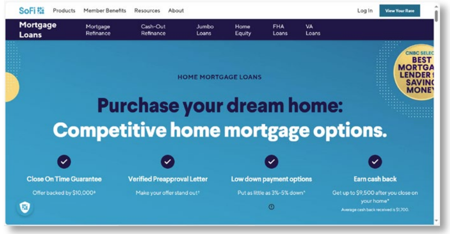


Vibe empowers and guides students in pursuit of financial and academic success with a digital-only checking account with the power to bank anywhere, anytime.

Challenger bank Current offers teen debit cards and personal checking accounts. Consumers can open an account in under 5 minutes using only their phone regardless of age or income.



SoFi is a fully digital fintech company that started with offering student loan refinancing and has since expanded into a range of financial products, incl. mortgages. SoFi offers home loans & mortgage refinancing with competitive rates and a digital application process.



Source: Company's website, Tech Crunch, BCG Analysis

Six key implications for mortgage lenders

Key trends observed in Gen Z

A **Economic position**
Burdened by inflation & unaffordable housing, but maintaining creditworthiness through increased interest in financial literacy education

B **Brand trust & marketing**
Outspoken about brands, rely on word-of-mouth & social media for brand perception, value social responsibility in brands

C **Engagement with banks/FIs**
Strong desire for digital and self-serve tools, open to non-traditional institutions for financial services and advice

Implications for lenders

Gen Z is more likely to need **cost reduction and financial assistance programs**

Gen Z **values financial literacy** and engagement with educational content

Gen Z expects brands to use **social media as an avenue for authentic engagement** and for sharing informative content

Gen Z responds positively to brands with **strong values** (transparency, sustainability, etc.)

Gen Z values **seamless, digital-first experiences** when managing their finances

Gen Z is open to **non-traditional banking experiences and programs**

Appendix

Top 25 originators—Q3 2024[1]

Green font indicates lenders included in the report

Rank	Lender	Lender type
1	United Wholesale Mortgage, MI	Independent Mortgage Bank
2	PennyMac Financial, CA	Independent Mortgage Bank
3	Rocket Mortgage, MI	Independent Mortgage Bank
4	Freedom Mortgage Corp., NJ	Independent Mortgage Bank
5	Newrez, PA	Independent Mortgage Bank
6	AmeriHome Mortgage, CA	Independent Mortgage Bank
7	Chase, NJ	Bank-owned w/ branches
8	Rate Inc., IL	Independent Mortgage Bank
9	U.S. Bank Home Mortgage, MN	Bank-owned w/ branches
10	CrossCountry Mortgage, OH	Independent Mortgage Bank
11	CMG Mortgage, CA	Independent Mortgage Bank
12	Fairway Independent Mortgage Corp., WI	Independent Mortgage Bank
13	DHI Mortgage, TX	Independent Mortgage Bank
14	Veterans United Home Loans, MO	Independent Mortgage Bank
15	Citi, MO	Bank-owned w/ branches
16	loanDepot, CA	Independent Mortgage Bank
17	Guild Mortgage Co., CA	Independent Mortgage Bank
18	Movement Mortgage, SC	Independent Mortgage Bank
19	Lennar Mortgage, FL	Independent Mortgage Bank
20	Bank of America Home Loans, NC	Bank-owned w/ branches
21	Wells Fargo & Company, IA	Bank-owned w/ branches
22	Mr. Cooper Group, TX	Independent Mortgage Bank
23	Planet Home Lending, CT	Independent Mortgage Bank
24	Flagstar Bank, NY	Bank-owned w/ branches
25	Onity Group/PHH Mortgage, FL	Independent Mortgage Bank

1. Ranking based on Q3 '24 YTD originations
Source: Inside Mortgage Finance

Top 25 servicers—Q3 2024[1]

Green font indicates servicers included in the report

Rank	Lender	Lender type
1	Mr. Cooper Group, TX	Independent Mortgage Bank
2	Chase, NJ	Bank-owned w/ branches
3	Newrez (Rithm), PA	Independent Mortgage Bank
4	Wells Fargo & Company, IA	Bank-owned w/ branches
5	Cenlar, NJ	Bank-owned w/ branches
6	PennyMac, CA	Independent Mortgage Bank
7	Freedom Mortgage Corp., NJ	Independent Mortgage Bank
8	Rocket Mortgage, MI	Independent Mortgage Bank
9	Dovenmuehle, IL	Independent Mortgage Bank
10	Flagstar Bank, MI	Bank-owned w/ branches
11	US Bank Home Mortgage, MN	Bank-owned w/ branches
12	Bank of America, NC	Bank-owned w/ branches
13	LoanCare, VA	Independent Mortgage Bank
14	Onity Group/PHH Mortgage, FL	Independent Mortgage Bank
15	Truist, NC	Bank-owned w/ branches
16	PNC Mortgage, PA	Bank-owned w/ branches
17	Two Harbors Investment Corp., MN	Independent Mortgage Bank
18	ServiceMac, SC	Independent Mortgage Bank
19	Select Portfolio Servicing, UT	Independent Mortgage Bank
20	M&T Bank Corporation, NY	Bank-owned w/ branches
21	Carrington Mortgage Services, CA	Independent Mortgage Bank
22	loanDepot, CA	Independent Mortgage Bank
23	Citizens Bank, RI	Bank-owned w/ branches
24	Fifth Third Bank, OH	Bank-owned w/ branches
25	Planet Home Lending, CT	Independent Mortgage Bank

1. Rankings based on primary servicing (includes loans serviced for institution's owned portfolio and loans serviced for others)
Source: Inside Mortgage Finance

Origination volume ($B)

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
GHLD	10.1	8.9	6.1	5.8	4.4	3.0	2.7	4.5	4.3	3.6	3.9	6.5	6.9
COOP	19.9	17.2	11.6	7.8	5.7	3.2	2.7	3.8	3.4	2.7	2.9	3.8	6.8
RITM	35.4	38.1	26.8	19.1	13.9	7.8	6.9	9.9	10.9	8.9	10.9	14.6	15.9
LDI	32.0	29.0	21.6	16.0	9.8	6.4	4.9	6.3	6.1	5.4	4.6	6.1	6.7
UWM	63.0	55.2	38.8	29.9	33.5	25.1	22.3	31.8	29.7	24.4	27.6	33.6	39.5
PFSI	59.1	47.1	33.3	26.7	26.0	23.0	22.8	24.9	25.1	26.7	21.7	27.2	31.7
RKT	88.0	75.9	54.0	34.5	25.6	19.0	16.9	22.3	22.2	17.3	20.2	24.7	28.5
FITB	5.0	4.3	3.5	4.3	4.0	2.3	1.4	1.7	1.5	1.0	1.1	1.6	1.9
C	7.2	6.9	6.8	9.4	8.6	5.2	5.1	7.4	7.0	5.0	4.8	6.6	6.2
PNC	7.4	6.6	5.1	4.8	3.1	2.1	1.4	2.4	2.1	1.5	1.3	1.7	1.8
CFG	10.3	9.9	7.4	6.4	4.4	2.8	2.3	3.6	3.4	2.2	1.9	2.9	3.3
FLG	12.5	10.7	8.2	7.7	6.9	4.1	2.6	4.2	4.7	4.2	3.2	4.6	5.1
TFC	15.9	14.5	11.4	11.3	11.7	4.9	4.0	5.6	4.2	3.0	2.4	3.9	3.7
BAC	22.8	24.7	18.4	17.0	11.1	7.8	6.5	8.5	8.0	6.2	5.3	8.1	7.6
USB	28.4	25.2	16.6	13.9	15.6	11.2	9.9	11.6	9.5	7.4	7.1	9.4	11.1
JPM	41.6	42.2	24.7	21.9	12.1	6.7	5.7	11.2	11.0	7.2	6.6	10.7	11.4
WFC	51.9	48.1	37.9	34.1	21.5	14.6	6.6	7.8	6.4	4.5	3.5	5.3	5.5
	510.4	**464.4**	**332.1**	**270.6**	**218.1**	**149.2**	**124.9**	**167.5**	**159.6**	**131.1**	**129.0**	**171.3**	**193.6**

Source: Company quarterly earnings releases; IMF (where historical figures not reported for select companies)

Servicing volume ($B)

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
ONIT	248.3	268.0	275.3	288.3	283.3	289.8	298.5	288.5	295.7	288.4	302.3	304.3	298.9
GHLD	68.0	70.9	73.3	75.9	77.7	78.9	79.9	82.0	83.7	85.0	86.3	89.1	91.5
COOP	668.4	709.7	795.8	803.6	853.7	870.4	852.5	882.0	937.3	991.7	1,136.2	1,205.8	1,239.2
RITM	475.9	482.8	496.9	498.0	503.6	503.5	504.1	506.0	563.1	568.0	577.5	741.6	754.7
LDI	145.3	162.1	153.4	155.2	139.7	141.2	141.7	142.5	144.0	145.1	142.3	114.3	114.9
UWM	284.9	319.8	303.4	308.1	306.0	312.5	297.9	294.9	281.4	299.5	229.7	189.5	212.2
PFSI	495.4	509.7	518.8	527.3	539.1	551.7	564.5	576.5	589.4	607.2	617.4	632.7	648.1
RKT	521.3	551.9	545.8	537.9	531.0	534.7	524.8	503.7	506.1	509.1	510.7	534.6	546.1
FITB	92.7	106.8	114.5	118.2	120.3	120.2	120.4	119.7	118.5	117.0	115.7	113.7	112.4
PNC	139.0	133.0	135.0	145.0	170.0	190.0	188.0	191.0	213.0	209.0	207.0	204.0	200.0
CFG	111.3	115.0	118.1	125.4	126.5	126.8	127.2	128.2	129.0	129.1	128.6	128.6	128.8
FLG	271.8	290.7	300.3	343.3	359.8	345.9	363.2	426.0	411.7	382.2	367.3	355.8	353.0
TFC	248.5	246.7	246.7	262.8	275.5	274.0	272.3	280.1	271.6	269.1	265.9	263.2	275.4
BAC	354.7	345.2	343.3	344.9	341.1	338.1	335.0	333.1	331.6	329.7	328.2	324.7	323.2
USB	219.3	222.4	227.2	226.4	229.0	243.6	245.6	366.7	348.2	350.0	349.7	348.6	333.6
JPM	701.4	714.4	732.2	786.5	793.1	807.0	810.3	934.2	956.0	969.3	958.7	949.8	960.4
WFC	1,021.0	994.0	978.0	973.0	962.0	954.0	938.0	904.0	857.0	822.0	795.0	771.0	754.0
	6,067.1	**6,243.2**	**6,357.9**	**6,519.8**	**6,611.5**	**6,682.3**	**6,664.0**	**6,959.0**	**7,037.3**	**7,071.4**	**7,118.5**	**7,271.3**	**7,346.4**

Source: Company quarterly earnings releases; IMF (where historical figures not reported for select companies)

MSR balance sheet value ($B)

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
OCN	2.2	2.3	2.3	2.5	2.7	2.7	2.6	2.7	2.9	2.3	2.4	2.3	2.2
COOP	3.7	4.2	6.0	6.2	6.4	6.7	6.6	7.1	8.5	9.1	9.8	10.4	10.0
RITM	6.6	6.9	8.0	8.6	8.9	8.9	8.9	8.7	8.7	8.4	8.7	9.7	9.3
PFSI	3.6	3.9	4.7	5.2	5.7	6.0	6.0	6.5	7.1	7.1	7.5	7.9	7.8
FITB	0.9	1.1	1.4	1.6	1.7	1.7	1.7	1.8	1.8	1.7	1.8	1.7	1.7
C	0.4	0.4	0.5	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
PNC	1.8	1.8	2.2	2.6	3.2	3.4	2.2	2.3	2.8	2.7	2.7	2.7	2.5
CFG	1.0	1.0	1.2	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.5
FLG	0.3	0.4	0.5	0.6	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1
TFC	2.6	2.6	3.0	3.5	3.5	3.4	3.3	3.0	3.2	3.1	3.1	3.1	3.2
USB	2.9	3.0	3.4	3.7	3.9	3.8	3.7	3.6	3.6	3.4	3.5	3.3	3.2
JPM	5.3	5.5	7.3	7.4	8.1	8.0	7.7	8.2	9.1	8.5	8.6	8.8	8.7
WFC	6.9	6.9	8.5	9.2	9.8	9.3	8.8	8.3	8.5	7.5	7.2	7.1	6.5
	38.2	**40.0**	**49.2**	**53.0**	**57.1**	**57.1**	**54.7**	**55.4**	**59.6**	**57.0**	**58.6**	**60.4**	**58.4**

Source: Company quarterly earnings releases

Glossary of origination terms

Term	Definition
Channels	• Retail: Borrowers who buy or refinance a home through direct contact with a mortgage loan officer, can include call center or digital initiation of application • Wholesale: Third-party mortgage brokers refer loan application packages to the lender who then underwrite and fund the loan • Correspondent: Lenders work with investors (e.g., Fannie Mae, Freddie Mac, private investors) who will purchase loans after origination if they meet certain criteria and the lender will earn a fee once the loan is sold
Products	• Conforming: Loan characterized by meeting funding criteria of Fannie Mae and Freddie Mac (e.g., loan limit of ~$550k) • Government: Loans backed by the government that protect lenders during default and include FHA, USDA, and VA loans • VA loans: a 0% down mortgage option issued by lenders and partially back by the Department of Veteran Affairs • Jumbo: Loans that exceed the conforming amount, usually ~$550 but can be up to ~$822K in high-cost areas • Expanded credit: Loans include non-QM, nonprime, alt doc and any other non-jumbo loans not eligible for sale to FNMA, FHLMC, or GNMA • Non-QM: Does not meet standards of conventional mortgages and uses non-traditional methods of income verification
Interest Rate	• Amount charged by lender for use of the borrowed assets in a mortgage, typically expressed as an annual percentage rate (APR)
Adjustable-rate mortgage (ARM)	• The interest rate is fixed for a period and then varies based on a rate index + arm margin (risk premium)
Loan-to-Value	• LTV is an assessment of lender risk and is calculated by dividing the mortgage amount by the appraised property value, the higher the LTV the higher the perceived risk
Gain on Sale	• The difference between the proceeds earned from the sale and the costs allocated to the loan sold
Cycle Time	• Average time required from application for the lender to process, close, and fund the mortgage
Pull-Through rate	• Ratio that describes the probability that an interest rate lock commitment (IRLC) will close and be funded
Personnel	• Loan officer: Interacts with consumers to guide them through the mortgage approval process and ensures closing, compensation is tied to loan amount, typically ~95bps • Fulfillment: Validate and verify application data (e.g., assets, liabilities, income, debts, employment) • Production support: Post-close, shipping and delivery, QC, interim servicing and other support functions • Underwriters: Financial experts who assess the risk profile of a loan before it is funded

Glossary of servicing terms

Term	Definition
Servicing volume	• Unpaid principal balance of residential loans serviced for others and at book value for owned loans; excluded are loans originated by the bank and the MSR is sold off
Mortgage Servicing Right	• Contractual agreement for the right to service an existing mortgage. It can be held by the originator or can be sold to another party
MSR value	• Mortgage Servicing Rights are measured using the fair value method • Net additions include servicing from securitizations or asset transfers and sales • Valuation model input changes include mortgage interest rate assumptions, servicing and foreclosure costs, discount rates, and prepayment estimates • Other changes in fair value relate to the collection/realization of expected cash flows over time
Subservicing	• Outsourcing partner performs all activities to service the loan for a fee, activities include admin, compliance, payment activities etc.
Performing Loan	• A loan that is not in or near default in which interest and principal payments are less that 90 days overdue; less than 90 days' worth of interest has been refinanced, capitalized, or delayed by agreement; and continued payment is anticipated
Non-performing loan (NPL)	• Occurs when a borrower is in default past 90 days
Delinquency	• A loan becomes delinquent when a borrow does not meet their mortgage obligations, delinquent status is categorized into 30-59 days, 60-89 days, and 90+ days; note: 90+ days category tends to include loans in the foreclosure process
Forbearance	• Takes place when a mortgage servicer or lender allows a borrow to pause, or make lower, mortgage payments
Loan Modification	• A type of loss mitigation where the terms of a loan are changed (lower interest rate, extended payback term)
Reperforming Loan	• Mortgages that were previously delinquent, but are performing because payments are current, with or w/o modification
Foreclosure	• Property that is seized by the lender and put up for sale as the result of the borrower default
Real estate owned (REO)	• Property owned by lender as the result of a failed foreclosure auction sale after the borrower defaulted

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