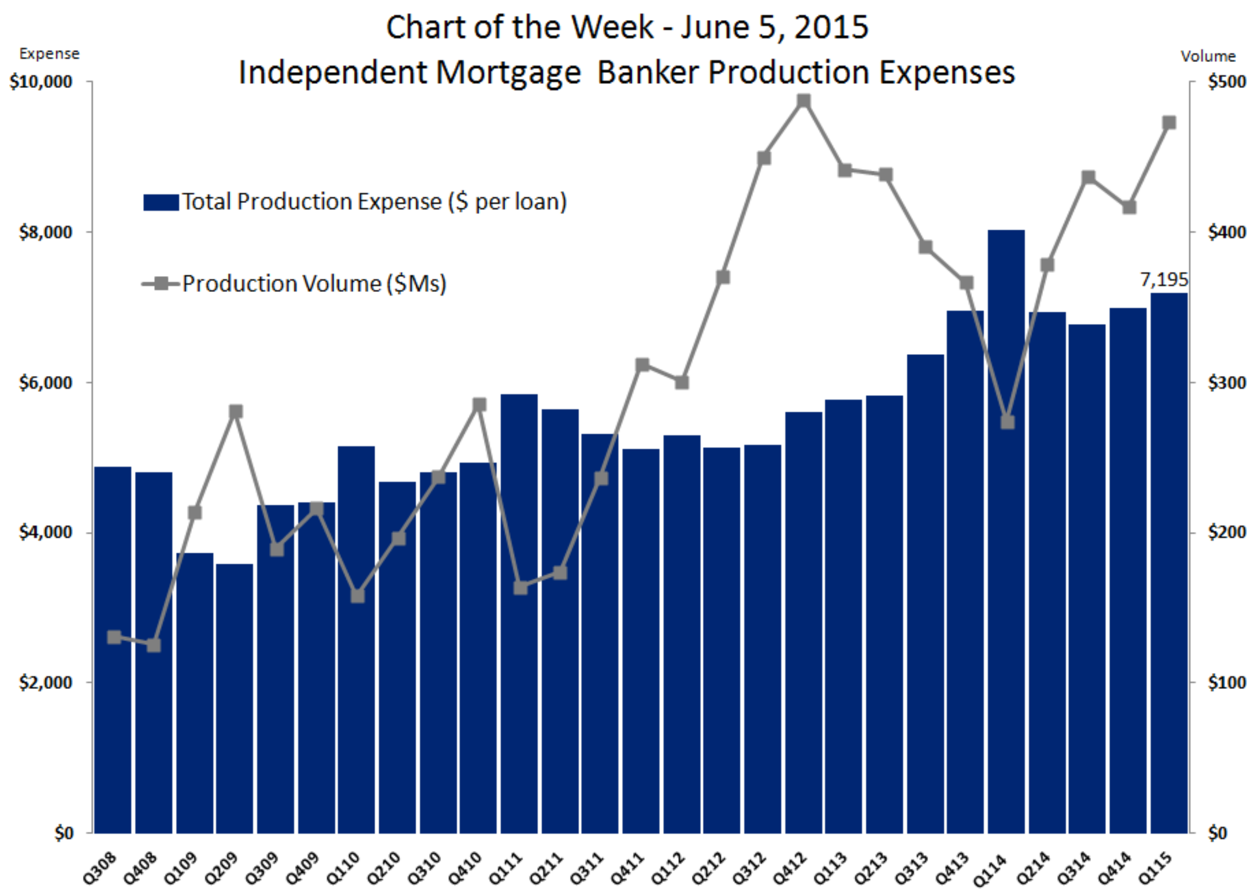
RESEARCH AND ECONOMICS



Source: Mortgage Bankers Performance Report

In the first quarter of 2015, total production expenses averaged $7,195 per loan, or 311 basis points among independent mortgage bankers and bank subsidiaries. Total production expenses include loan originator commissions, compensation for sales, fulfillment, post-closing and support staff, occupancy and equipment, technology, outsourcing and other miscellaneous expenses as well as corporate allocations.

Because total production expenses include fixed costs, higher production volume is expected to lead to lower expenses *per loan*. The higher-than-average production expenses in the first quarter - a quarter in which average production volume was at the second highest level since inception of the study in 2008 – suggests a fundamental shift toward higher costs associated with originating loans. Compared to 2012, when origination volume was at a similarly high level, the first quarter 2015 average expense per loan was nearly $1,600 greater.

The first quarter data is based on a sample of over 350 mortgage companies. To order the Performance Report subscription (with complimentary Annual Report summary), visit www.mba.org/performancereport.

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