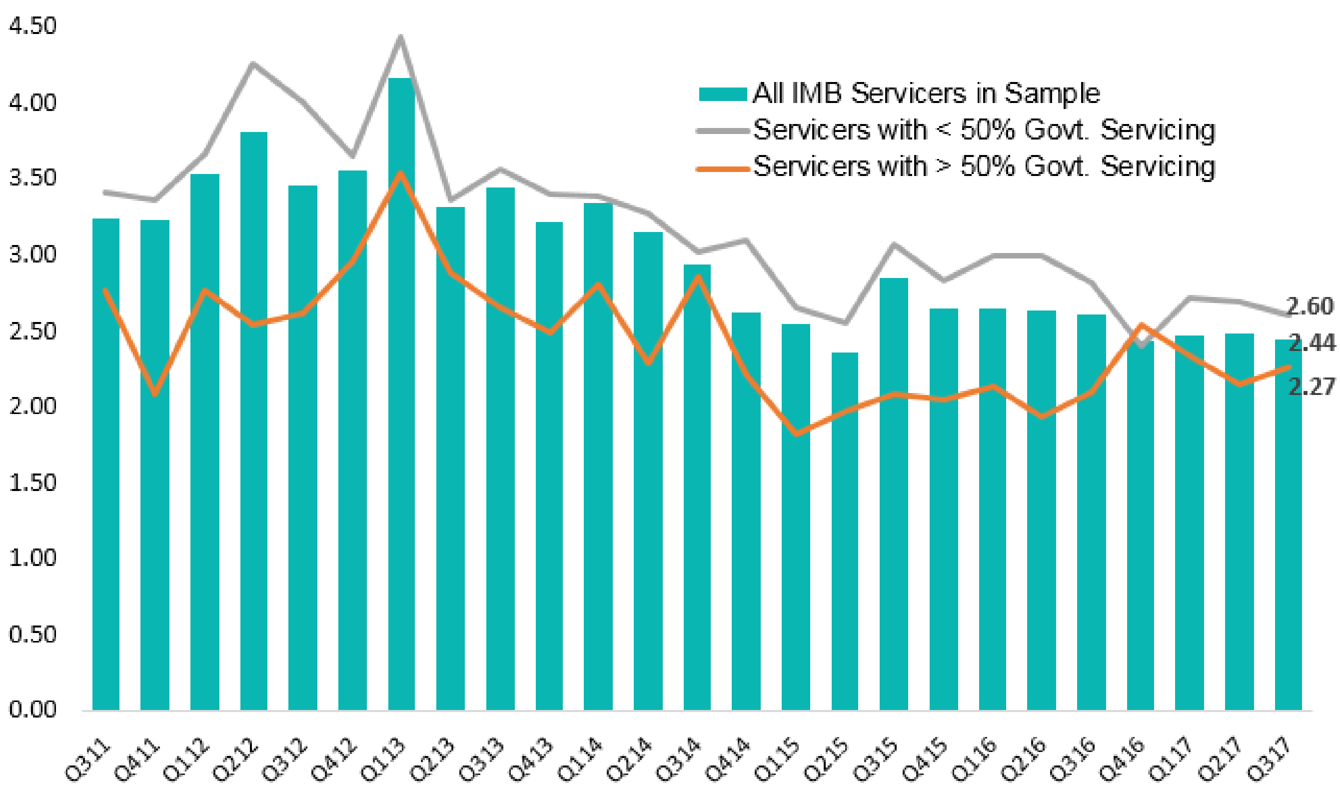
MBA

RESEARCH AND ECONOMICS

Chart of the Week - December 15, 2017

IMB Servicers: Median Unrestricted Cash and Cash Equivalents/ Monthly Recurring Operating Expenses



Source: MBA's Quarterly Capital and Liquidity Profile (CLP) for IMBs

This week's chart examines the operating liquidity of a sample of Independent Mortgage Bank (IMB) Servicers. We use Unrestricted Cash and Cash Equivalents divided by Monthly Recurring Operating Expenses to measure operating liquidity in terms of the number of months a mortgage company could meet recurring operating expenses (all operating expenses less commissions) without receiving any new income. In the third quarter of 2017, the median number of months for the overall sample of 195 IMB servicers was 2.44 months, compared to a 3.12 months average for the six-year period from Q311 to Q317. Across almost all quarters, those servicers with more than 50 percent government servicing by count had a lower median number of months of operating liquidity than those servicers with less than 50 percent government servicing.

The Quarterly Capital and Liquidity Profile ("CLP") provides a snapshot of seven key metrics that assess the liquidity and capital adequacy positions of IMBs that own residential mortgage servicing rights. The CLP derives its data from those companies that submit the Quarterly Mortgage Bankers Financial Reporting Form ("MBFRF") to Fannie Mae, Freddie Mac and Ginnie Mae and release this data to MBA for use in aggregate industry statistics. MBA members can access the latest CLP report by going to www.mba.org/researchformembers.

- Jenny Masoud jmasoud@mba.org; Marina Walsh mwalsh@mba.org