



## Research Findings Report

Industry: Mortgage Brokers

2009

Geographic Region: United States

Goldline Research recently completed its evaluation of mortgage brokers of the United States. Our research study was conducted in February 2009.

Much of the economic crisis that the U.S. is currently experiencing has its roots in real estate and mortgage-related credit issues. The real estate boom that occurred in the mid-2000's was fueled largely by cheap credit and easy access to financing. The mortgage brokerage industry experienced unprecedented growth in which the industry more than doubled in size (based upon the number of firms and professionals in the industry) in a very short period of time. As is the case in nearly every boom situation, the industry grew too large to support a stable level of demand (which the industry is still searching for) and, as a result, has experienced a severe bust, which is expected to be at least as large in scope as the boom itself.

During our research process, we identified fewer than 20,000 mortgage brokers throughout the United States, representing a decrease of more than 50 percent from two years ago, when we identified nearly 55,000 mortgage brokers. This number gives credence to the recent reports about the mass exodus from the industry. Given the current economic issues, there is no reason to believe that the industry contraction will reverse itself anytime soon. However, mortgage brokers continue to play a very important role in helping to lower mortgage pricing and improve consumer choice. As such, the business of third party mortgage brokerage is not expected to disappear altogether, despite many news reports to the contrary and despite the efforts of some mortgage lenders (e.g. recent announcements from JPMorganChase and Citigroup) to attempt to disintermediate mortgage brokers to recapture profit opportunities.

During our research, we found that the typical firm has nearly 20 years of industry experience, has 5 loan officers (originators), 1 loan processor and 7 total staff members. In addition, the typical loan officer has approximately 7 years of industry experience, suggesting that turnover in the loan officer ranks is high. The typical firm works with approximately 10 lenders and has funded \$300.0 million in loans during its lifetime. Equally important, the typical firm has a loan officer to loan processor ratio of approximately 3:1, which is an important metric in measuring the potential workload of the loan processing staff (itself important in understanding the potential depth and scope of loan application processing). Finally, during our conversations with mortgage brokers we learned that much of the recent activity in the market resides in the refinance (vs. purchase) segment of the market and that FHA-backed lending has increased precipitously as the result of the on-going credit crunch.

For more information about Goldline Research or this research findings report, please visit our website at [www.goldlineresearch.com](http://www.goldlineresearch.com).

### Key Research Findings<sup>1</sup>

Median Years of Experience: **19.0 years**

Median # of Loan Officers: **5.0**

Median # of Loan Processors: **1.0**

Median # of Total Staff: **7**

Median Years of Experience/Loan Officer: **7**

Median # of Lenders Worked With in Last 12 Months: **10**

Median Total Loans Funded (Firm Lifetime): **\$300.0M**

Median Ratio of Loan Officers to Loan Processors: **3:1**

<sup>1</sup>Source: Goldline Research