

2020 MLO REPORT

MARCH 8, 2021

Topics

1. COVID-19 and the Mortgage Market
2. Temporary Authority
3. NMLS Activity



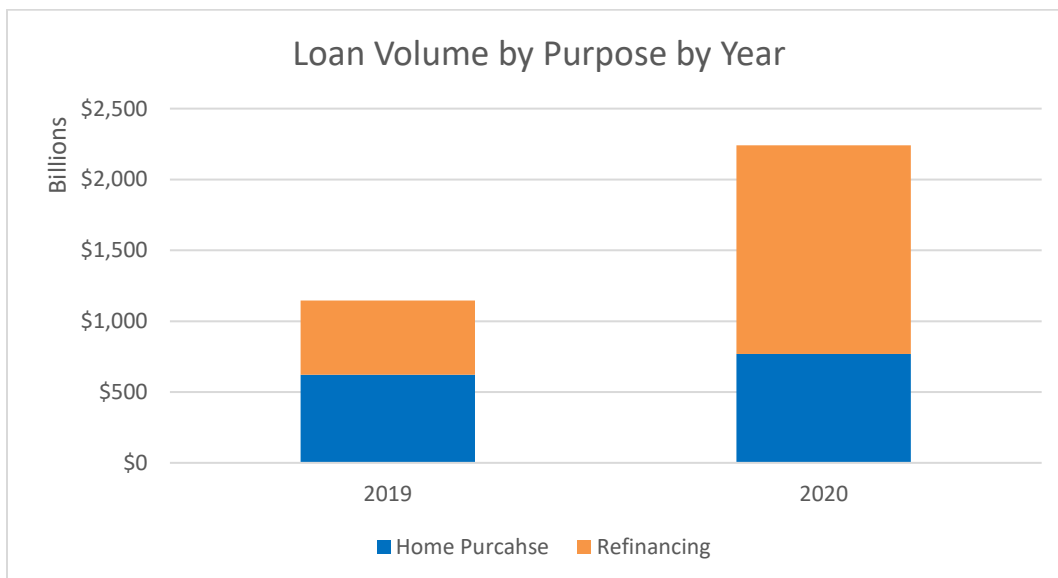
1. COVID-19 and the Mortgage Market

Given the economic downturn caused by COVID-19, why did the mortgage market boom in 2020?

With the government's massive stimulus and with the Fed cutting short-term rates to near zero, huge amounts of money became available, driving mortgage rates to record lows. The opportunity for more affordability combined with more households wanting to move out of urban areas to the suburbs and rural towns (because they felt safer and did not have to commute), increased the demand for housing. Many people already in the suburbs did not want to move so the supply of housing stock became scarce, creating a hot seller's market and greater demand for refinancings.

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Refi Boom



Refi volume was 3.7x higher in 2020Q2, **2.5x higher** in 2020Q3 and **2.3x higher** in 2020Q4 than their respective quarters in 2019.

CT experienced the largest YoY refi growth at 295%, followed by MD, VA, DC and TX (see Appendix A).

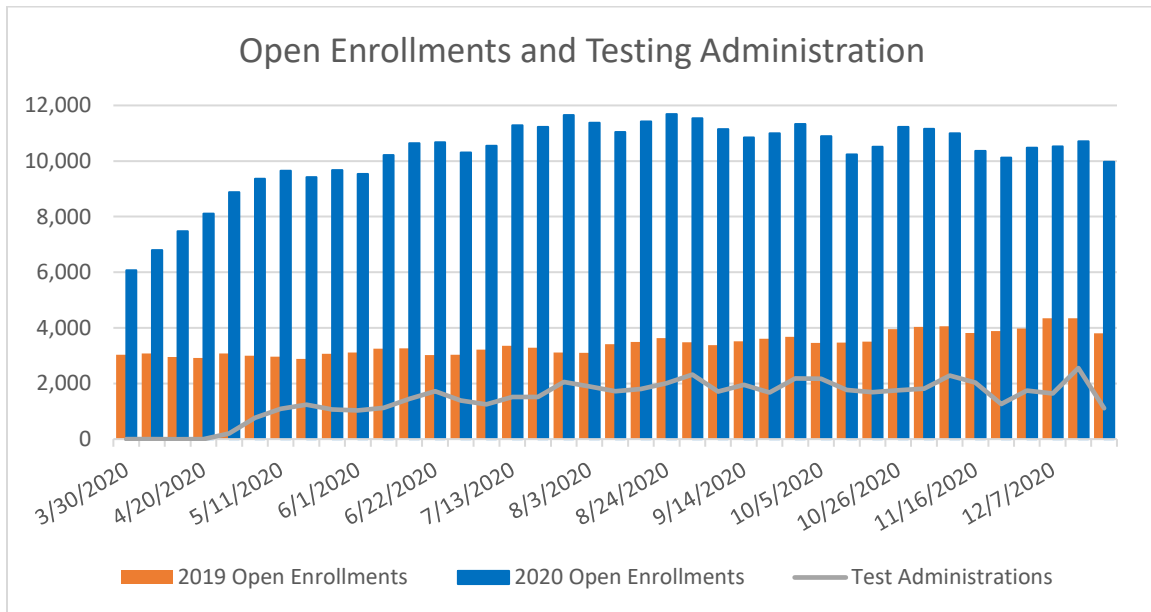
Home purchase volume was 1.4x higher in 2020Q4 than 2019Q4.

MT had the largest YoY home purchase growth at 56%, followed by DC, CT, WI and NE (see Appendix A).

MLOs get tested

The booming mortgage market created a workforce demand. In 2020, new **MLOs enrolled in 85,878 tests**, a necessary first step for licensure. This compares to 44,826 tests in 2019.

Testing centers closed at the onset of the pandemic in March and did not reopen until May, creating a backlog of MLOs awaiting tests. By July, the number of open enrollments was **3.7x higher** than it was in July 2019.

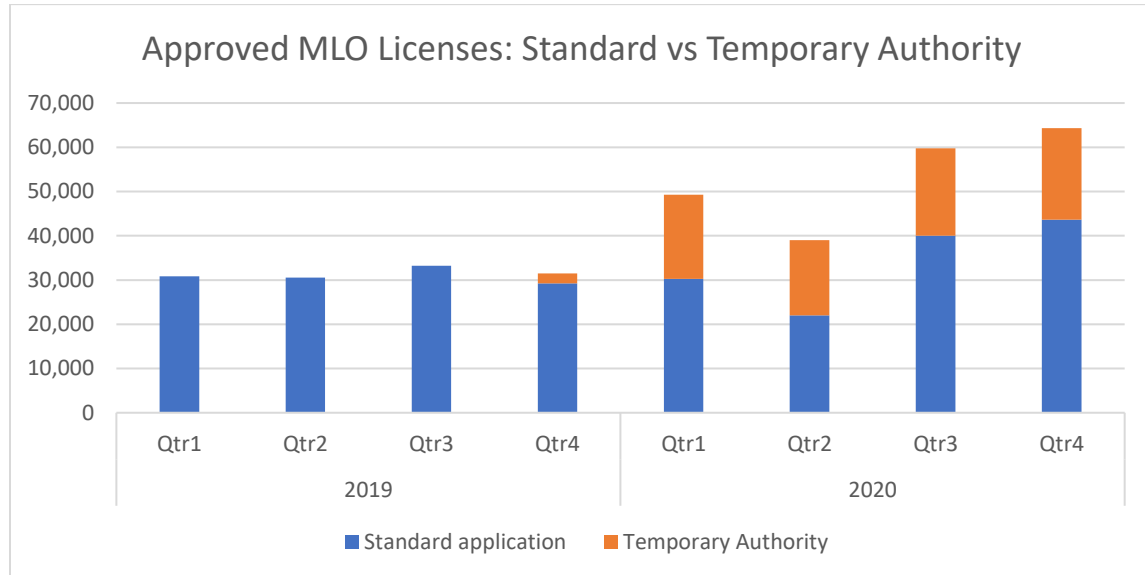


Online proctored testing launched September 28, alleviating some of the backlog. By December, **25% of tests** were being administered online.

2. Temporary Authority¹

NMLS was updated in late 2019 with functionality for Temporary Authority (TA).

During 2020, **38% of all MLO license applications** were eligible for Temporary Authority.



Eligible MLOs received Temporary Authority to conduct business, on average, in **under three days**. This allowed MLOs to start working 10 days earlier than the typical (median) license approval timeframe of 13 days.

Because MLOs receiving TA are able to conduct business, many agencies deprioritize those license applications and focus on de novo applicants, resulting in longer timeframes for final approval of MLOs with TA.

0.1% of TA eligible applications were denied a license.

6% of TA eligible applications were withdrawn or abandoned.

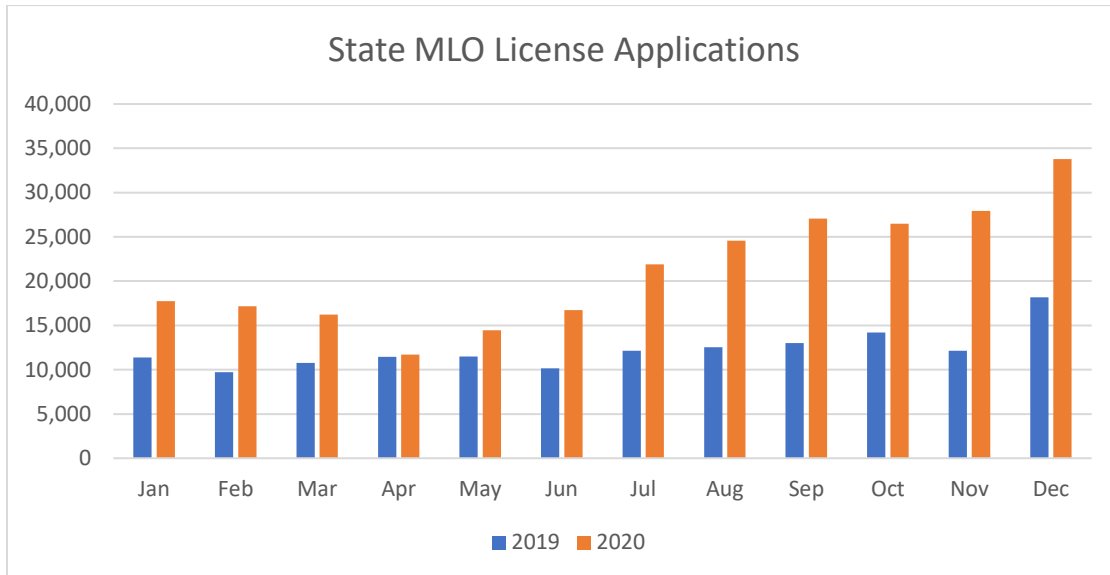
¹ Temporary Authority refers to a law which permits qualified MLOs who are changing employment from a depository institution to a state-licensed mortgage company, and qualified state-licensed MLOs seeking licensure in another state to originate loans while completing any state-specific requirements for licensure such as testing or education.

The Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155 or the amendments), was signed into law on May 24, 2018. This Act added a new section to the federal SAFE Act (12 U.S.C. 5101 et seq.) entitled "Employment Transition of Loan Originators." These amendments became effective, November 24, 2019, 18 months after its enactment.

3. NMLS Activity

Active **state MLO licenses reached 688,327** at year end, **up 21%** from the prior year.

The Federal MLO Registration population ended 2020 at 399,876, **down 3.8%** from the prior year.



Applications increased 74% from 2019.

Low MLO turnover combined with a large number of incoming MLOs to create a record MLO population.

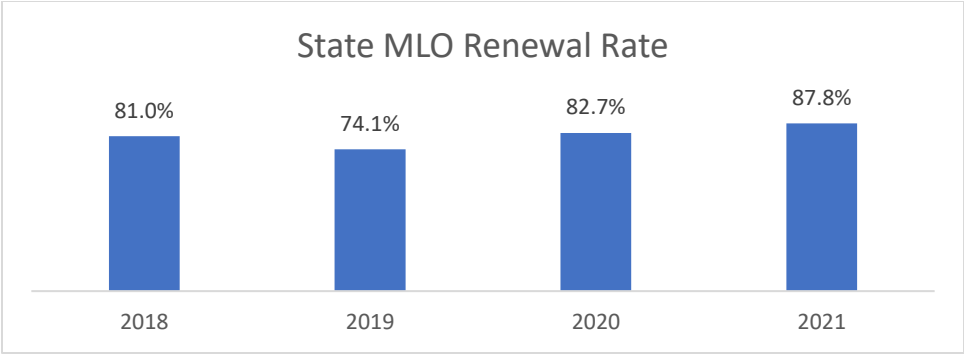
	Count	% of 2019
New MLOs in 2020	33,314	20.2%
MLOs that left in 2020	14,812	9.0%
Net increase in MLOs	18,502	11.2%

On average, an MLO now holds **3.75 licenses**.

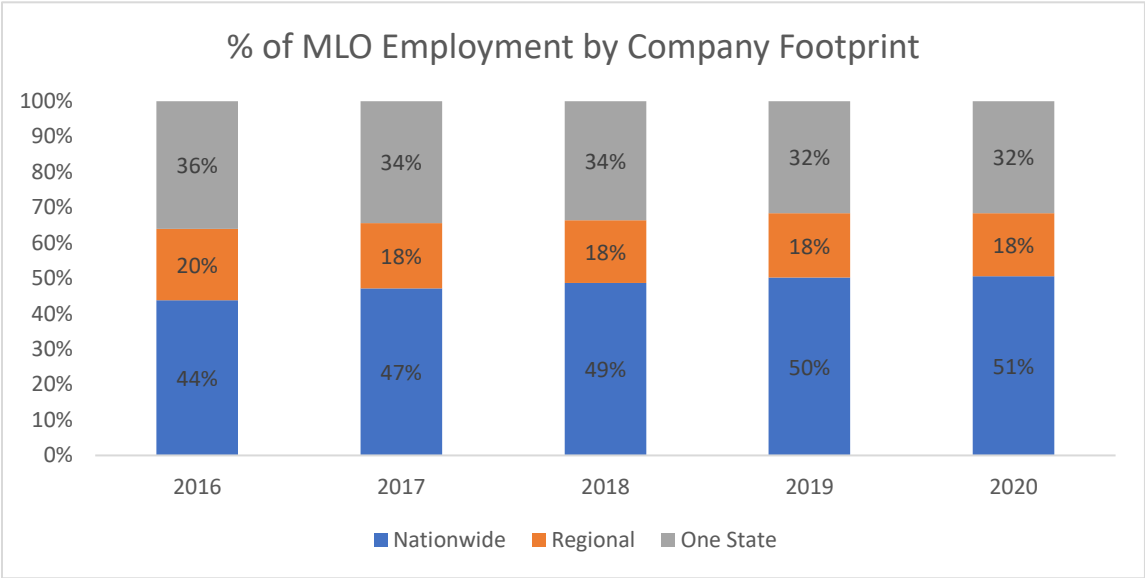
	2019	2020
Total MLOs	165,116	183,618
Total Licenses	569,190	688,315
Average Licenses per MLO	3.45	3.75

ND had the largest MLO growth from 2019 at 68%, following by IA, ME, SD and AK. MLOs in NY declined 3%. All other states experienced an increase (see Appendix B).

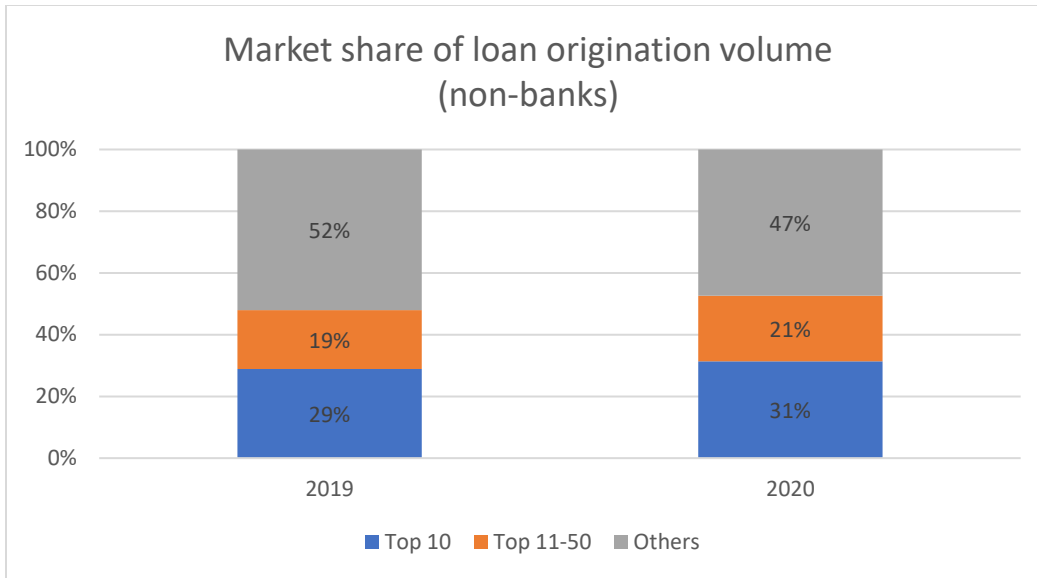
State MLOs renewed their licenses at historic rates for 2021, indicating strong workforce demand heading into the new year.



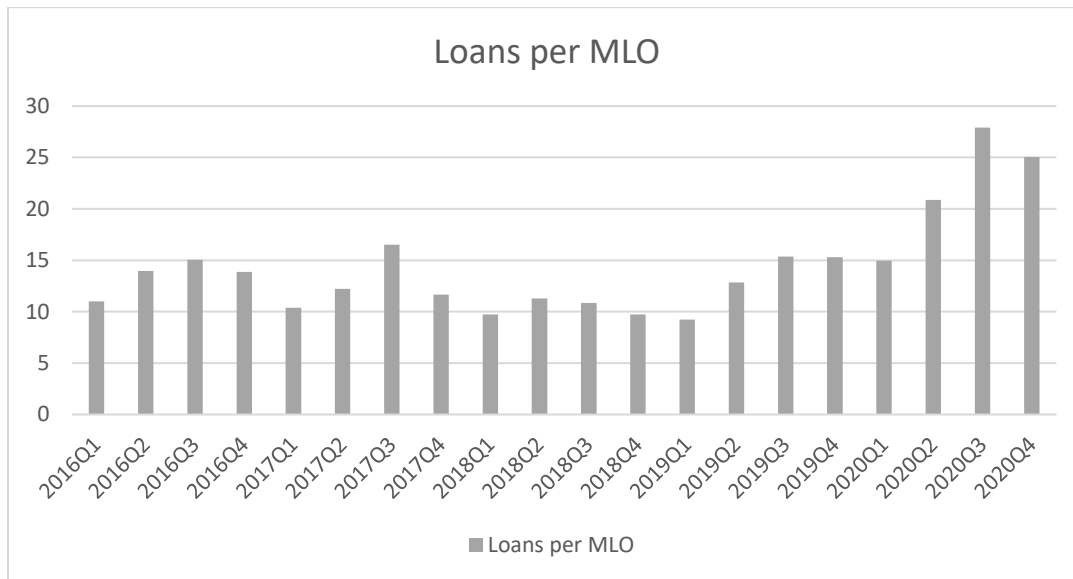
MLO Employment by Business Models



MLO employment grew significantly in 2020 and the share of MLOs by companies of various sizes remained similar (Regional companies operate in 2 to 25 states, Nationwide in 26+).



The share of the origination market held by the top 50 originators **grew by 4 percentage points** year-over-year.



MLOs originated, on average, about **12 more loans in 2020Q3** than they did in 2019Q3 and about **10 more loans in 2020Q4** than they did in 2019Q4.

Appendix A: Loan volume by state for 2020

State	2020 Home Purchase	2020 Refinancing	YoY Home Purchase Growth	YoY Refinancing Growth
TOTAL	\$768.8 Billion	\$1.5 Trillion	24%	181%
AK	\$1,728,244,722	\$2,480,925,015	29%	205%
AL	\$7,156,970,979	\$9,986,269,632	34%	209%
AR	\$2,536,994,833	\$3,341,165,684	37%	189%
AZ	\$31,405,015,892	\$57,644,816,236	19%	145%
CA	\$105,903,876,069	\$394,566,013,371	14%	168%
CO	\$30,333,284,142	\$66,603,097,395	21%	133%
CT	\$8,589,019,073	\$11,491,888,393	53%	295%
DC	\$3,154,364,027	\$5,527,492,418	54%	244%
DE	\$3,113,651,726	\$4,194,481,309	27%	194%
FL	\$66,310,296,660	\$69,897,074,731	21%	172%
GA	\$27,302,052,836	\$39,314,926,338	27%	187%
GU	\$41,658,796	\$17,550,079	104%	53%
HI	\$4,849,293,615	\$11,169,729,969	25%	174%
IA	\$2,029,753,850	\$3,017,575,098	24%	155%
ID	\$4,956,828,538	\$8,233,684,369	20%	162%
IL	\$22,666,169,977	\$42,668,134,927	26%	175%
IN	\$11,915,710,799	\$15,397,123,107	33%	175%
KS	\$2,848,029,530	\$4,874,098,872	21%	198%
KY	\$6,212,812,071	\$8,105,084,254	37%	192%
LA	\$6,329,661,418	\$8,625,471,377	16%	181%
MA	\$17,915,129,842	\$40,877,454,318	27%	186%
MD	\$22,327,608,838	\$45,287,688,290	26%	260%
ME	\$2,565,351,682	\$3,825,078,740	20%	162%
MI	\$13,939,765,834	\$28,949,735,327	17%	159%
MN	\$11,692,666,659	\$21,588,171,164	26%	203%
MO	\$9,050,054,408	\$15,392,858,733	22%	156%
MS	\$2,264,027,729	\$2,700,215,601	28%	144%
MT	\$1,895,202,346	\$3,293,150,968	56%	196%
NC	\$25,698,255,479	\$38,720,691,344	31%	224%
ND	\$658,048,005	\$895,795,363	25%	184%
NE	\$1,635,548,051	\$2,810,248,386	45%	201%
NH	\$4,186,147,222	\$6,975,764,837	22%	174%
NJ	\$23,384,014,090	\$44,298,383,024	21%	191%
NM	\$4,176,697,257	\$5,491,883,071	30%	227%
NV	\$13,960,568,623	\$22,229,565,860	21%	128%
NY	\$19,181,828,576	\$29,145,712,430	8%	149%
OH	\$15,339,556,649	\$18,911,643,597	31%	203%

OK	\$4,823,170,013	\$4,931,016,898	27%	230%
OR	\$15,200,113,420	\$30,240,524,282	26%	172%
PA	\$19,181,835,187	\$29,304,425,950	27%	229%
PR	\$821,484,100	\$186,641,947	29%	220%
RI	\$2,788,996,247	\$4,315,347,790	26%	174%
SC	\$13,790,278,589	\$16,476,831,900	36%	210%
SD	\$705,467,779	\$1,278,631,230	28%	219%
TN	\$13,947,317,215	\$20,072,317,101	29%	173%
TX	\$73,469,327,330	\$84,052,855,229	29%	242%
UT	\$15,121,061,297	\$31,676,172,147	16%	143%
VA	\$29,312,987,246	\$62,691,103,101	38%	258%
VI	\$87,251,244	\$36,940,623	-9%	102%
VT	\$851,984,808	\$1,143,672,280	36%	190%
WA	\$30,755,853,518	\$73,288,194,497	21%	185%
WI	\$5,948,911,642	\$10,841,738,777	46%	176%
WV	\$1,822,225,128	\$1,909,062,199	29%	180%
WY	\$939,234,187	\$1,712,389,440	10%	170%

Appendix B: MLO population by state

State	2019	2020	% Change
TOTAL	569,190	688,315	21%
AK	2,452	3,365	37%
AL	11,076	12,560	13%
AR	4,955	6,309	27%
AZ	18,613	24,810	33%
CA	56,145	65,527	17%
CO	16,552	19,637	19%
CT	8,468	10,115	19%
DC	5,299	6,819	29%
DE	4,941	6,366	29%
FL	38,326	46,438	21%
GA	18,513	22,274	20%
GU	10	14	40%
HI	3,013	3,450	15%
IA	7,559	11,221	48%
ID	5,382	6,326	18%
IL	16,650	20,372	22%
IN	13,102	15,815	21%
KS	6,482	7,989	23%
KY	7,239	9,664	33%
LA	9,309	10,910	17%
MA	9,019	11,349	26%
MD	14,129	17,017	20%
ME	5,226	7,725	48%
MI	13,252	16,184	22%
MN	8,329	11,135	34%
MO	9,607	11,537	20%
MS	4,433	5,586	26%
MT	3,401	4,124	21%
NC	15,599	20,017	28%
ND	3,472	5,826	68%
NE	3,951	4,579	16%
NH	4,243	5,139	21%
NJ	15,186	15,806	4%
NM	6,347	7,815	23%
NV	9,718	11,747	21%
NY	9,453	9,132	-3%
OH	13,056	15,965	22%
OK	7,357	8,495	15%
OR	12,588	14,296	14%
PA	16,748	19,254	15%
PR	371	402	8%
RI	4,038	5,305	31%
SC	11,684	14,186	21%

SD	3,399	4,764	40%
TN	13,635	16,401	20%
TX	30,784	35,654	16%
UT	6,752	7,785	15%
VA	18,378	22,775	24%
VI	143	128	-10%
VT	2,463	2,945	20%
WA	18,966	22,137	17%
WI	9,589	11,490	20%
WV	3,222	4,105	27%
WY	3,471	4,411	27%