

# Opportunities to Increase Profitability and Resiliency: Proven Strategies to Implement Right Now

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**CWDL**

**TERAVERDE**

# Today's Agenda

MBA 1Q2022 Performance Highlights

**01**

What Drives Profit and Resiliency of a Lender?

**02**

What Can You Actually Control (It's more than you think)

**03**

Uncovering Opportunities for Profitability

**04**

Make Every Loan Count

**05**

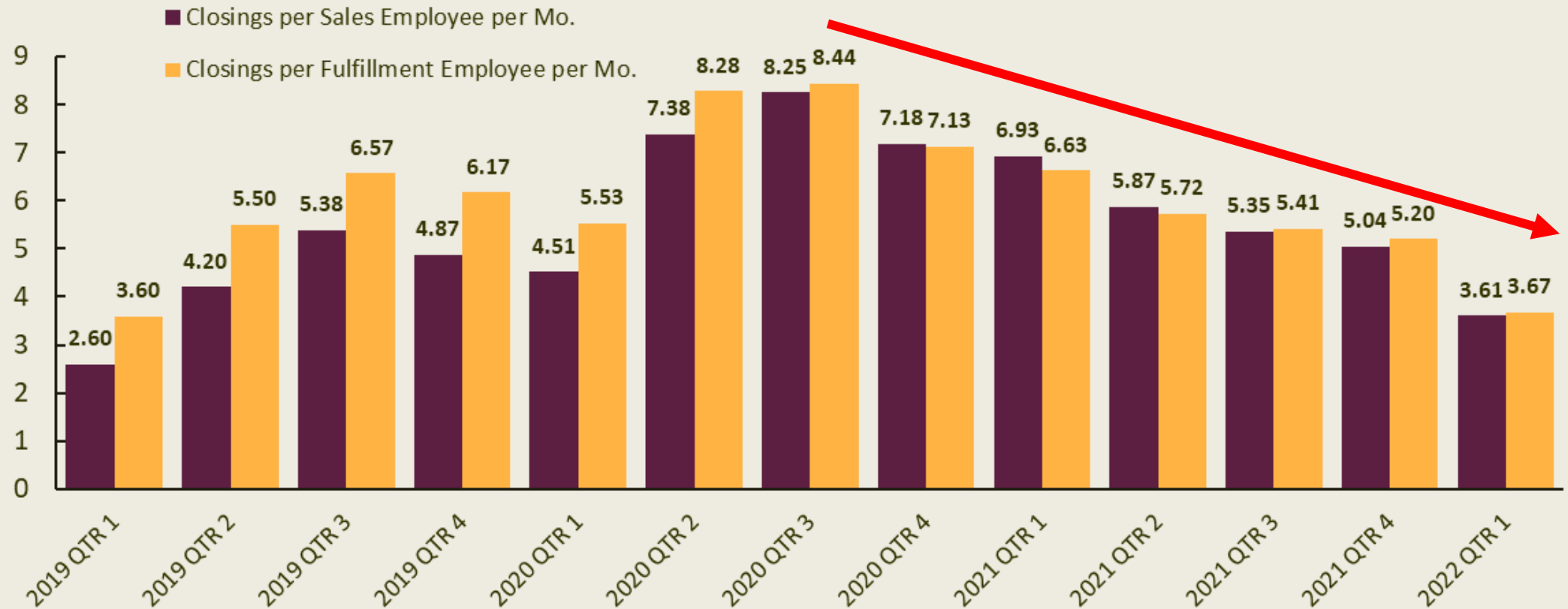
Make a Difference Right Now

**06**

# MBA 1Q2022 Performance Highlights

## Median Productivity Fallen by Over 50%

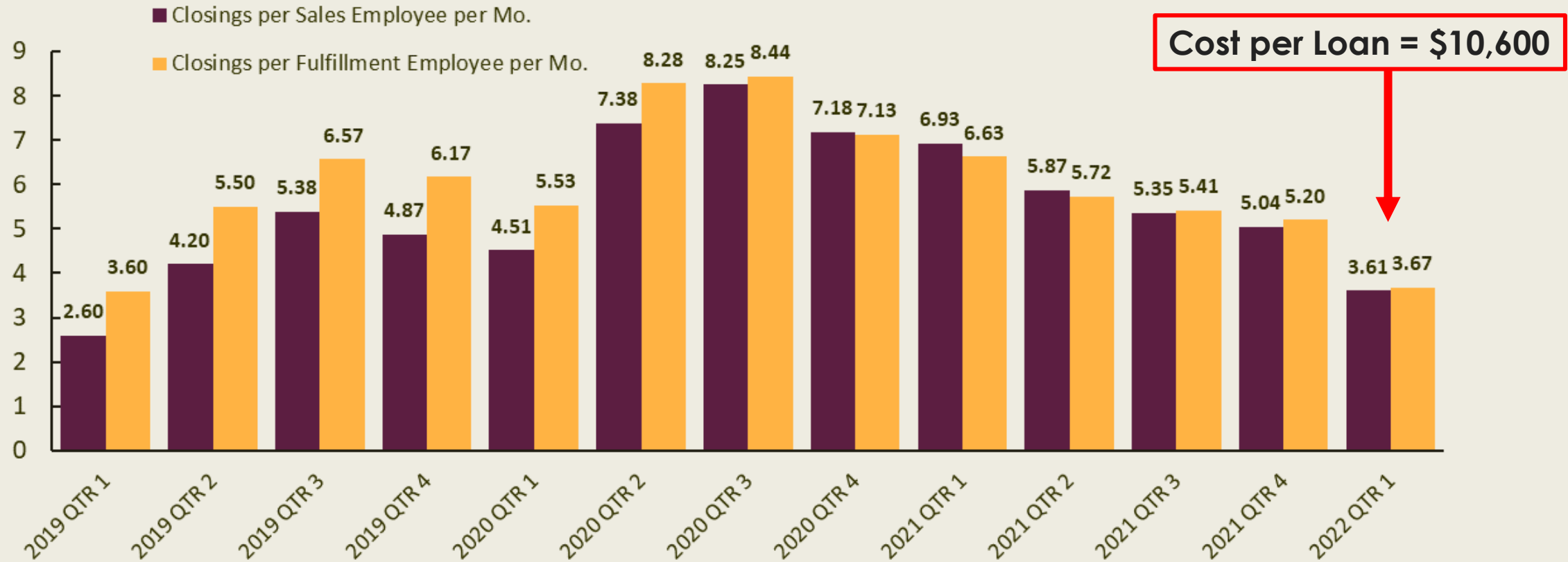
Retail/CD Only MBA 1Q2022 Mortgage Banking Performance Report



# MBA 1Q2022 Performance Highlights

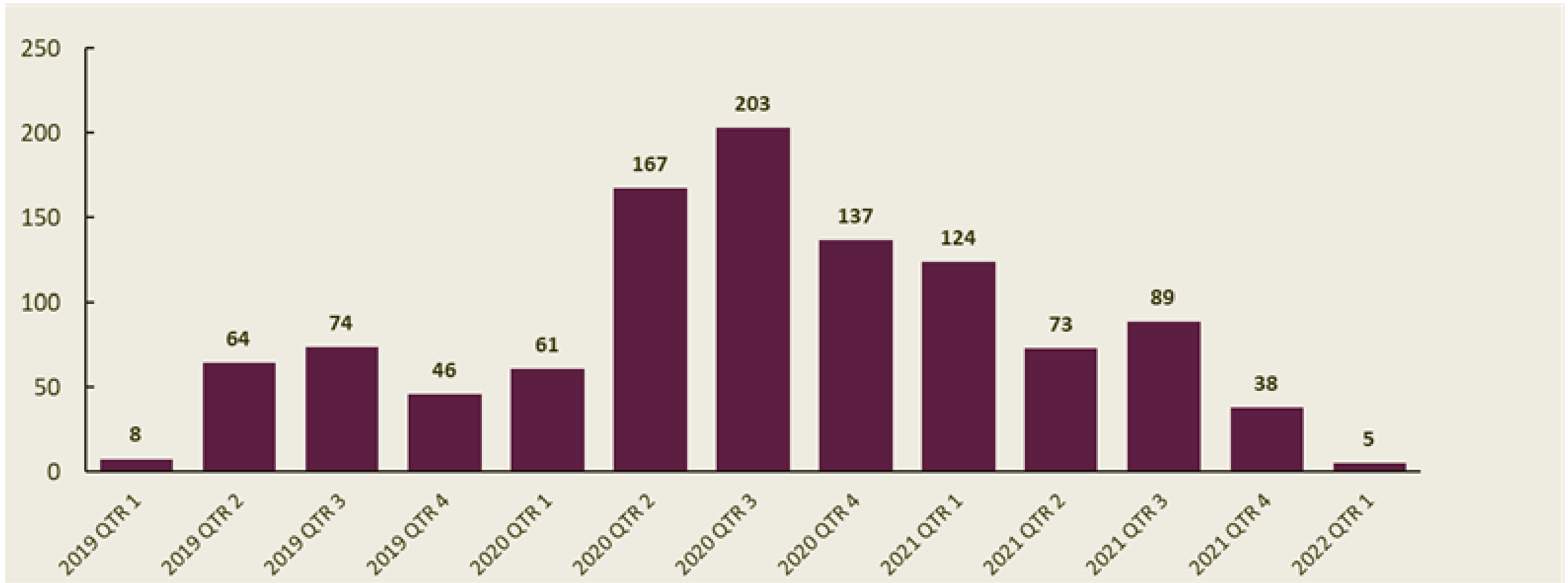
## Cost Per Loan Highest Ever

Retail/CD Only MBA 1Q2022 Mortgage Banking Performance Report



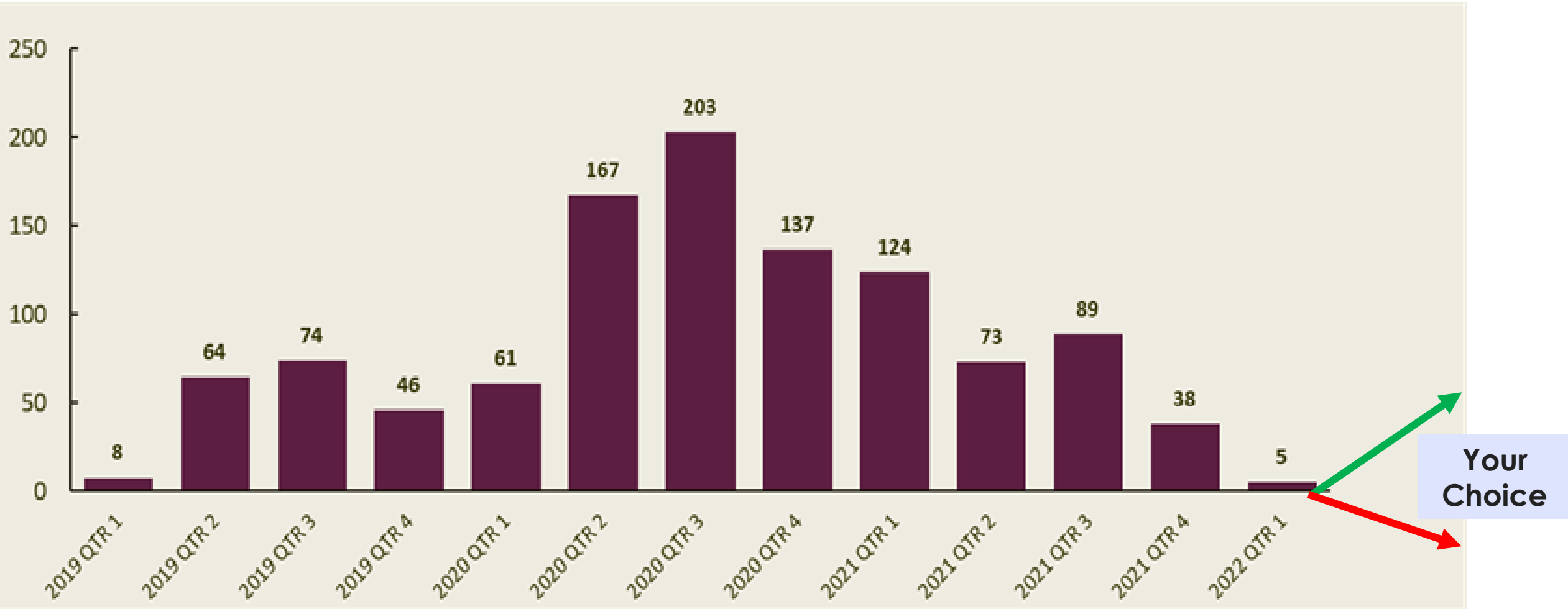
# MBA 1Q2022 Performance Highlights

## Net Production Income (bps)



# MBA 1Q2022 Performance Highlights

## Where To? The Choice is Yours.



# What Drives Profitability and Resiliency of a Lender?

Warning: We're Entering a "No BS Zone"

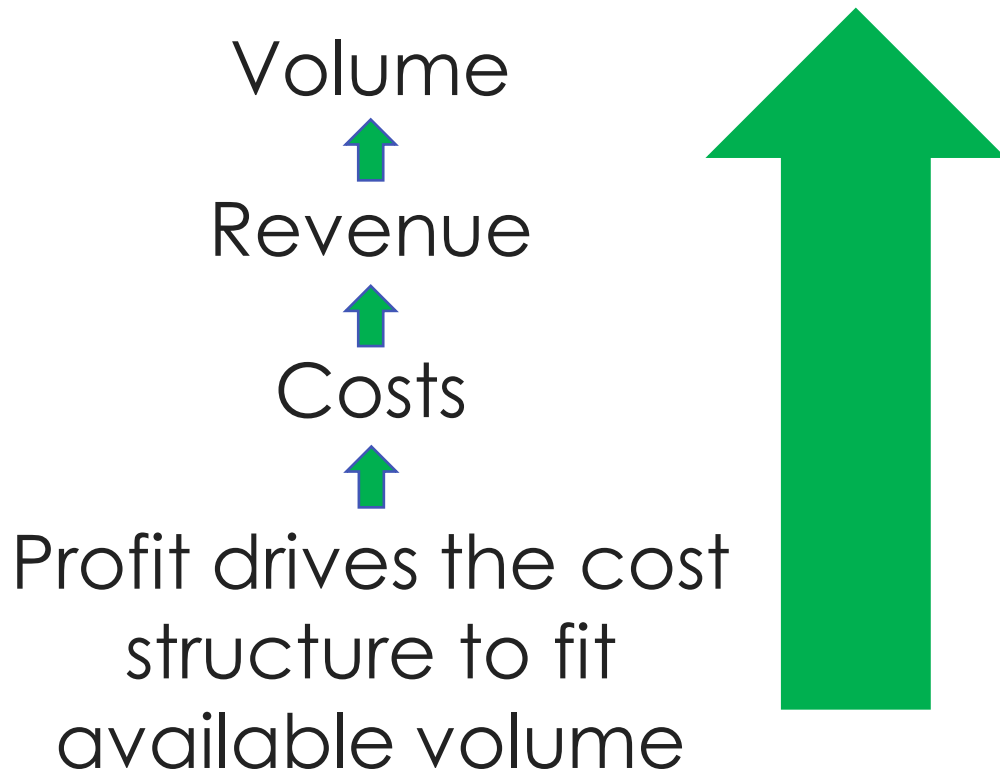


Very Candid Conversation Coming Up!

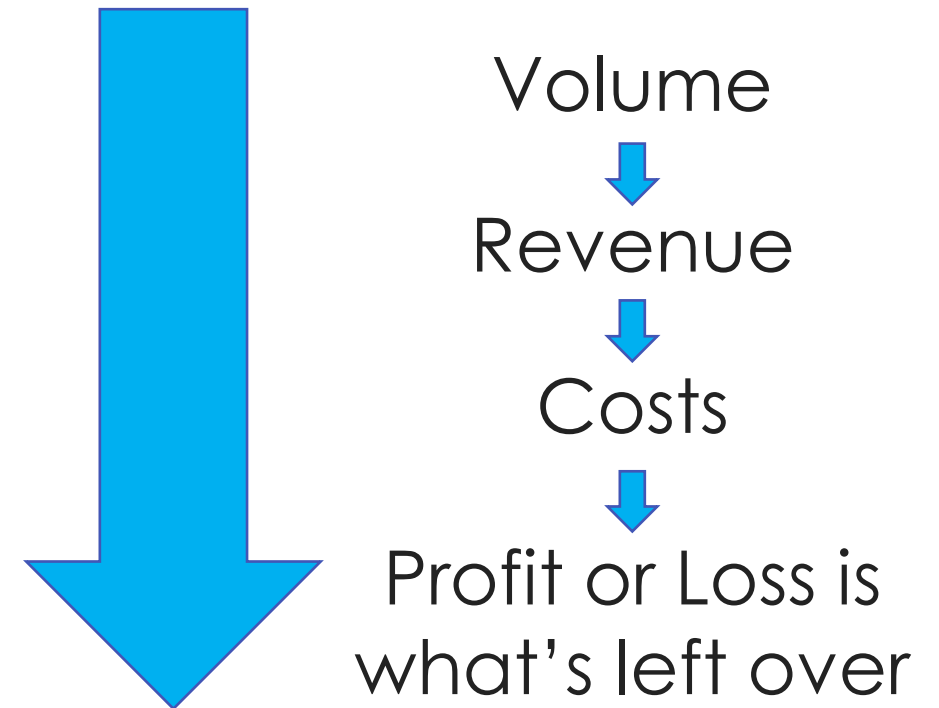
# What Drives Profitability and Resiliency of a Lender?

## Are You Profit Driven or Volume Driven?

### Profit Drives the Company



### Volume Drives the Company

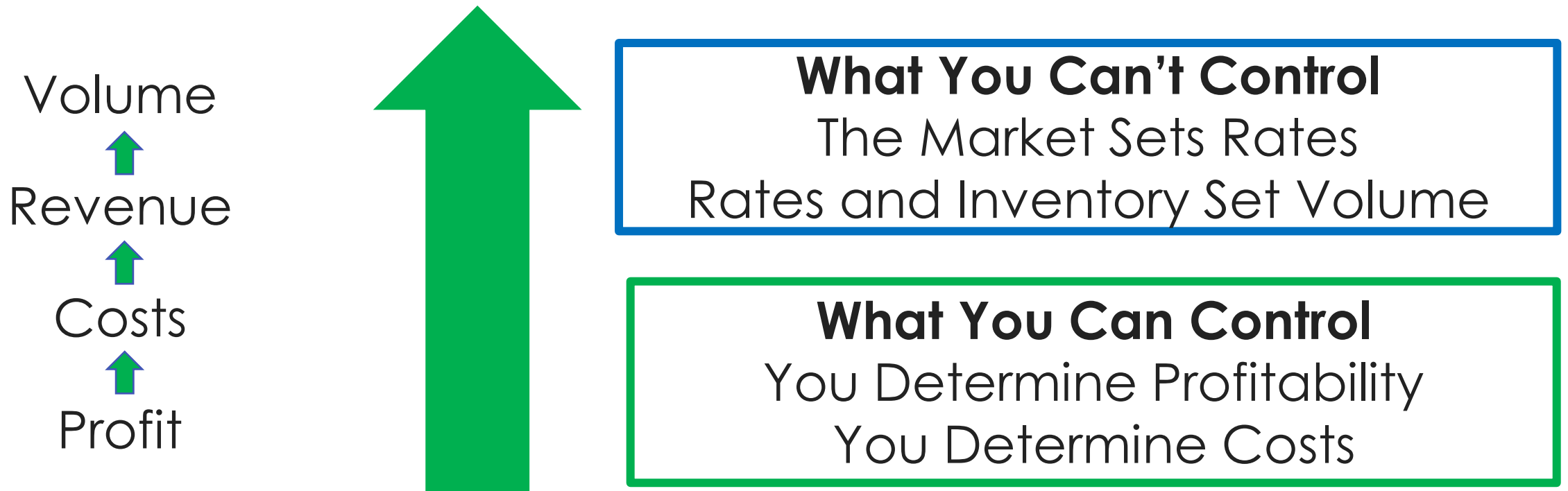




# What Drives Profitability and Resiliency of a Lender?

Why Profit Driven Companies Have A Resilient Model

## Profit, Not Volume Drives the Company



# What Can You Actually Control? (It's more than you think)

Change the **formula** on how you run your company to begin profit driven:

Predicable (actual) Revenue – “**Target Profit**” (say 10%) = Cost available to run your company

# Why Profit Driven Companies Have A Resilient Model: CONTROL

## 1Q2022 Retail MBA Performance Report

	Basis Points	Per Cent of Cost
<b>Total Loan Production Revenue</b>	<b>372</b>	
Sales Personnel (incl Benefits)	116	32%
All Other Personnel (incl Benefits)	128	36%
<b>Total Compensation</b>	<b>244</b>	<b>68%</b>
Technology	11	3%
Occupancy	17	5%
Other Direct Costs	69	19%
Corporate Overhead	19	5%
<b>Total Costs</b>	<b>360</b>	<b>100%</b>
<b>Net Production Income</b>	<b>12</b>	

**What You Can't Control**  
Rates and Inventory Set Volume

**What You Can Control**  
You Determine Target Profitability  
  
You Determine Costs that Provide Target Profits

# Why Profit Driven Companies Have A Resilient Model

## Increase Net Production Income by 20 Basis Points

<b>1Q2022 Retail MBA Performance Report</b>	<b>Basis Points</b>	<b>Profit Driven BP Improvement</b>	
<b>Total Loan Production Revenue</b>	372		
Sales Personnel (incl Benefits)	116		
All Other Personnel (incl Benefits)	128		
<b>Total Compensation</b>	<b>244</b>		
Technology	11		
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<b>Total Costs</b>	<b>360</b>		
<b>Net Production Income</b>	<b>12</b>	<b>32</b>	<b>20</b>

Target Profit up 20 Bps.  
 What Costs Do I Have to Manage to Achieve the Profit Target?

# Why Profit Driven Companies Have A Resilient Model

## Increase Net Production Income by 20 Basis Points

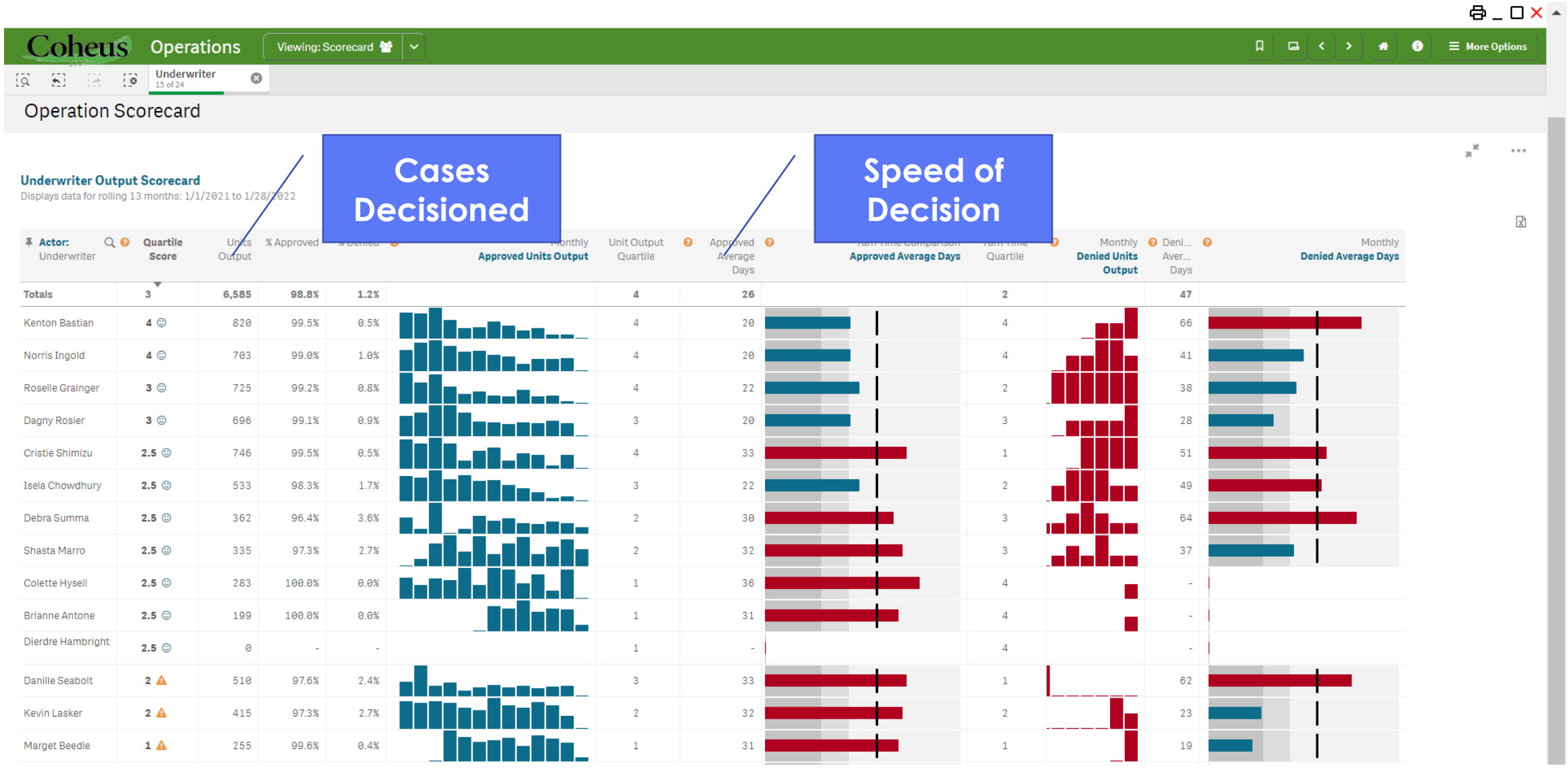
<b>1Q2022 Retail MBA Performance Report</b>	<b>Basis Points</b>	<b>Profit Driven BP</b>	<b>Improvement</b>
<b>Total Loan Production Revenue</b>	372	372	
Sales Personnel (incl Benefits)	116	108	-8
All Other Personnel (incl Benefits)	128	116	-12
<b>Total Compensation</b>	<b>244</b>	<b>224</b>	
Technology	11	11	
Occupancy	17	17	
Other Direct Costs	69	69	
Corporate Overhead	19	19	
<b>Total Costs</b>	<b>360</b>	<b>340</b>	<b>-20</b>
<b>Net Production Income</b>	<b>12</b>	<b>32</b>	<b>20</b>

Target Profit up 20 Bps.

What Compensation Costs Do I Have to Manage to Achieve the Profit Target?

So How Can I Manage The Costs?

# Underwriter Productivity Varies. Finding Opportunities in Data



# Top 4 Underwriters (out of 14)

Decision twice as many cases than “Average”  
 Make underwriting decisions 50% faster than “Average”

Top 4 UW

Cases Decisoned

Speed of Decision

Kenton Bastian	4 😊	820	99.5%	0.5%		4	20	
Norris Ingold	4 😊	703	99.0%	1.0%		4	20	
Roselle Grainger	3 😊	725	99.2%	0.8%		4	22	
Dagny Rosier	3 😊	696	99.1%	0.9%		3	20	

Average UW

Debra Summa	2.5 😊	362	96.4%	3.6%		2	30	
Shasta Marro	2.5 😊	335	97.3%	2.7%		2	32	
Colette Hysell	2.5 😊	283	100.0%	0.0%		1	36	



# Top 4 Underwriters (out of 14)

**The “Aha” Moment:** If I managed all Underwriters Up to Top Tier, I’d cut my underwriting cost by 66%

Per Underwriter			
Underwriter Performance	Cases Decisoned	Speed to Decision (Days)	Cost Per Decision
TopTier	736	20.5	\$ 170
Average	306	32.6	\$ 408
Bottom Quartile	211	37.5	\$ 592

Kenton Bastian	4 😊	820	99.5%	0.5%		4	20	
Norris Ingold	4 😊	703	99.0%	1.0%		4	20	
Roselle Grainger	3 😊	725	99.2%	0.8%		4	22	
Dagny Rosier	3 😊	696	99.1%	0.9%		3	20	

# So How Can I Manage Producers? (LO, AE, Production Managers)

# There's a lot more to a Producer than Volume

## Scorecard Detail

Select a Channel: Banked - Retail
 Select an Actor: Loan Officer
 Select an Entity: Branch

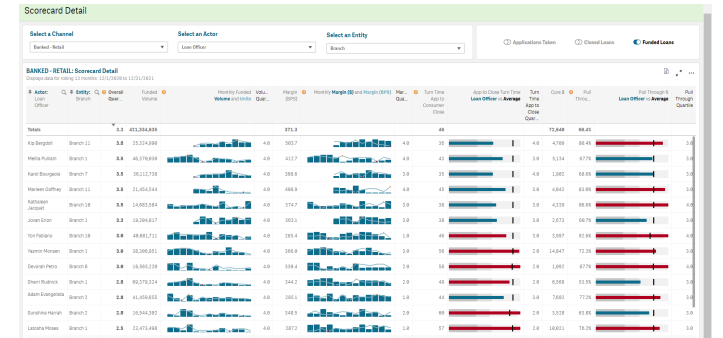
Applications Taken
  Closed Loans
  **Funded Loans**

**BANKED - RETAIL: Scorecard Detail**  
 Displays data for rolling 13 months: 12/1/2020 to 12/31/2021

Actor	Entity	Overall Quar...	Funded Volume	Monthly Funded Volume and Units	Volu... Quar...	Margin (BPS)	Monthly Margin (\$) and Margin (BPS)	Mar... Qua...	Turn Time App to Consumer Close	App to Close Turn Time Loan Officer vs Average	Turn Time App to Close Quar...	Cure \$	Pull Thru...	Pull Through % Loan Officer vs Average	Pull Through Quartile
<b>Totals</b>		<b>3.3</b>	<b>421,334,635</b>			<b>371.3</b>			<b>46</b>			<b>72,640</b>	<b>69.4%</b>		
<b>Kip Bergdoll</b>	Branch 11	<b>3.8</b>	25,324,990		4.0	503.7		4.0	36		4.0	4,709	80.4%		3.0
Melita Pulliam	Branch 1	<b>3.5</b>	46,370,030		4.0	412.7		4.0	43		3.0	5,134	67.7%		3.0
Karol Bourgeois	Branch 7	<b>3.5</b>	36,112,738		4.0	368.6		3.0	35		4.0	1,902	68.6%		3.0
Marleen Goffney	Branch 11	<b>3.5</b>	21,454,544		4.0	496.9		4.0	45		3.0	4,042	83.0%		3.0
Kathaleen Jacquet	Branch 10	<b>3.5</b>	14,683,584		4.0	374.7		3.0	38		3.0	4,339	86.6%		4.0
Jovan Erion	Branch 1	<b>3.3</b>	19,204,817		4.0	363.1		3.0	38		3.0	2,673	60.7%		3.0
Yon Fabiano	Branch 10	<b>3.0</b>	40,081,711		4.0	285.4		1.0	46		3.0	3,997	92.6%		4.0
Yasmin Monsen	Branch 1	<b>3.0</b>	38,306,951		4.0	366.0		3.0	56		2.0	14,847	72.3%		3.0
Devorah Petro	Branch 8	<b>3.0</b>	16,565,220		4.0	330.4		2.0	58		2.0	1,092	87.7%		4.0
Sherri Rudnick	Branch 1	<b>2.8</b>	69,379,324		4.0	344.2		2.0	49		2.0	6,569	53.5%		3.0
Adam Evangelista	Branch 2	<b>2.8</b>	41,459,655		4.0	295.1		1.0	44		3.0	7,692	77.2%		3.0
Sunshine Harrah	Branch 2	<b>2.8</b>	16,544,302		4.0	348.5		2.0	60		2.0	3,528	63.8%		3.0
<b>atosha Moses</b>	Branch 1	<b>2.5</b>	23,473,498		4.0	287.2		1.0	57		2.0	10,021	76.2%		3.0

# The “Aha” Moment:

Same volume, better mix, better margin, better turn time, lower cures and better pull-through equals twice the contribution margin.

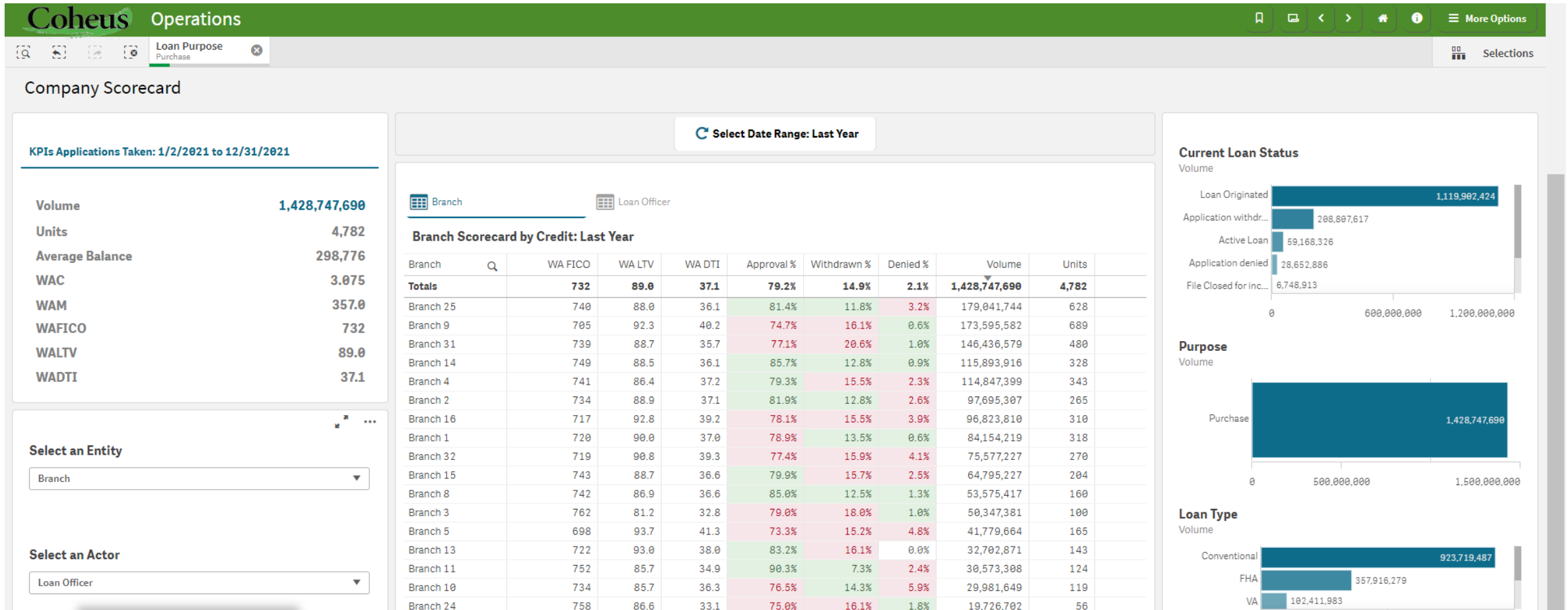


Name	Quartile (4 is best)	Volume	Margin (BPS)	Turn Time Days	Cures	Pull Through	Revenue
Kip Bergdoll	3.8	25,324,990	503.7	36	4,709	80.4%	1,275,620
Latosha Moses	2.5	23,473,498	287.2	57	10,021	76.2%	674,159

# So How Can I Make Every Loan Count?

# Make Every Loan Count!

## Opportunities to Improve Branch Performance



# Opportunities to Improve Branch Performance

Branch 31 has twice as many withdrawn Loans, despite identical credit metrics.

Branch	Q	WA FICO	WA LTV	WA DTI	Approval %	Withdrawn %	Denied %	Volume	Units
<b>Totals</b>		<b>732</b>	<b>89.0</b>	<b>37.1</b>	<b>79.2%</b>	<b>14.9%</b>	<b>2.1%</b>	<b>1,428,747,690</b>	<b>4,782</b>
Branch 25		740	88.0	36.1	81.4%	11.8%	3.2%	179,041,744	628
Branch 9		705	92.3	40.2	74.7%	16.1%	0.6%	173,595,582	689
Branch 31		739	88.7	35.7	77.1%	20.6%	1.0%	146,436,579	480
Branch 14		740	88.5	36.1	85.7%	12.0%	0.0%	115,000,000	300

# Opportunities to Improve Branch Performance.

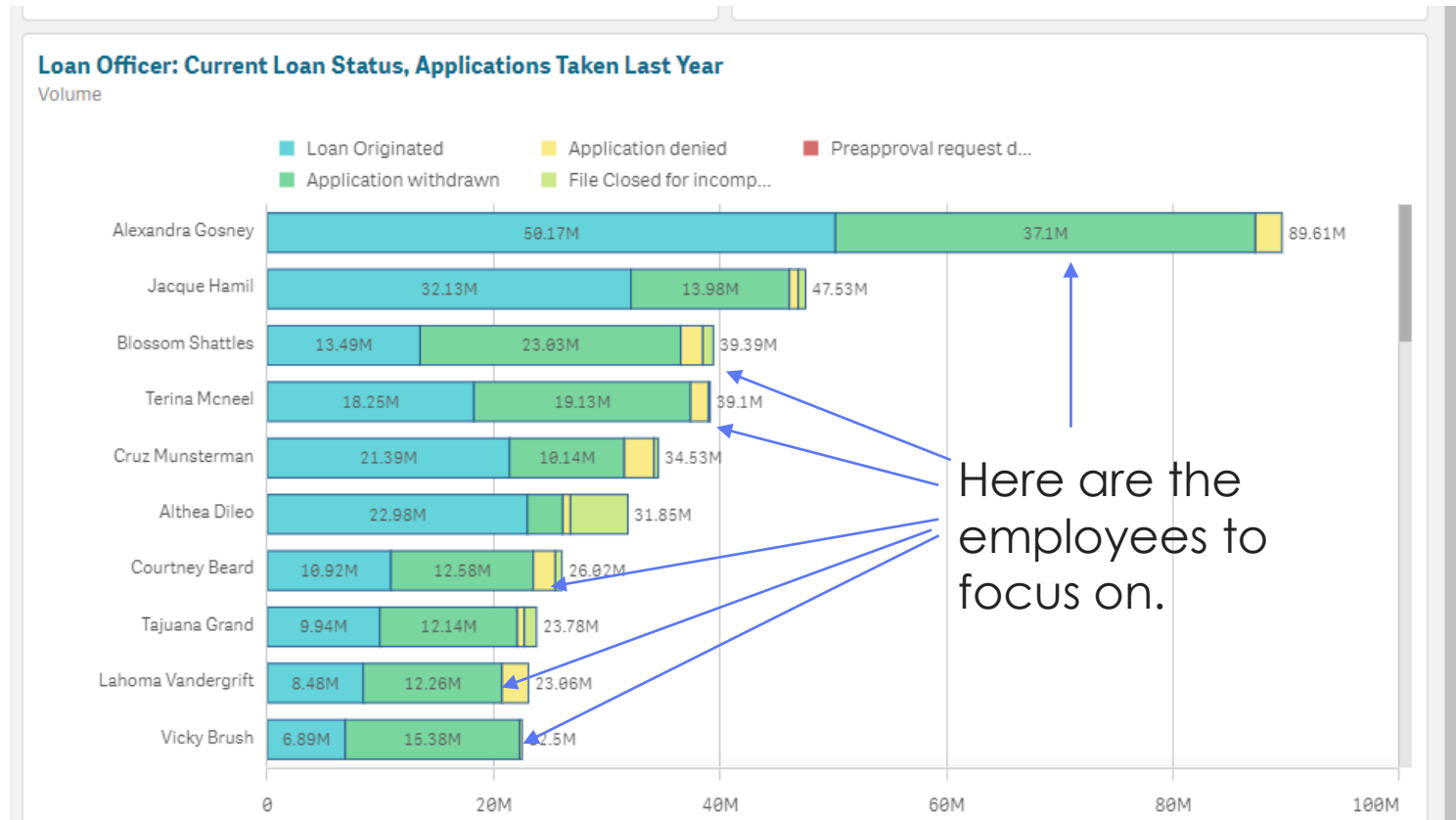
Work with Branch 31 to Improve Pull Through

Branch	WA FICO	WA LTV	WA DTI	Withdrawn %	Volume
Branch 25	740	88.0	36.1	11.8%	179,041,744
Branch 31	739	88.7	35.7	20.6%	146,436,579
Branch 31 IMPROVED	739	88.7	35.7	11.8%	<b>162,666,326</b>
<b>Increased Volume by Improving Pull Through</b>					<b>16,229,747</b>



# Opportunities to Improve Branch Performance

**The “Aha Moment”:** Improve Branch 31 LO Pull-through to get \$16 million more in closings with no additional applications or operational costs.



Here are the employees to focus on.

# Make a Difference Right Now!

1. Commit to be Profit Driven, not Volume Driven
2. Commit to Aggressive Productivity Management of every team member. Two thirds of your costs are compensation.
3. Seek “Aha” moments. Aha = Meaningful leverage points to manage profitability, productivity and costs.
4. Be proactive. Avoid giving back your prior profits.
5. Put some independent eyes on your Company.

## Make a Difference Right Now!

How to put some independent eyes on your company.

- Teraverde and CWDL are partnering to help you identify “Aha” moments.
- We’ll provide an interactive review of you last 12 months of financial and operation data to identify “Aha” moments.
- Access to the Coheus® Top Tiering™ System.
- Investment of \$2,500.
- Contact Kasey English or Jim Deitch for details.

# Make a Difference Right Now!

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