Make Every Dollar Count

June 21, 2023

Moderator:

James M. Deitch, CMB; CEO, Teraverde

Panelists:

Phil DeFronzo, CEO Norcom Mortgage
David Fitzell; SVP, Head of Mortgage - Meridian Mortgage
Nathan Vogt, EVP, Mortgage President, First Horizon

The Issue:

We're at an **all-time high** in terms of costs to originate at **$13,000+** per loan.

Mike Fratantoni, Chief Economist, Mortgage Bankers Association

Fannie Mae's Mortgage Lender Sentiment Survey® (MLSS) shows **cost-cutting** now the most frequently cited business priority.
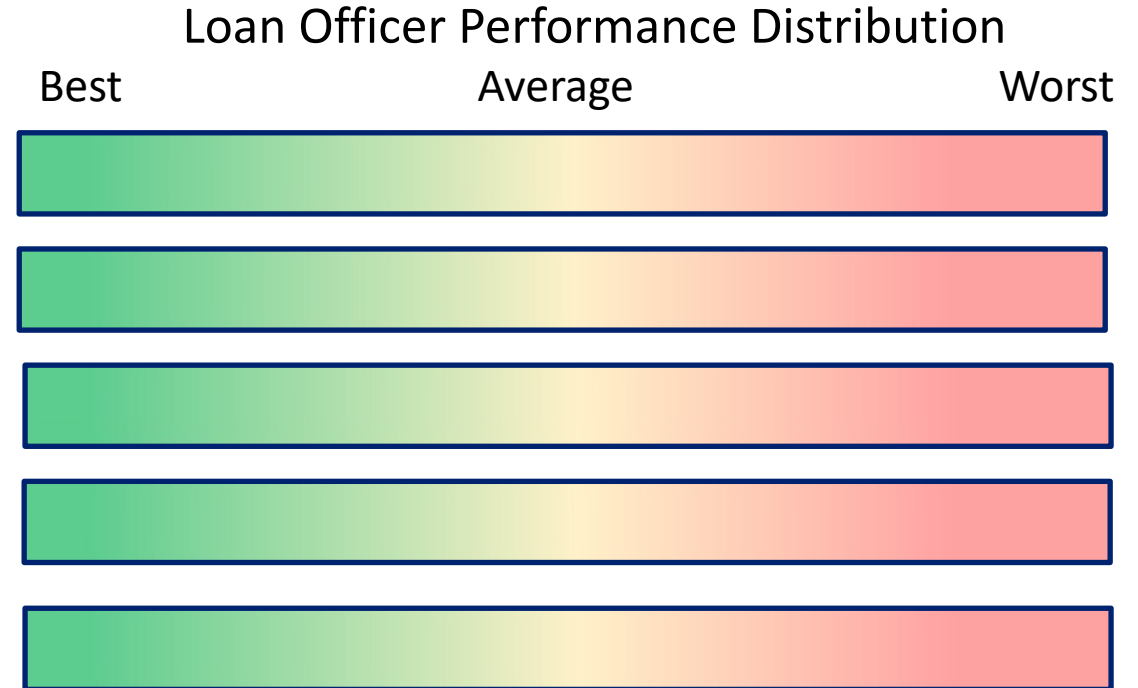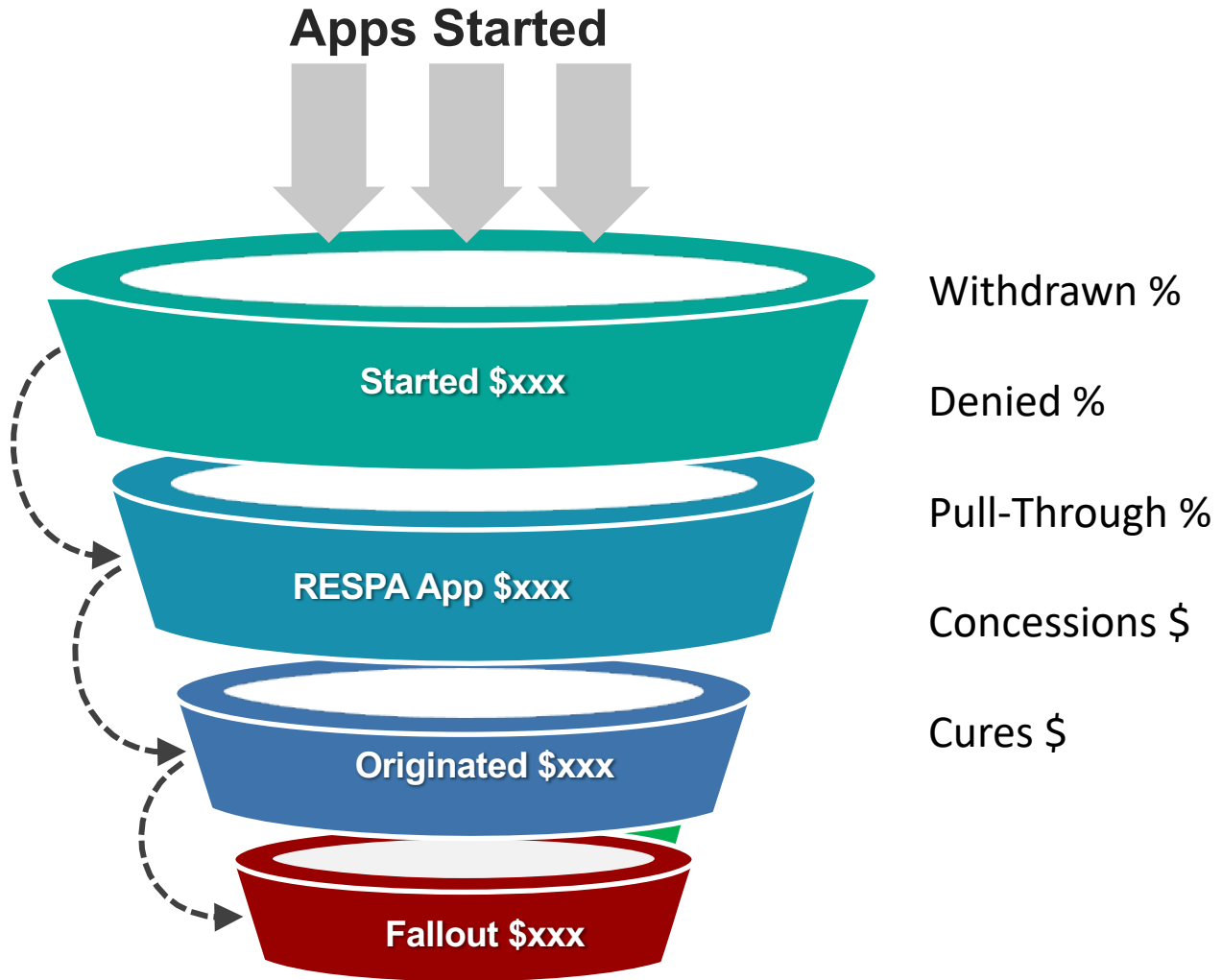
Doug Duncan, Chief Economist, Fannie Mae

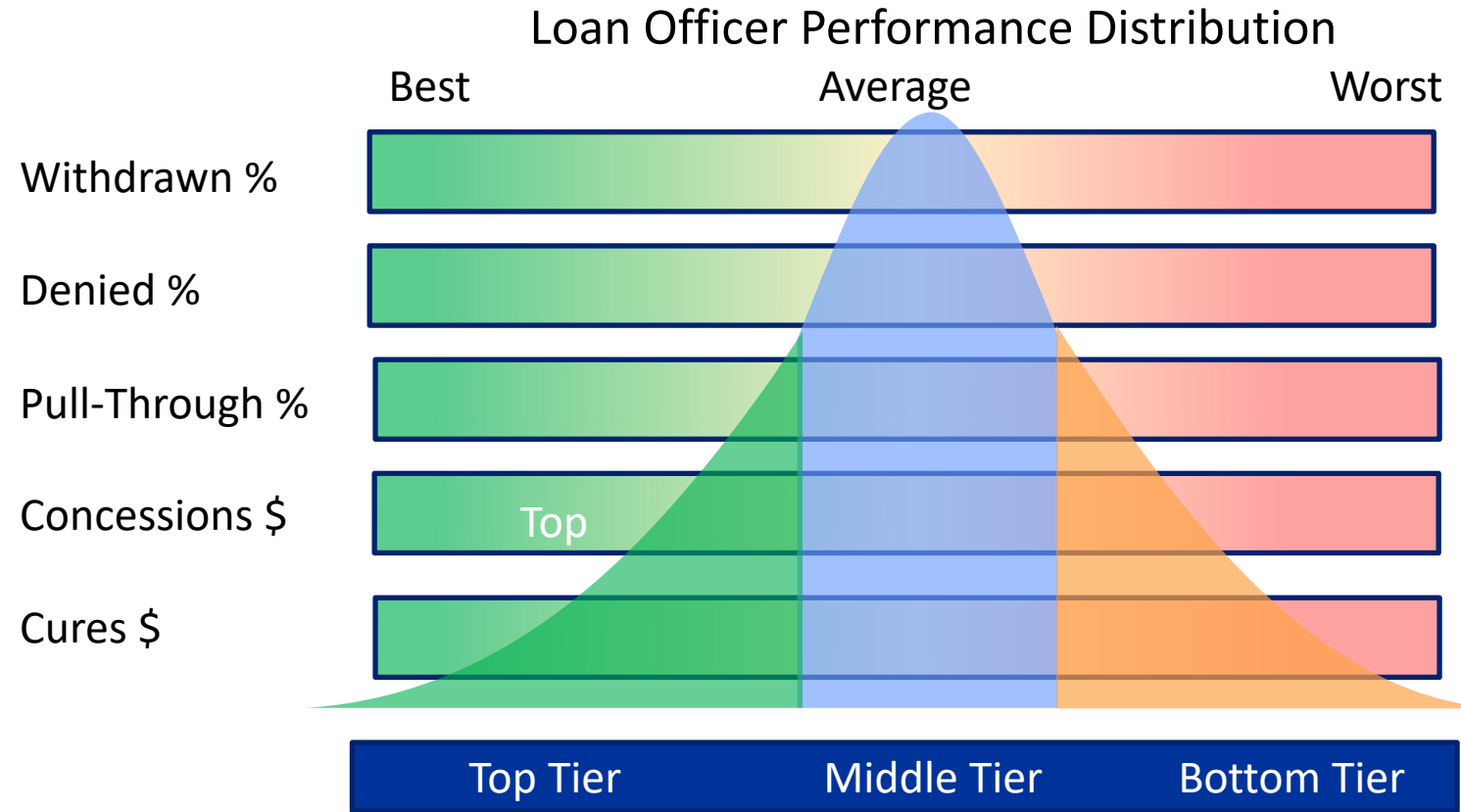It's not just about Cost Reduction. You've got to *Make Every Dollar Count*.

CEO, Independent Mortgage Banker

Lender Application Waterfall and LO Performance Distribution

Apps Started

Started $xxx

RESPA App $xxx

Originated $xxx

Fallout $xxx

Loan Officer Performance Distribution

Best   Average   Worst

Withdrawn %

Denied %

Pull-Through %

Concessions $

Cures $

Lender Application Waterfall and LO Performance Distribution

Apps Started

Started $xxx

RESPA App $xxx

Originated $xxx

Fallout $xxx

Loan Officer Performance Distribution

Best   Average   Worst

Withdrawn %

Denied %

Pull-Through %

Concessions $ Top

Cures $

Top Tier   Middle Tier   Bottom Tier
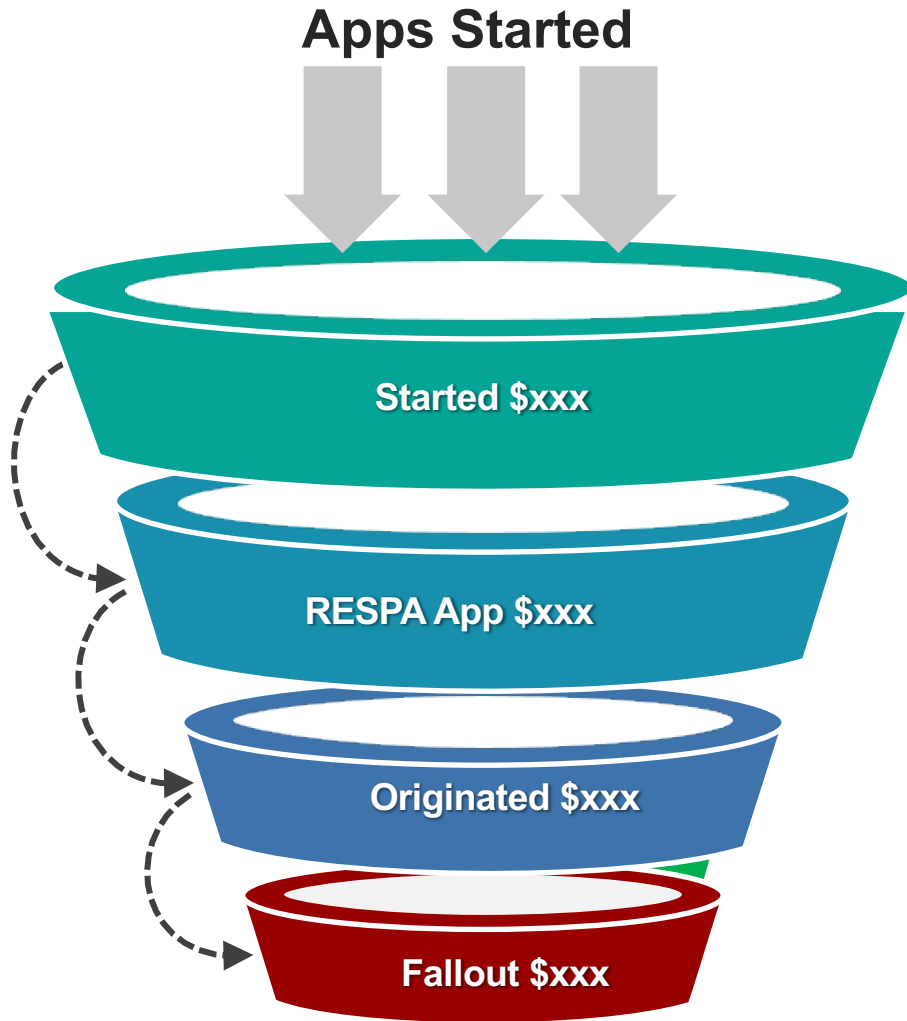
Making Every Dollar Count: Producer Revenue via Pareto Analysis (80/20 Rule)

Lender Application Waterfall

Apps Started

Started $xxx

RESPA App $xxx

Originated $xxx

Fallout $xxx
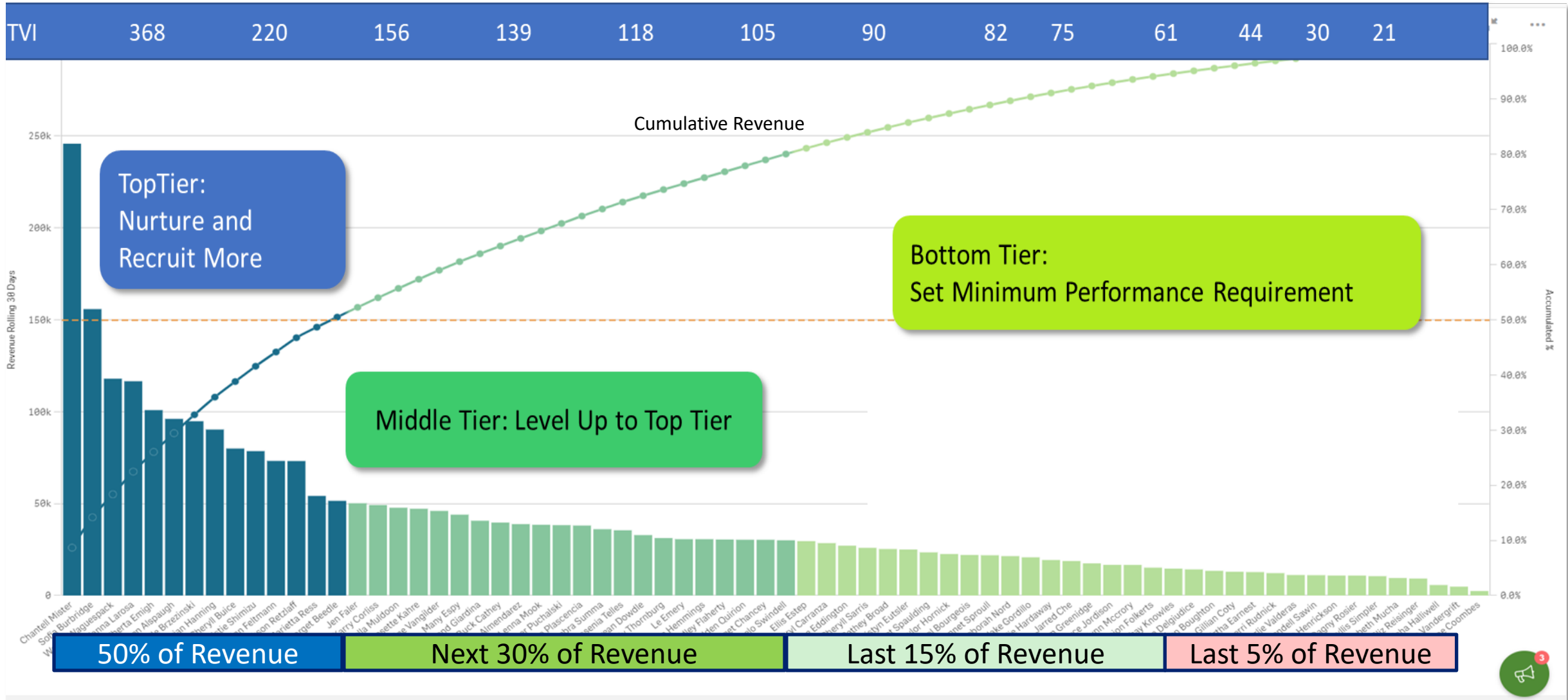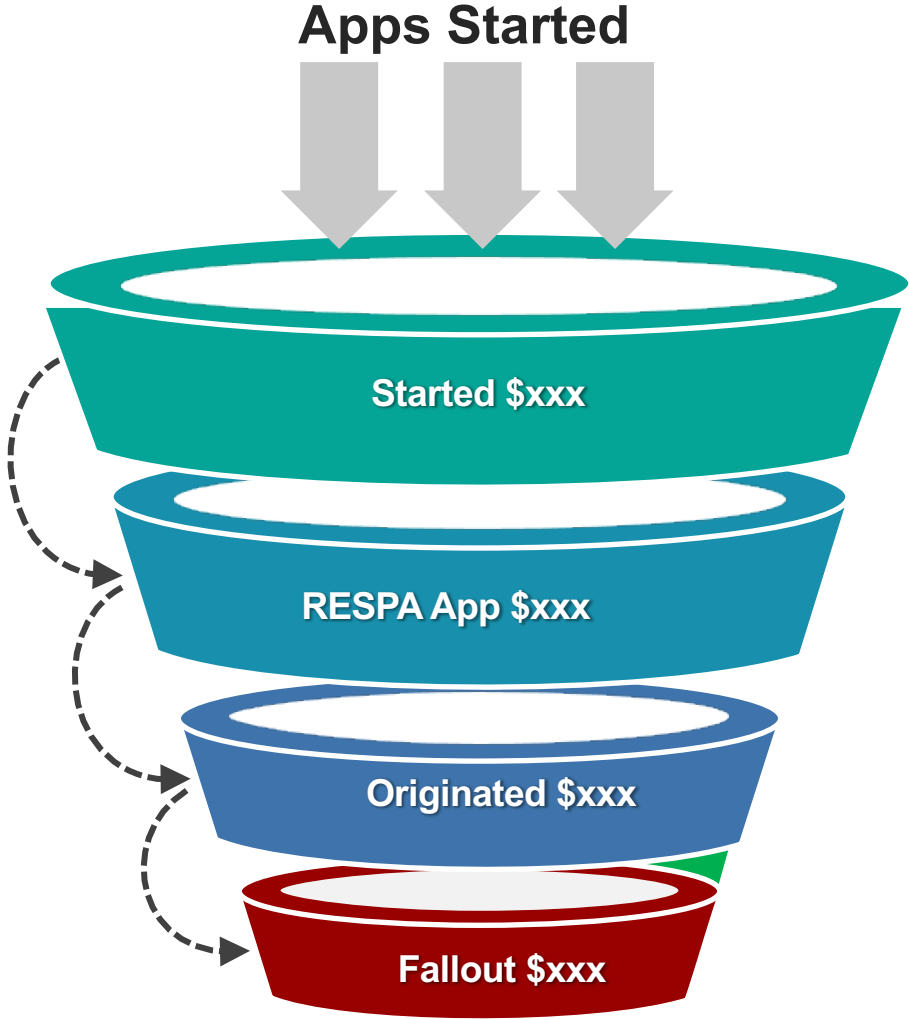
Significant Regional Withdrawn and Denial Performance

Region	Originated	W/D	Denied
NE	63.5%	18.1%	13.6%
SE	60.2%	25.5%	14.1%
MW	58.8%	34.6%	6.4%
S	59.1%	28.3%	6.7%
SW	61.9%	28.5%	4.4%
NW	66.3%	28.5%	4.4%
All	60.7%	27.0%	9.5%

Best   Average   Worst

| Withdrawn % | 18% | 27.0 | 34.6 |

| Denied % | 4.4% | 9.5 | 14.1 |
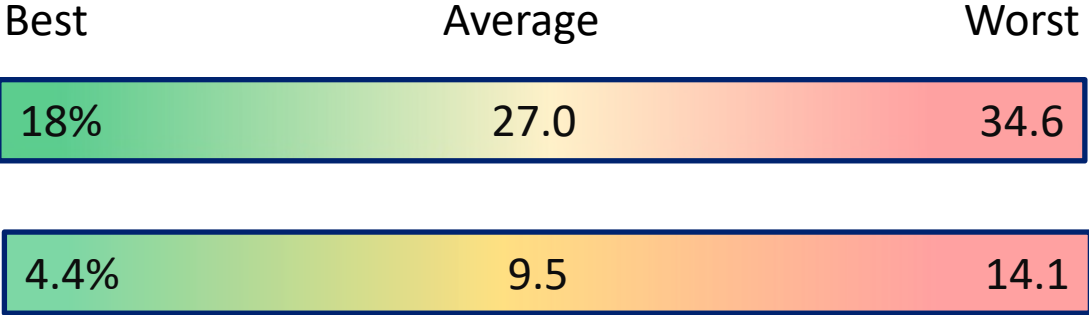
Loan Officer Performance

LO Name	TVI Score	Loan Complexity	Units	Dollars	Turn Time	Cures	Pull-Through	Credit Box

RETAIL: Scorecard Detail
Displays data for rolling 13 months: 4/1/2022 to 4/19/2023

Actor: Loan Officer	13 Month TVI Score	4 Month TVI Score	Loan Complexity Score	Funded Units	Funded Volume	Average Conditions	Turn Time App to Consumer Close	App to Close Turn Time Loan Officer vs Average	Cure $	Pull Through	Pull Through % Loan Officer vs Average	WA W-H Days	WA FICO	WA LTV
Totals			114.0	2,826	828,250,209	-	40		134,101	79.2%		183	733	84.5
Avril Comer	13.3	221.1	114.0	24	7,319,014 ↓	-	37		905	91.7%		179	734	85.5
Kelly Mallery	15.6	206.4	123.0	43	12,787,656 ↑	-	60		3,503	78.7%		-	703	92.5
Trina Worden	42.3	190.7	119.4	48	10,910,380 ↓	-	58		625	72.9%		52	712	88.5
Bradley Flaherty	19.4	177.4	122.9	40	10,269,450 ↓	-	40		497	92.1%		103	710	93.8
Yun Siniard	11.4	165.3	118.3	12	3,442,118 ↓	-	27		643	55.0%		93	678	85.3
Pearle Flom	3.9	156.6	122.0	27	5,835,300 ↓	-	46		2,145	84.6%		114	709	91.9
Anja Casagrande	338.5	140.1	115.3	78	22,696,376 ↑	-	38		2,446	78.4%		217	722	86.2
Sarina Rex	26.7	135.0	113.1	29	8,200,190 ↓	-	44		473	82.1%		225	725	77.4
Iesha Phegley	123.2	133.0	119.4	44	10,785,034 ↓	-	42		4,001	72.5%		107	718	88.8
Abigail Mackiewicz	273.4	112.5	112.2	39	17,070,188 ↑	-	37		636	87.5%		181	759	80.6
Eliz Reisinger	6.0	105.4	119.6	23	5,514,290 ↓	-	55		1,309	72.0%		60	723	88.7
Jarred Che	106.8	84.7	114.0	21	7,416,345 ↓	-	32		2,907	77.3%		135	723	87.8
Jen Faler	20.5	78.6	121.4	21	5,707,378 ↓	-	35		864	64.3%		134	695	94.7
Josefine Engle	25.6	72.7	110.0	27	7,121,206 ↓	-	50		554	77.4%		199	735	78.0
Jolie Everett	151.0	71.3	110.7	27	9,403,031 ↓	-	31		737	90.0%		176	743	83.4
Willie Tavera	113.3	70.2	113.4	25	7,619,754 ↓	-	30		4,095	92.3%		177	740	84.5
Benton Maclin	6.1	65.8	113.9	9	2,174,542 ↓	-	37		832	56.3%		134	716	87.6
Cristie Shimizu	11.0	62.9	109.7	19	4,228,582 ↓	-	35		135	100.0%		124	761	84.5
Emely Bensley	16.8	57.1	127.9	17	3,982,651 ↓	-	37		1,566	85.7%		8	699	95.4
Landon Quintanilla	203.3	56.9	114.2	54	12,692,564 ↑	-	34		5,321	64.2%		191	725	80.8
Candyce Lambrecht	19.7	42.9	107.6	21	5,120,093 ↓	-	41		516	83.3%		141	746	83.6
Tama Gass	3.8	33.3	127.5	2	845,352 ↓	-	28		792	28.6%		5	669	
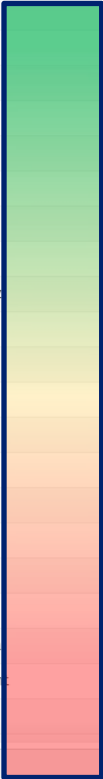
Underwriter Productivity Varies Considerably

Underwriter Output Scorecard
Displays data for rolling 13 months: 12/1/2021 to 12/30/2022

Processor

📌 Actor: Underwriter	🔍 ❓	TVI 13 Month Score ❓	TVI 4 Month Score ❓	Loan Complexity Score	Units Output	Average Conditions	% Approved	% Denied	Volume Output	Average ❓ Days	Turn Time Comparison ❓
Averages				114.7	271	-	97.0%	0.0%	70,755,102	26	
Jammie Gendron		151.82	129.98	113.3	437 ⬆	-	94.1%	0.0%	140,757,101 ⬆	19	
Dovie Sheppard		161.49	128.29						8 ⬆	18	
Alden Quirion		156.37	124.53						4 ⬆	16	
Roselle Grainger		148.31	118.39						6 ⬆	17	
Khalilah Bergman		134.94	118.28						9 ⬆	29	
Coleen Alspaugh		100.35	109.91						4 ⬆	30	
Kacey Moulden		136.22	106.59						3 ⬆	32	
Damion Folkerts		122.09	88.06						9 ⬆	31	
Keira Deyo		109.92	79.30						0 ⬆	31	
Cheryll Buice		42.88	52.02						3 ⬇	19	
Katelynn Mccrory		29.30	44.65						6 ⬇	24	
Karry Corliss		72.94	-						2 ⬇	17	
Rob Gasper		48.69	-						5 ⬇	32	
Lisbeth Logsdon		47.10	-	120.4	112 ⬇	-	100.0%	0.0%	30,511,314 ⬇	37	
Sofia Burbridge		37.60	-	123.0	78 ⬇	-	100.0%	0.0%	20,281,365 ⬇	37	

Name	Productivity Score	Cost per Decision
Jamie	151	$240
Coleen	100	$390
Karry	73	$520
Sofia	37	$970

Make Every Dollar Count In 2023

NEEDED: A Sustainable, profitable and flexible business model that is profitable in all conditions.

STRATEGIES:

- Innovation to Reduce Cost to Produce

- Automation to Decrease Labor Content to less than 50% of total cost; Reduce hire/fire vicious cycle.

- Adoption of Technology by Employees.

- Data-driven Insights and Prompts for Action

- Up-Skilling Employees Mortgage professionals learning new technical skills.