



# Keys to Positioning Your Lending Operations for Long-Term Success



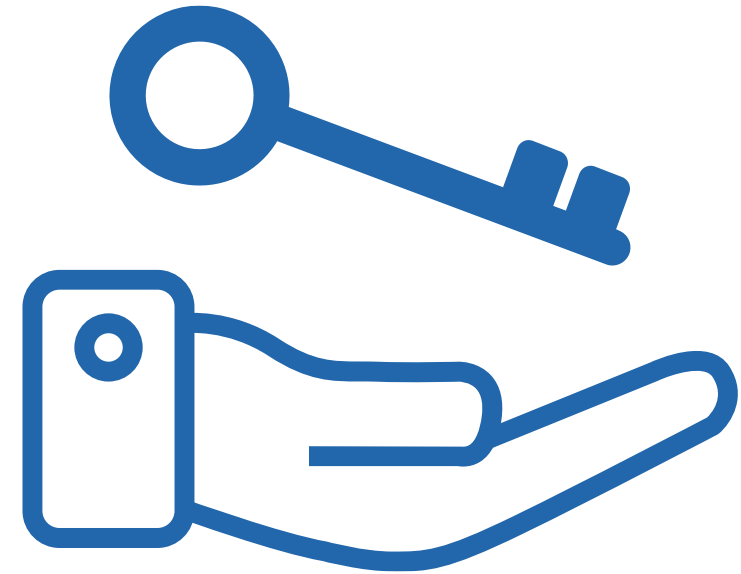
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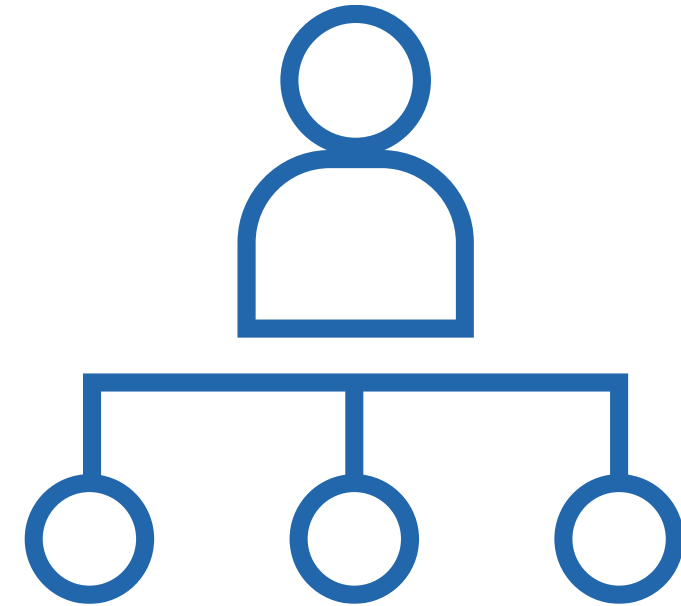
## Let's Uncover the Keys to Long-Term Success...

- + Provide strong leadership
- + Align with leadership
- + Focus on the originator
- + Develop a loan sales strategy
- + Tech stack selection
- + Align front-end pricing
- + Use of data
- + Maximize loan sales
- + Robust product mix
- + Rinse, repeat, and protect



## What It Means to Be a Leader

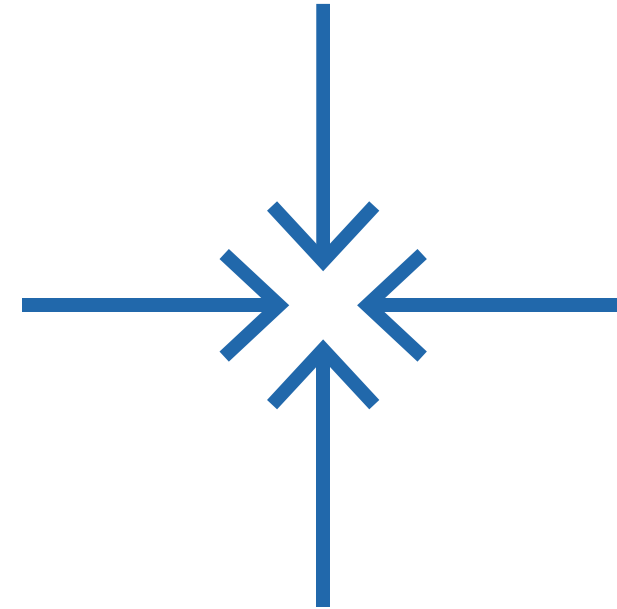
- + A strong leader has a clear vision, communicates, has integrity, shows empathy, is decisive, can adapt, and provides empowerment.
- + A strong leader should:
  - Be fully engaged in their business
  - Be well-rounded in all aspects of the business
  - Hold other leaders accountable
  - Participate in key industry events



## How Do You Align With Leadership?

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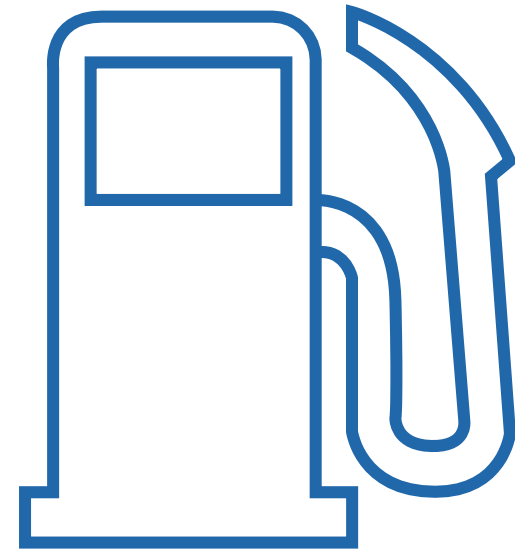
- + Clear communication from the top down
- + Leadership should never waver
- + Support managers publicly and provide constructive criticism privately
- + Develop a strategic plan and set KPIs to help measure success
- + Provide regular updates on progress towards company goals
- + Be willing to adapt to changes



## Focus on the Originator

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- + Originators are the fuel that makes the car go
- + Give them the tools to be successful in a competitive market
- + Do all you can to maximize loan execution so that your pricing is competitive
- + Breakdown the secondary/originator barrier
- + Focus less on corporate margin transparency and build trust through communication



## Develop a Loan Sale Strategy

- + Decide on service release, service retained, or a hybrid of both
- + Prepare your operations team and post-closing departments
  - Can they handle interim servicing?
- + Make sure this strategy is aligned with the CFO
  - Manage cash flow
    - Minimize cash flow loss by retaining loans with the highest ROI
    - MSR financing as an option
  - Determine how much to retain versus release
  - Sell the loans where the servicing multiple is not economical
  - Ensure the CFO and capital markets person are in sync

### WHY DO MORTGAGE LENDERS SELL LOANS?

Mortgage lenders sell loans to free up capital to keep offering loans to other homebuyers, and to generate cash while retaining the rights to service loans.



## Choosing the Right Partners... Not an Easy Choice

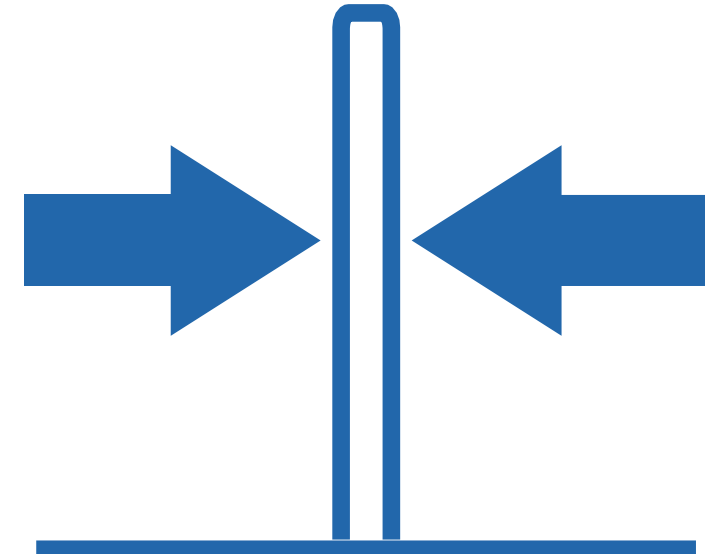
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- + Your tech stack is one of many big decisions you will make
- + Making the wrong choice can set you back years or threaten your existence
- + If you can't create value, then you can't measure it
- + Consider:
  - Leadership
  - History
  - Market share
  - Balance sheet
  - Alignment to your business
  - Customization
  - Scalability
  - Roadmap



## Importance of Aligning Front-End Pricing

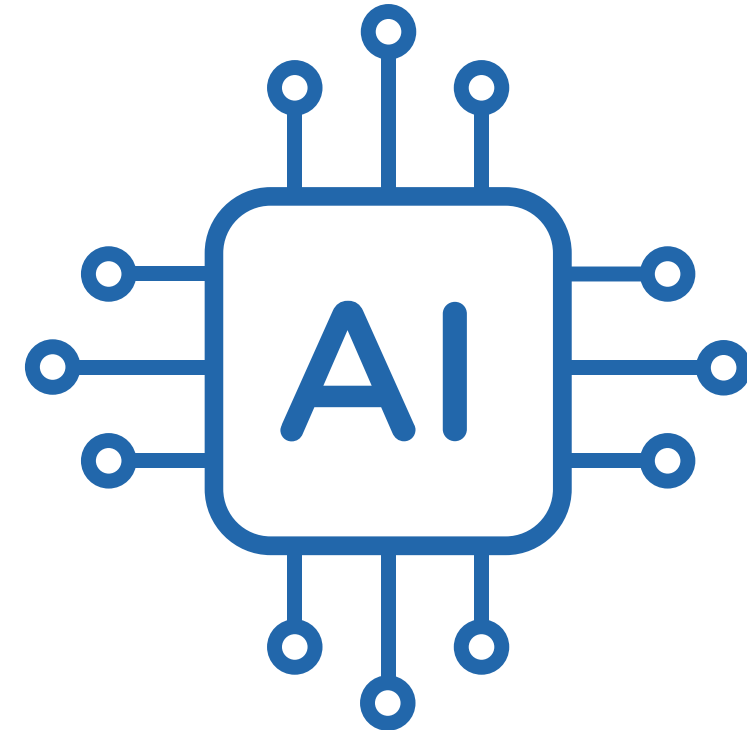
- + Competitive times call for competitive measures
- + Baseline pricing must be reflective of actual execution
- + Leverage tools that eliminate guesswork
  - Does your tech provide?
- + Give a little cushion, but adjust corporate margin
- + If retaining, be sure to consider recapture





## Data Is Cool but What Do I Do With It?

- + How to use data is a fluid strategy, but those who have figured it out are excelling
- + AI produces data... data is data
- + Do you have a person on staff that can maximize the use of data?
- + During a time of contraction, is such a hire too risky or too necessary?
- + Put this in the hands of those that directly benefit
  - Business development
  - C-Suite; especially CFO's
  - Capital Markets



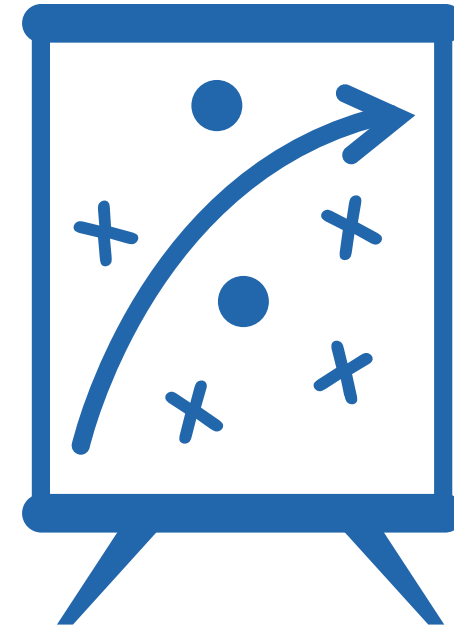
## Maximize Loan Sales

- + When done right, and if volume allows for it, hedging is necessary
- + Make sure your hedge provider has a deep client base and provides adequate support
- + Ask questions about how the analytics work
  - If you don't know what to ask, consider a consultant
- + Have the right mix of investors
- + Have multiple takeouts for the same loan
- + Strongly encourage at least one service-retained option
- + If selling to aggregators, do bulk but look at all executions
- + If service-retained, also add FHLBs to the mix
- + Consider all cost, both direct and indirect



## Have a Robust Product Mix

- + Can't have your eggs in one basket
- + This may be by design for some banks and credit unions
- + One constant in mortgage banking is change; so must your product mix
- + Don't jump into a new product without considering:
  - How to originate it
  - How to process it
  - How to warehouse it
  - How to sell it
  - How to service it
- + Be smart but nimble
- + Remember to have more than one takeout
- + Remove stale products



## Rinse, Repeat, and Protect

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- + Gain information from your process and never hesitate to make changes
- + Build on what is working, and decide if what isn't working is just temporary or needs to be adjusted or eliminated
- + Protect your assets with a strong recapture strategy
- + Fighting for new business is a challenge – and so is keeping your servicing asset from the mega-servicers
- + You can't hit a 95-mph fastball with a Wiffle ball bat





# Thank You... Questions?



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