

MORTGAGE INDUSTRY EXPENSES
ARE AT RECORD-HIGHS & LOAN PROFITS ARE DOWN.

WE HAVE A CALCULATED SOLUTION TO HELP.

Let us demonstrate some cost-saving benefits to:

- 1) Lower the Variable Costs of Loan Production
- 2) Reduce Total Fixed Expenses
- 3) Increase Loan Volume

WE LISTENED.

WHAT LENDERS ARE SAYING.

PAINPOINTS: In-House Verifications

- ✓ Fulfilling VOE is outside the normal scope of loan processing .
- ✓ Lender systems rarely make it easy to capture the process.
- ✓ Time-consuming to process (average 15-20 min each). *
- ✓ No actionable system intel managing employer conversation
- ✓ Requires multiple contacts for employers.
- ✓ Manual paper-based process for 75% of orders. **

* 70% of loans require two verifications per loan.

** Powerful databases exist for employment and earning history, but they cover 25% or less of the US labor force.

PROBLEM = higher per-loan production expenses*

TOTAL EXPENSES LOAN PRODUCTION:

- ✓ Commissions
- ✓ Compensation
- ✓ Occupancy
- ✓ Equipment
- ✓ Personnel expenses
- ✓ Variable production costs

↑ +5%

COST-PER-LOAN = \$8,475*

*MBA QUARTERLY PERFORMANCE REPORT
[Q4 2017 - VS - Q1 2018]

NET PROFIT-PER-LOAN

↓ -5%

PROBLEM = higher per-loan production expenses*

FACTORS INFLUENCING PRODUCTION COSTS:

+5%

LOAN BALANCE = \$254,291

Increase = rise in sales personnel costs-per-loan

-12%

LOAN VOLUME = 2,059

Decrease = increased fixed costs-per-loan

*BASED ON MBA STATISTICS FOR Q4 2017 vs Q1 2018



RESOURCES: <https://www.mba.org/publications/insights/archive/mba-insights-archive/2018/mba-chart-of-the-week-imb-total-production-expenses-per-loan>

INCREASED PROFIT MARGINS = REDUCED FIXED EXPENSES / (LOAN BALANCE - LOWER VARIABLE COSTS)

FIXED EXPENSES

commissions, compensation, occupancy, equipment, & other production expenses.

Doesn't vary with the volume of loan production and cannot be easily changed in a short-run.

VARIABLE COSTS

Direct labor involved in origination tasks.

Changes with the level of production

WAYS TO SAVE COSTS:

- (1) reduce the total fixed expenses
- (2) increase loans
- (3) lower the variable costs of production

NATIONAL MONTHLY AVERAGE STATS

Loan Balance = \$264,354

Loan Volume / Lender Bank = 35

FIXED

Processor Wage = \$20/hr

Processor Wage (actual) = \$42.75

Loans Volume / Processor = 35

VARIABLE

Time to Close a Loan = 44 days

Time to Process VOE = 20 min each

RESOURCES:

<https://www.mba.org/publications/insights/archive/mba-insights-archive/2019/mba-chart-of-the-week-imb-production-profit>https://www.benefits.va.gov/HOMELOANS/documents/docs/2019_1qtr_lender_loan_volume.xlsx

WAYS TO SAVE ON COSTS

OUTSOURCE TASKS

GOAL: Reduce Fixed Expenses and Lower Variable Costs

FREE UP YOUR PROCESSORS' TIME TO CLOSE MORE LOANS, FASTER.

FOCUS ON LOAN VOLUME. DELEGATE THE TIME-CONSUMING ANCILLARY TASKS TO 3RD PARTY EXPERTS.

BENEFITS

- ✓ It costs us significantly less to process.
- ✓ We deliver the same quality every time.
- ✓ Only pay for what you need.
- ✓ No Setup fees. No Minimums.

