



MBA's 93rd ANNUAL CONVENTION & EXPO 2006
OCTOBER 22 • 25 HYATT REGENCY • CHICAGO

Cultivating Mortgage Lending Best Practices

Monday - October 23, 2006 – 11:00 to 12:15

Laura A. Pephens, Managing Principal

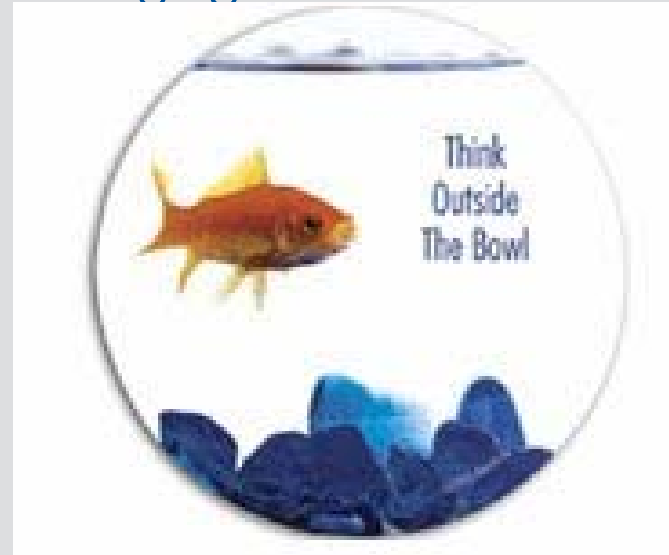
Phone: 949.248.4596



Overview



In order to be successful in a Market like today's,
Mortgage Lenders must:



→ Methodologies and tools every Lender should consider for:

Evaluating / Assessing / Analyzing
Where your Organization is Today, Where it is
Heading & What you should Be Doing Next



Sales and Production



→ Many sales agents have not had to really sell for the past several years...do they remember how to do the “hustle”?

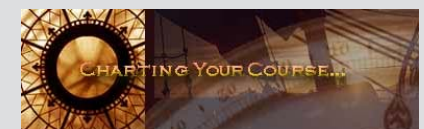
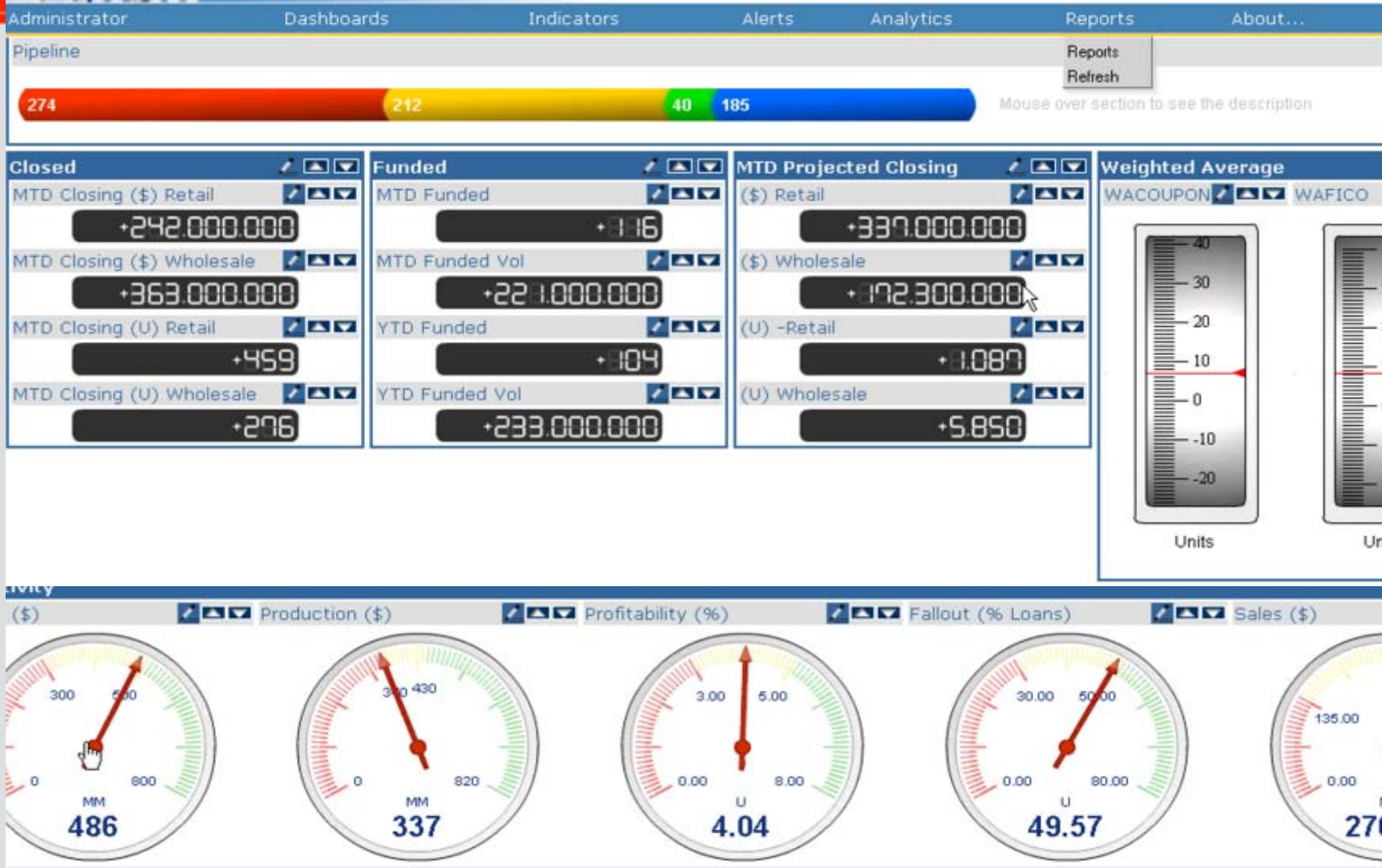


→ Real-time access to Critical Information

→ Enabling tools, rapid product and rate selection



CEO Dashboard - Production



COO Dashboard - Operations



ALERTS

Funding is below target

\$112.83M

\$77.17M

\$52.37M

\$17.01M

Submitted - Not Clear To Close
▲ Funded - Not Shipped

◆ Clear To Close - Not Funded
■ Shipped - Not Purchased

MTD Volumes (\$M)

MTD Submissions (\$M)

Funded (\$M)

Turn Times (Days)

+ 96

Locked

+ 29

Rocky Mountain

+ 66

MTD Amount

+ 3

Underwriting

+ 83

UW Submitted

+ 23

Arizona

+ 539

MTD Count

+ 2

Documents

+ 71

Days Out

+ 7

So Cal

+ 249

YTD Amount

+ 12

Shipping

+ 102

Sold

+ 24

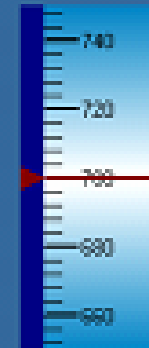
Retail

+ 2 183

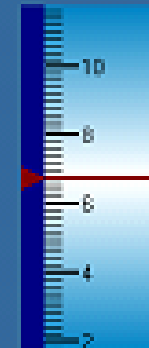
YTD Count

+ 27

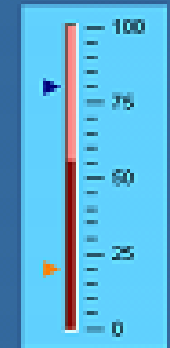
Sales



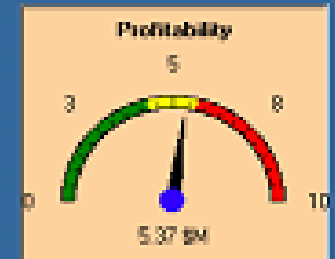
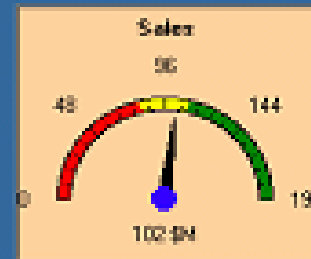
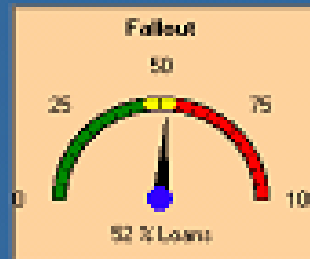
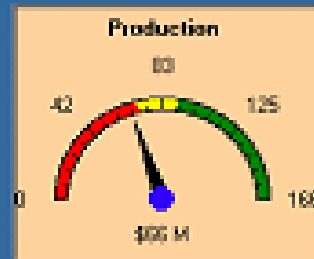
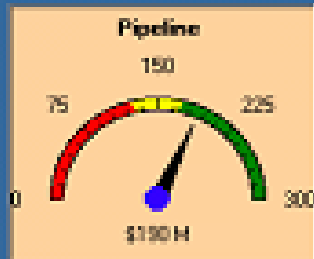
WA FICO



WA COUPON



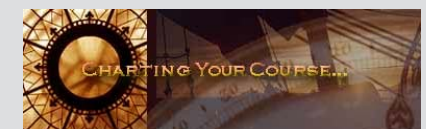
WA LTV



Local intranet



Solution Powered by:
Intelli-Mine
SMART DECISIONS. SMART BUSINESS.



Production Analytics



Period	(All)		
Loan Vol	TDType		
CorrBroType	1	2	Grand Total
Broker	\$115,545,339	\$7,344,948	\$122,890,287
Correspondent	\$147,337,881	\$79,396,486	\$226,734,366
Grand Total	\$262,883,220	\$86,741,434	\$349,624,653

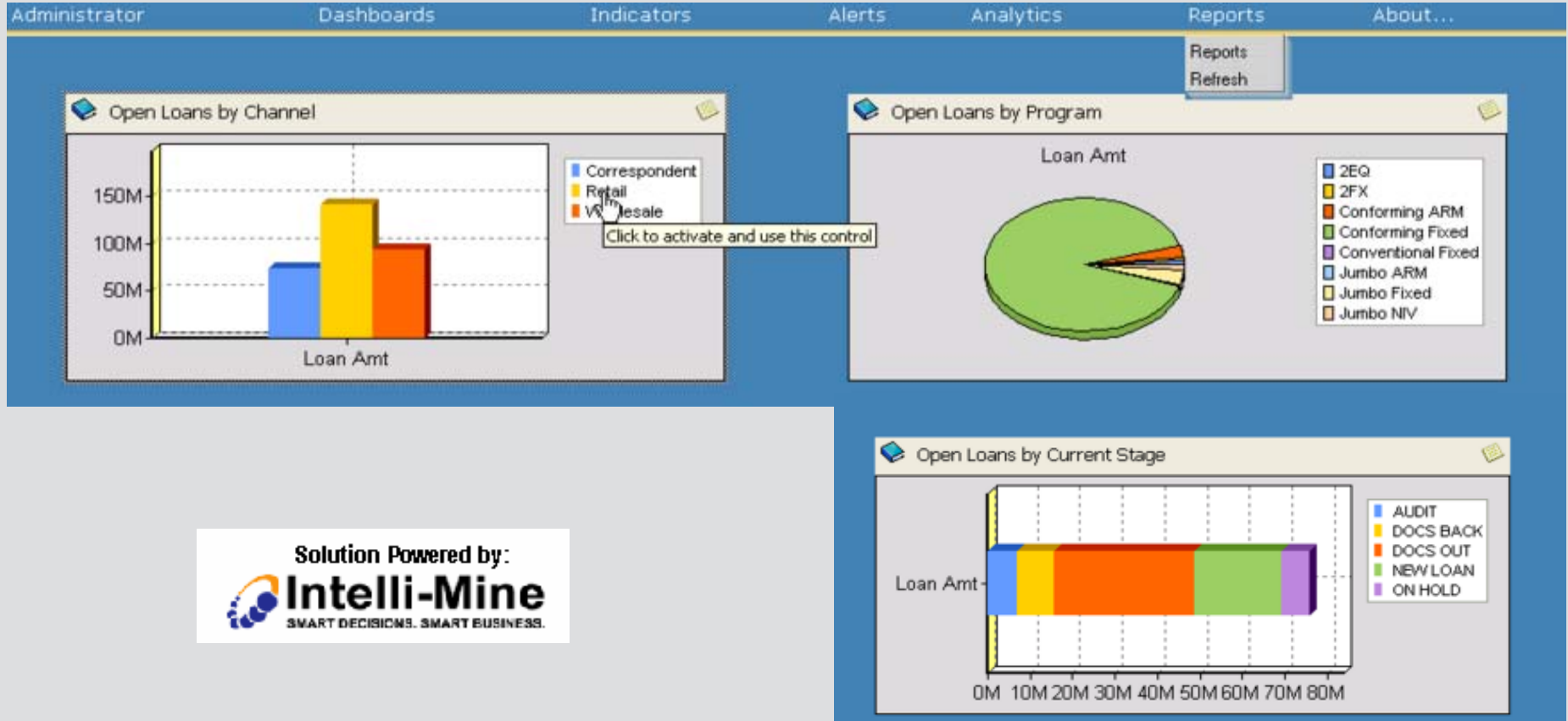
Period	(All)		
Units	TDType		
CorrBroType	1	2	Grand Total
Broker	572	137	709
Correspondent	601	1,244	1,845
Grand Total	1,173	1,381	2,554

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&
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the
data!!!

	OCT	NOV	DEC	Q4
Total Loans Funded				
Total Funded Units	183	206	201	590
Total Funded Volume	29,721,721	33,230,122	36,113,945	99,065,788
Total Avg Funded Loan Volume	162,414	161,311	179,671	167,908
Brokered Loans				
brokered units	43	30	42	115
brokered volume	8,502,750	6,588,252	9,057,775	24,148,777
avg brokered loan balance	197,738	219,608	215,661	209,989
% of total Volume	29%	20%	25%	0.24
Correspondent Loans				
correspondent units	140	176	159	475
correspondent volume	21,218,971	26,641,870	27,056,170	72,769,158
avg correspondent loan balance	151,564	151,374	170,165	153,198
% of total Volume	71%	80%	75%	0.73
Loans Sold:				
Units	148	147	168	463
Volume	22,567,499	21,314,784	24,908,317	68,790,600
Avg. sold loan balance	152,483	\$ 144,998.53	\$ 148,263.79	\$ 148,575.81



Monitoring Sales & Volume



Monitoring Sales Fallout



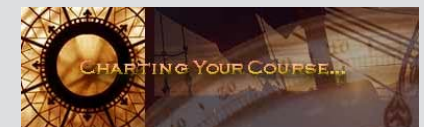
Measure Fallout Rate by Loan Officer

Loan Officers Lock-in Performance - Locks expiring during September:

The following loan officers have extraordinarily high Fall Out after Loans Have Been Locked:

	# Locks	# Closed	Fall out %
Sandy Lee	40	24	40%
John Smith	16	10	38%
Harry Thomas	6	4	33%
Matt Choe	6	4	33%
Melinda Brown	7	5	29%
Jane Doe	8	6	25%
Nancy Green	16	12	25%
Tom Black	14	11	21%

(Scope = LOs with > or = 5 Locks & Fallout >20%)



Tools to Facilitate Borrower Qualification @ POS

Solution Powered by:



Selection Criteria			
Lien Position	1st Mortgage	Loan Purpose	Purchase
Property Value	550,000	Other Loan Amount	0
Loan Amount	500,000	CLTV %	
LTV %	90.90		
Selected Loan Terms			
30 Year Fixed 15 Year Fixed 10 Year Fixed 5 Year Option ARM 30 due in 10	Single Family Residence	Occupancy	Owner Occupied
Property Type	620	State	California
Credit Score	Full Doc Stated Income Stated Income Stated Asset No Income No Asset		
Select Document Type(s)			
<input type="checkbox"/> Full Doc	<input type="checkbox"/> Stated Income	<input type="checkbox"/> No Income No Asset	<input type="checkbox"/> No Doc
<input checked="" type="checkbox"/> Stated Income Stated Asset			
<input type="checkbox"/> No Ratio			
<input type="button" value="Revise Search"/>	<input type="button" value="Clear"/>		
Program Code	Program Title (click on Product Title for Guideline detail)		
FL31	1st National Lending Services Alt-A No MI (fl31)		
FL31PI	1st National Lending Services Alt-A No MI (fl31) Interest Only		
AS21GJ	Aurora Mortgage Maker (as21) High LTV		
BT30	Bear Stearns Residential Mortgage Alt A (bt30)		
BT30PI	Bear Stearns Residential Mortgage Alt A (bt30) Interest Only		
CD60CA	Countrywide SubPrime Programs (cd60) Credit Grade AA+		
CD60CAPI	Countrywide SubPrime Programs (cd60) Credit Grade AA+ Interest First		
CT34GB	Credit Suisse First Boston Alt-A (ct34) Non-Conforming		
BR20	EMC/Bear Stearns Alt-A First Lien Program (br20)		
BR20PI	EMC/Bear Stearns Alt-A First Lien Program (br20) Interest Only		
GW24	GMAC Bank Wholesale Mortgage Lending ALT A Fixed Rate Product (gw24)		
GW24PI	GMAC Bank Wholesale Mortgage Lending ALT A Fixed Rate Product (gw24) Interest Only		
IC31CB	IMPAC Funding Express (ic31) II		
IC31CBPI	IMPAC Funding Express (ic31) II Interest Only		

Product Information

ELIGIBLE TERMS

Series I+, I & II (ic33) I+, I & II

Article I. Fixed: 15 and 30 Year
Article II. ARMs: 30 Year
Article III. Balloons:
Section 3.01 30/15 Fixed
Section 3.02 40/30 Fixed and ARM

MINIMUM LOAN AMOUNT

Article I. 1st Trust Deed: \$70,000
Article II. 2nd Trust Deed: \$20,000

MAXIMUM LOAN AMOUNT

- 1st Trust Deed: \$2,000,000
- 2nd Trust Deed: \$400,000
- Maximum Combined: \$1,500,000

NOTE: Refer to the Series I+, I & II (ic33) Combo (closed-end), or Series I+, I & II (ic33) HELOC for Investor's second trust deed requirements.

QUALIFYING INFORMATION

Ratios

- Loan amounts of \$1,000,000 and above the debt-to-income ratio is 45%.
- Loan amounts of less than \$1,000,000 the debt-to-income ratios are as follows:

Loan-To-Value	Ratio
70.01% LTV and Above	50%
70% LTV and Less	55%

- Interest Only feature: Utilize the interest-only payment, including taxes, insurance and mortgage insurance, as applicable, for the qualifying ratio.

NOTE: When Investor receives only the first trust deed the above stated ratios apply.



Tools to Facilitate Borrower Pre-approval

Solution Powered by:



Tools to Facilitate Pricing @ POS



Pricing Criteria

Aurora Alt-A First Lien No MI

30 Year Fixed

Adjustment	Rate	Price	Margin
Loan Amount (> \$50K to \$417K (30 Fixed only)/<=65)	0.0000	0.2500	0.0000
Total Adjustments	0.0000	0.2500	0.0000

Final Ratesheet (uploaded on 10/13/2006 8:05:02 AM Pacific Daylight Time:)

Rate	10 Day	25 Day	40 Day	55 Day	70 Day
8.1250	<input type="checkbox"/> 104.5032	<input type="checkbox"/> 104.3782	<input type="checkbox"/> 104.2532	<input type="checkbox"/> 104.1282	<input type="checkbox"/> 103.8782
8.0000	<input type="checkbox"/> 104.3157	<input type="checkbox"/> 104.1907	<input type="checkbox"/> 104.0657	<input type="checkbox"/> 103.9407	<input type="checkbox"/> 103.6907
7.8750	<input type="checkbox"/> 104.1282	<input type="checkbox"/> 104.0032	<input type="checkbox"/> 103.8782	<input type="checkbox"/> 103.7532	<input type="checkbox"/> 103.5032
7.7500	<input type="checkbox"/> 103.9407	<input type="checkbox"/> 103.8157	<input checked="" type="checkbox"/> 103.6907	<input type="checkbox"/> 103.5657	<input type="checkbox"/> 103.3157
7.6250	<input type="checkbox"/> 103.7532	<input type="checkbox"/> 103.6282	<input type="checkbox"/> 103.5032	<input type="checkbox"/> 103.3782	<input type="checkbox"/> 103.1282
7.5000	<input type="checkbox"/> 103.5657	<input type="checkbox"/> 103.4407	<input type="checkbox"/> 103.3157	<input type="checkbox"/> 103.1907	<input type="checkbox"/> 102.9407
7.3750	<input type="checkbox"/> 103.3782	<input type="checkbox"/> 103.2532	<input type="checkbox"/> 103.1282	<input type="checkbox"/> 103.0032	<input type="checkbox"/> 102.7532
7.2500	<input type="checkbox"/> 103.1907	<input type="checkbox"/> 103.0657	<input type="checkbox"/> 102.9407	<input type="checkbox"/> 102.8157	<input type="checkbox"/> 102.5657



Solution Powered by:



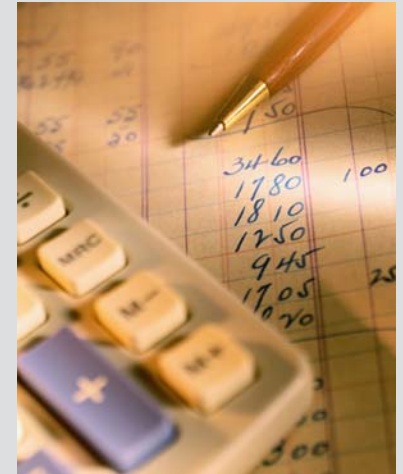
Lender E-Source



Financial Performance



- Financial Statements
- Net Income Analytics
- Gross Revenue by Investor
- Gross and Net Revenue by Loan Program
- Budgets / Forecasts
- Direct and Indirect Origination Costs



Secondary Marketing



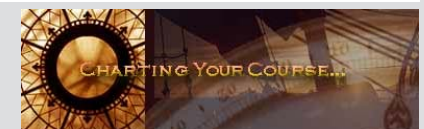
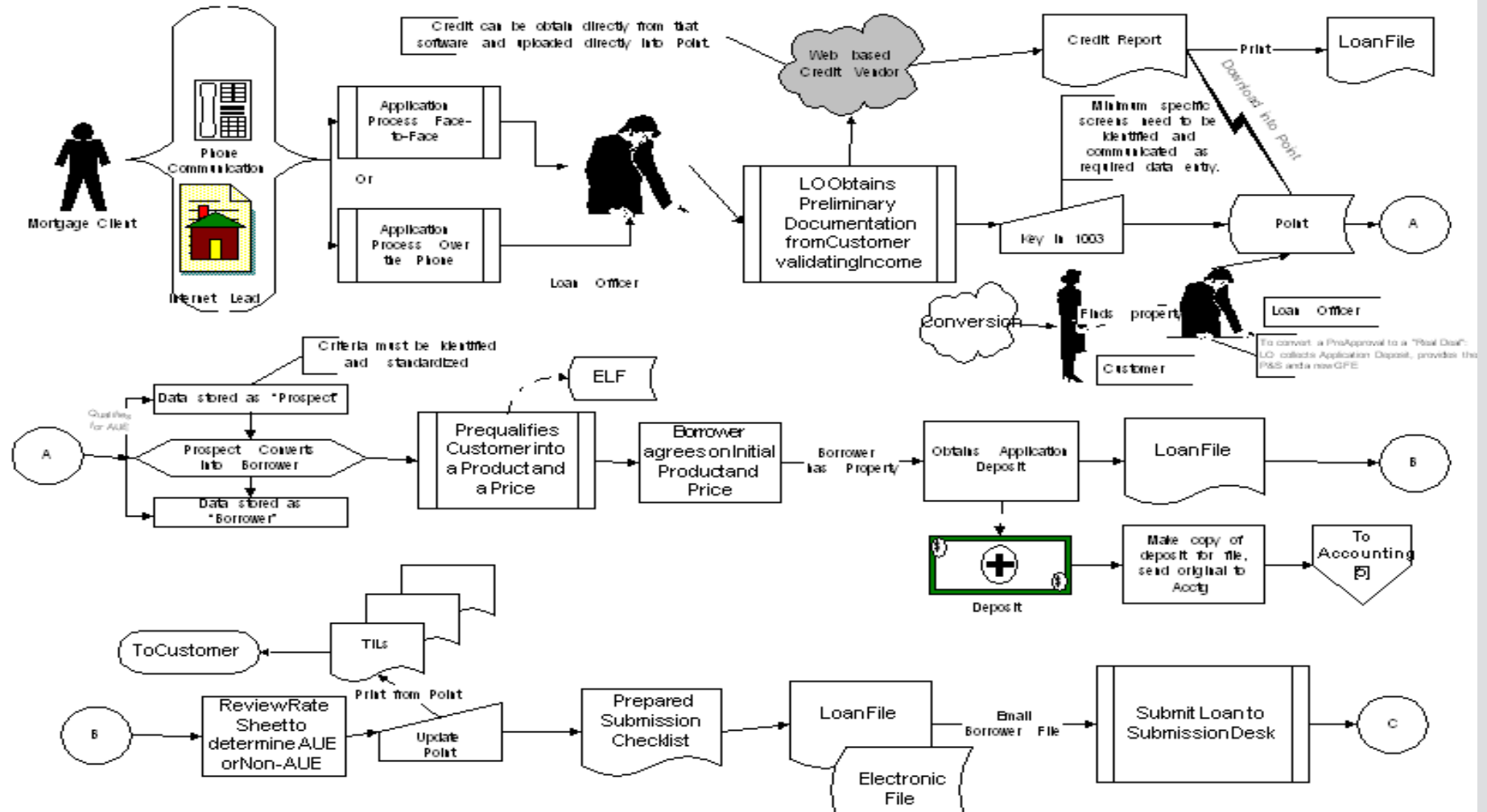
- Plan / Understand
- Methodology
- POS Pricing vs. Delivery Pricing
- Risk Management
- Best Execution (or better execution!)
- In today's market:

SALES DRIVEN PRICING STRATEGIES!!!



Business Processes

→ You probably think you know “How You Do – What You Do”



Business Processes, cont'd



→Guarantee from PC:

- 90% of Mortgage Lenders that have added any technology during the past 2 years...will have:
 - Duplicate manual processes on top of automation, and/or
 - Duplication of efforts between functions, and/or
 - Individuals who are not using the full functionality of the technology, and/or
 - Departments improperly using new technology, and/or
 - Significant numbers of employees that need additional training.



Conclusion

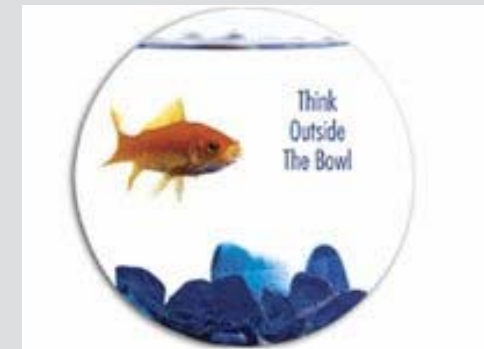


To achieve Best Practices within your organization – you must embrace the following concept:

People, Processes and Technology must be consistently monitored against the financial objectives of the organization.

Financial objectives should correlate with:

- Productivity Goals
- Pricing Strategies
- Sales / Volume Targets
- Compensation Structures,
- Technology Initiatives, and
- Workflow Enhancements



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