



What's Your Pipeline Worth?

How Closed Loan Sellers Can Clarify Revenue
Earlier In the Origination Process

Spend Money to Make Money

- Loan origination requires spending money
- Revenue only comes after the loan is closed
 - How much revenue will this loan generate?
 - Is this loan going to close?
 - Will key characteristics change before closing?
 - Will investors change their pricing?

Key Questions

- Is this loan going to close?
 - Higher confidence as you approach closing – predictable
- Will key characteristics change before closing?
 - Generally less change as you approach closing – suggests refreshing estimates periodically...
- Will investors change their pricing?
 - How accurately can your past loan sales predict current pricing?
 - Volume, recency, relevance

Volume, Recency, Relevance

- When is the last time you sold a loan exactly like this one?
 - More volume increases your chances
 - But relevance is limited by how many key characteristics influence pricing
 - Older sales are less useful
- Aggregate from many clients
 - Increase volume
 - Reduce lag time
- Valuation engine and expertise create repeatable pricing model

Valuation Engine and Expertise

1. Stay on top of the latest trends in HMBS market pricing
2. Analyze loan level differences in HMBS and MSR valuations driven by factors unique to reverse mortgages
3. Understand how investors build their auction bid strategies

Let's understand HMBS pricing!

- What is an HMBS?
 - HECM Mortgage Backed Security
- What goes into the value of an HMBS?
 - General Market Conditions
 - What end investors are paying for these pools of HMBS at any moment in time based on bond and MBS markets centered around interest rates and the bond market
 - This is always in motion; it never sits still

Let's understand HMBS pricing!

- In addition to the general market conditions the actual loan characteristics play a vital role in valuing a loan.
- Some of the main loan characteristics are:
 - Note rate/margin
 - Expected Rate*
 - Utilization
 - Borrower Age
 - Single vs Joint borrower
 - Property Value
 - Property Location/Type

* Key to refi risk

Let's understand MSR pricing

- What is an MSR?
 - Mortgage Servicing Right
- What goes into the value of an MSR?
 - Same loan characteristics from HMBS are components of MSR value
 - LOC draw expectations
 - Prepayment expectations
 - Buyout and Workout Costs
 - HUD rules and regulations
 - Details of working a loan out including variables like which state the property is in

What can we do with this information?

- Since individual loan values in reverse mortgages vary more widely than forward mortgages it is of even greater importance to know the current value of your pipeline.
 - How can you value your loans and overall pipeline?
 - When can you know these values?
 - How are changes in the HMBS market and MSR valuations affecting your loan values, and how often should you get an update on this?

Marking your pipeline to the market

RMI Example Pipeline Mark-to-Market Report

Report v 2/26/25

			Market Benchmarks			Model DM
MTM as of			Current	Previous	Change	
2/21/25 Prev MTM						
2/14/25						
			HMBS Spread bps	62	65	3
			10-Year CMT	4.47	4.50	0.03
			1-Year CMT	4.23	4.20	-0.03

Product	CMT 5 Cap		Average Loan Characteristics (UPB-Wtd.)						Valuation Metrics				
	Loan Count	Total UPB \$	Total Prin Limit \$	ARM Margin	PLU %	YB Age	Max Claim Amount	HMBS Value	MSR Value	Total Loan Value	Auction Sale Value	Auction Sale Value	Auction Sale Premium
Current Pipeline	42	6,242,281	9,531,334	2.12	78.4%	74.6	661,313	107.85	3.13	110.98	109.00	6,803,915	561,635
Previous Pipeline	40	5,623,800	8,824,496	2.13	74.7%	73.9	641,158	107.92	3.23	111.15	108.99	6,129,197	505,396
Change in Pipeline	2	618,480	706,838	-0.01	3.7%	0.7	20,155	-0.08	-0.09	-0.17	0.01	674,719	56,239
Loan Sold	6	811,209	1,394,986	2.13	60.4%	78.5	722,185	106.49	3.28	109.77	108.51	880,258	69,048
Fallout	3	294,077	339,149	2.01	88.9%	69.9	275,481	107.21	1.24	108.45	107.34	315,659	21,582
Loans Added	11	1,564,224	2,405,833	2.08	80.3%	78.6	653,278	106.23	2.94	109.18	108.10	1,690,970	126,745
Loans With Specification Changes													
Previous	2	336,473	718,522	2.04	53.7%	69.9	1,059,005	109.66	7.30	116.96	112.94	380,023	43,550
Current	2	496,015	753,662	2.00	74.4%	69.9	1,055,741	108.98	4.12	113.11	110.76	549,366	53,351
Change		159,542	35,140	-0.04	20.7%	0.0	-3,265	-0.67	-3.18	-3.85	-2.19	169,343	9,801
Market Pricing Change Effect (Loans in Portfolio on Previous and Current MTM Dates, Without Changes)													
Previous	29	4,182,041	6,371,839	2.15	78.1%	73.6	617,537	108.11	3.03	111.14	108.88	4,553,257	371,216
Current	29	4,182,041	6,371,839	2.15	78.1%	73.6	617,537	108.31	3.08	111.40	109.12	4,563,580	381,539
Change		0	0	0.00	0.0%	0.0	0	0.20	0.06	0.26	0.25	10,323	10,323

Summary: Change in Pipeline MTM Value

	Loan Count	Total UPB \$	Total Prin Limit \$	Auction Sale Value \$	Auction Sale Premium \$
Previous Pipeline	40	5,623,800	8,824,496	6,129,197	505,396
Less: Loans Sold	-6	-811,209	-1,394,986	-880,258	-69,048
Less: Fallout	-3	-294,077	-339,149	-315,659	-21,582
Plus: Loans Added	11	1,564,224	2,405,833	1,690,970	126,745
Loan Changes		159,542	35,140	169,343	9,801
Market Changes		0	0	10,323	10,323
Current Pipeline	42	6,242,281	9,531,334	6,803,915	561,635

Summary: Loans Sold

	Loan Count	Total UPB \$	Previous Auction Sale Value	Auction Sale Price	Diff: Sale Price vs Previous MTM	Diff: Sale Price vs Previous
Loans Sold	6	811,209	108.51	108.54	0.03	254

Marking your pipeline to the market

CURRENT PIPELINE

										Current Pricing		Auction Sale Value	Previous Auction Sale Value	Change
Loan #	Product	Status Change	UPB \$	Prin Limit \$	ARM Margin	PLU %	YB Age	Max Claim Amount	HMBS Value	MSR Value	Total Loan Value			
100001	CMT 5	New	142,844	143,334	1.875	99.7%	78	302,500	105.58	0.51	106.08	105.54		
100002	CMT 5	Change	98,490	281,674	2.500	35.0%	74	676,000	111.62	10.15	121.77	118.86	122.99	-4.13
100003	CMT 5		338,029	339,623	2.250	99.5%	65	940,000	111.39	1.46	112.84	110.56	110.34	0.22
100005	CMT 5		113,446	194,864	2.300	58.2%	82	396,000	107.07	3.09	110.16	109.31	109.09	0.22
100006	CMT 5	New	72,496	192,286	2.300	37.7%	89	330,000	104.16	2.39	106.54	105.74		
100008	CMT 5	New	101,511	105,979	2.300	95.8%	68	270,000	109.70	0.89	110.59	108.90		
100009	CMT 5		229,187	230,589	1.900	99.4%	69	552,000	107.46	1.00	108.46	107.12	106.90	0.22
100010	CMT 5		101,978	171,083	2.250	59.6%	64	475,000	111.13	5.46	116.59	111.82	111.65	0.18
100011	CMT 5		47,359	82,780	2.375	57.2%	78	177,000	108.92	3.12	112.04	110.14	109.93	0.21
100012	CMT 5		146,487	147,330	1.750	99.4%	74	316,000	105.37	0.53	105.90	105.45	105.24	0.21
100013	CMT 5	New	152,522	153,399	1.900	99.4%	62	420,000	107.47	0.90	108.37	107.64		
100014	CMT 5		78,387	133,665	2.250	58.6%	76	305,000	108.02	3.43	111.45	109.93	109.73	0.21
100015	CMT 5	New	37,432	75,923	2.500	49.3%	71	190,000	111.37	5.43	116.80	112.81		
100016	CMT 5		58,600	156,085	2.750	37.5%	79	350,000	110.19	8.18	118.37	116.59	116.28	0.31
100017	CMT 5		169,975	174,581	2.000	97.4%	81	360,000	105.55	0.66	106.21	105.70	105.53	0.16
100018	CMT 5	New	508,786	564,488	1.875	90.1%	79	1,149,825	105.32	1.32	106.64	106.12		
100020	CMT 5		27,601	159,483	1.900	17.3%	85	293,000	103.58	2.62	106.19	104.82	104.66	0.16
100021	CMT 5		139,514	205,248	1.900	68.0%	67	510,000	107.46	3.23	110.70	108.83	108.61	0.22
100023	CMT 5		58,392	114,281	2.300	51.1%	74	271,000	109.54	4.90	114.44	111.53	111.33	0.20
100027	CMT 5		171,487	374,573	2.000	45.8%	73	895,000	107.73	6.42	114.15	112.75	112.45	0.30
100029	CMT 5		49,106	84,966	2.750	57.8%	89	145,000	106.04	1.29	107.33	106.57	106.43	0.14
100031	CMT 5		322,018	481,442	2.375	66.9%	75	1,149,825	110.87	4.92	115.80	111.10	110.93	0.18
100032	CMT 5	New	29,259	54,179	2.250	54.0%	73	131,000	108.81	3.01	111.82	110.13		
100033	CMT 5		85,620	198,810	2.250	43.1%	94	298,000	103.20	1.34	104.54	103.95	103.84	0.11
100034	CMT 5		65,934	218,873	2.750	30.1%	94	335,000	103.99	2.32	106.30	105.48	105.37	0.11
100035	CMT 5		270,825	272,515	2.000	99.4%	79	575,000	106.11	0.80	106.90	106.16	105.99	0.17
100036	CMT 5	New	65,615	101,346	2.500	64.7%	75	245,000	110.33	3.55	113.89	110.63		
100037	CMT 5		117,506	152,610	2.300	77.0%	76	351,000	108.87	2.34	111.21	108.80	108.59	0.21
100038	CMT 5		126,382	152,372	1.650	82.9%	80	300,000	103.82	0.87	104.69	104.25	104.05	0.20
100039	CMT 5		119,768	377,687	2.500	31.7%	78	818,000	109.23	9.77	118.99	115.28	115.09	0.19
100040	CMT 5		61,218	108,561	2.750	56.4%	66	309,000	114.16	6.74	120.90	112.85	112.74	0.11
100042	CMT 5		361,512	361,990	2.250	99.9%	70	879,527	110.69	1.24	111.93	109.80	109.53	0.27
100043	CMT 5		119,836	239,089	2.500	50.1%	69	615,000	113.07	8.20	121.27	112.51	112.44	0.07
100044	CMT 5		110,675	209,554	2.250	52.8%	64	580,000	111.00	7.08	118.08	112.64	112.51	0.12
100045	CMT 5	Change	397,525	471,988	1.875	84.2%	69	1,149,825	108.33	2.63	110.96	108.75	111.06	-2.31
100049	CMT 5	New	52,361	450,727	2.500	11.6%	72	1,089,300	114.91	47.54	162.45	154.42		

Marking your pipeline to the market

MTM as of 2/21/25 Prev MTM 2/14/25

CURRENT PIPELINE (con't)

CURRENT PIPELINE (con't)										Current Pricing					
Loan #	Product	Status	Change	UPB \$	Prin Limit \$	ARM Margin	PLU %	YB Age	Max Claim Amount	HMBS Value	MSR Value	Total Loan Value	Auction Sale Value	Previous Auction Sale Value	Change
100052	CMT 5			217,219	220,169	1.900	98.7%	86	395,000	103.77	0.40	104.17	103.89	103.80	0.10
100054	CMT 5			151,861	152,595	1.800	99.5%	65	395,000	106.42	0.83	107.25	106.76	106.53	0.22
100055	CMT 5			291,650	308,306	2.000	94.6%	66	798,000	109.08	1.68	110.77	108.17	108.02	0.15
100057	CMT 5	New		207,423	239,391	1.950	86.6%	85	435,000	103.67	0.71	104.38	104.05		

LOAN SOLD

LOAN SOLD										Previous MTM Pricing				Actual Auction Sale Price	Diff. vs Prev MTM
Loan #	Status		Product Change	UPB \$	Prin Limit \$	ARM Margin	PLU %	YB Age	Max Claim Amount	HMBS Value	MSR Value	Total Loan Value	Auction Sale Value		
100019	CMT 5	Sold		43,978	77,176	2.500	57.0%	76	180,000	110.01	3.66	113.67	110.95	111.10	0.15
100024	CMT 5	Sold		143,675	246,385	2.250	58.3%	88	428,000	104.09	1.41	105.50	105.01	104.91	-0.10
100026	CMT 5	Sold		77,036	116,483	1.900	66.1%	72	275,000	106.49	2.36	108.85	107.60	107.95	0.35
100028	CMT 5	Sold		355,879	553,500	2.125	64.3%	81	1,089,300	106.04	2.80	108.84	108.18	108.05	-0.13
100041	CMT 5	Sold		36,430	144,046	2.250	25.3%	72	350,000	109.52	12.57	122.09	118.01	117.28	-0.74
100046	CMT 5	Sold		154,210	257,396	2.000	59.9%	69	615,000	108.05	4.30	112.35	110.06	110.57	0.51

FALLOUT

FALLOUT									Previous MTM Pricing				
Loan #	Product	Status Change	UPB \$	Prin Limit \$	ARM Margin	PLU %	YB Age	Max Claim Amount	HMBS Value	MSR Value	Total Loan Value	Auction Sale Value	
100025	CMT 5	Fallout	116,581	116,983	2.000	99.7%	69	285,000	107.19	0.58	107.77	107.06	
100030	CMT 5	Fallout	85,519	90,307	1.875	94.7%	69	220,000	106.13	0.55	106.68	106.22	
100048	CMT 5	Fallout	91,978	131,858	2.150	69.8%	73	315,000	108.23	2.73	110.96	108.73	

CHANGED LOANS - PREVIOUS LOAN CHARACTERISTICS

CHANGED LOANS - PREVIOUS LOAN CHARACTERISTICS									Previous MTM Pricing				
Loan #	Product	Status Change	UPB \$	Prin Limit \$	ARM Margin	PLU %	YB Age	Max Claim Amount	HMBS Value	MSR Value	Total Loan Value	Auction Sale Value	
100002	CMT 5	Change	53,161	244,211	2.250	21.8%	74	575,000	110.32	17.10	127.42	122.99	
100045	CMT 5	Change	283,312	474,312	2.000	59.7%	69	1,149,825	109.53	5.47	115.00	111.06	

Closing

- Accurately predicting revenue is key to business management
- Earlier information enables better decisions
- Repeatable processes can continually improve
- How can higher confidence in your loan values close more loans for you?

Q&A - Thank you

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