

Strategic Mortgage Growth

Nicole Cowan, Senior Account Executive

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Account Executive

Nicole Cowan is a senior account executive for The Servion Group, a leading partner for credit unions and community banks seeking to grow in areas such as mortgage lending, business lending and more.

Nicole began her financial industry career in 1999 and progressed through a series of roles in credit unions and community banks, where she worked in areas such as operations and member services. She joined The Servion Group in 2016 as the company's account executive for Indiana, Kentucky and Tennessee. She devotes her energy to helping Servion partners in this region grow.

As an industry veteran, Nicole has a broad set of skills spanning a variety of disciplines, including:


- Strategic management • Lending analytics • Operations management
- Sales leadership • Compliance • Profit and loss management • Teambuilding

With a constant focus on partner success, Nicole works to deliver profitable results and outstanding service to the financial institutions that trust Servion to meet their needs.

Nicole holds a bachelor's degree in accounting from Ball State University. She resides in Indiana with her husband, Andy, and two children, Austin and Kaylee.



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What we'll cover today:

- Mortgage products and usage
- Channels: retail and correspondent
- Household profitability, acquisition and retention
- Achieving mortgage growth
- Vendor Management

A stylized graphic of a house roof in shades of yellow and orange, set against a dark blue background. The roof is composed of several overlapping geometric shapes, creating a layered effect. The central part of the roof is white, and the text is centered on this white area.

Mortgage Products and Usage

Do your product offerings cover all the bases?

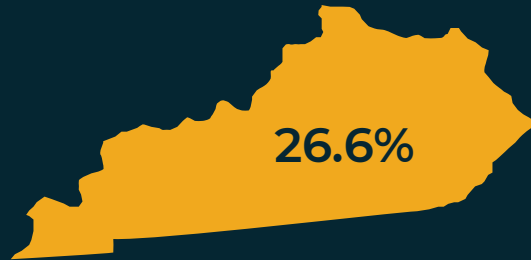
- Conventional
- Government (FHA, VA, USDA)
- Non-conforming/jumbo loans

Why diversified offerings matter: Government-backed loans

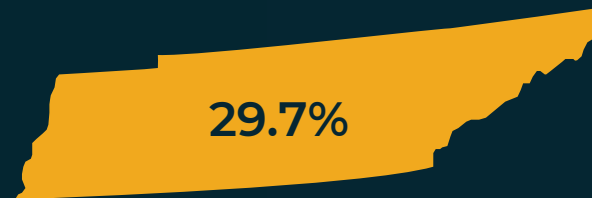
Did you know?

Nationally, government loans made up **19.6%** of all loans originated in Q1 2021.

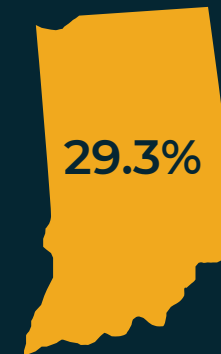
In Kentucky:



In Tennessee:



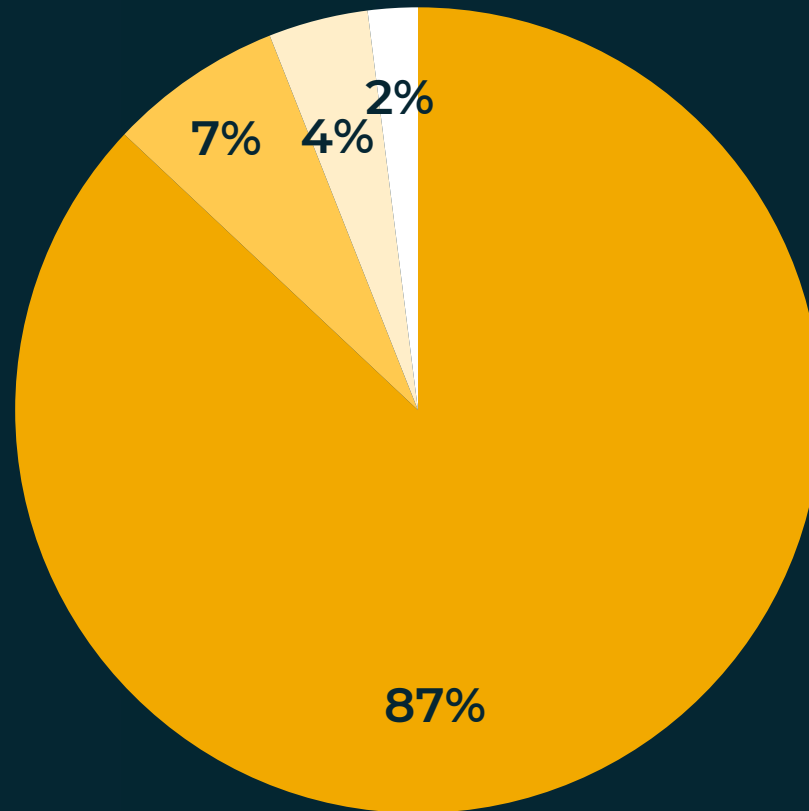
In Indiana:



Source: <https://www.fhfa.gov/DataTools/Downloads/Pages/National-Mortgage-Database-Aggregate-Data.aspx>

Servion's Portfolio

Servion handles all loan types for partners



■ Conventional ■ FHA ■ VA ■ USDA

Product Diversity by Loan Term

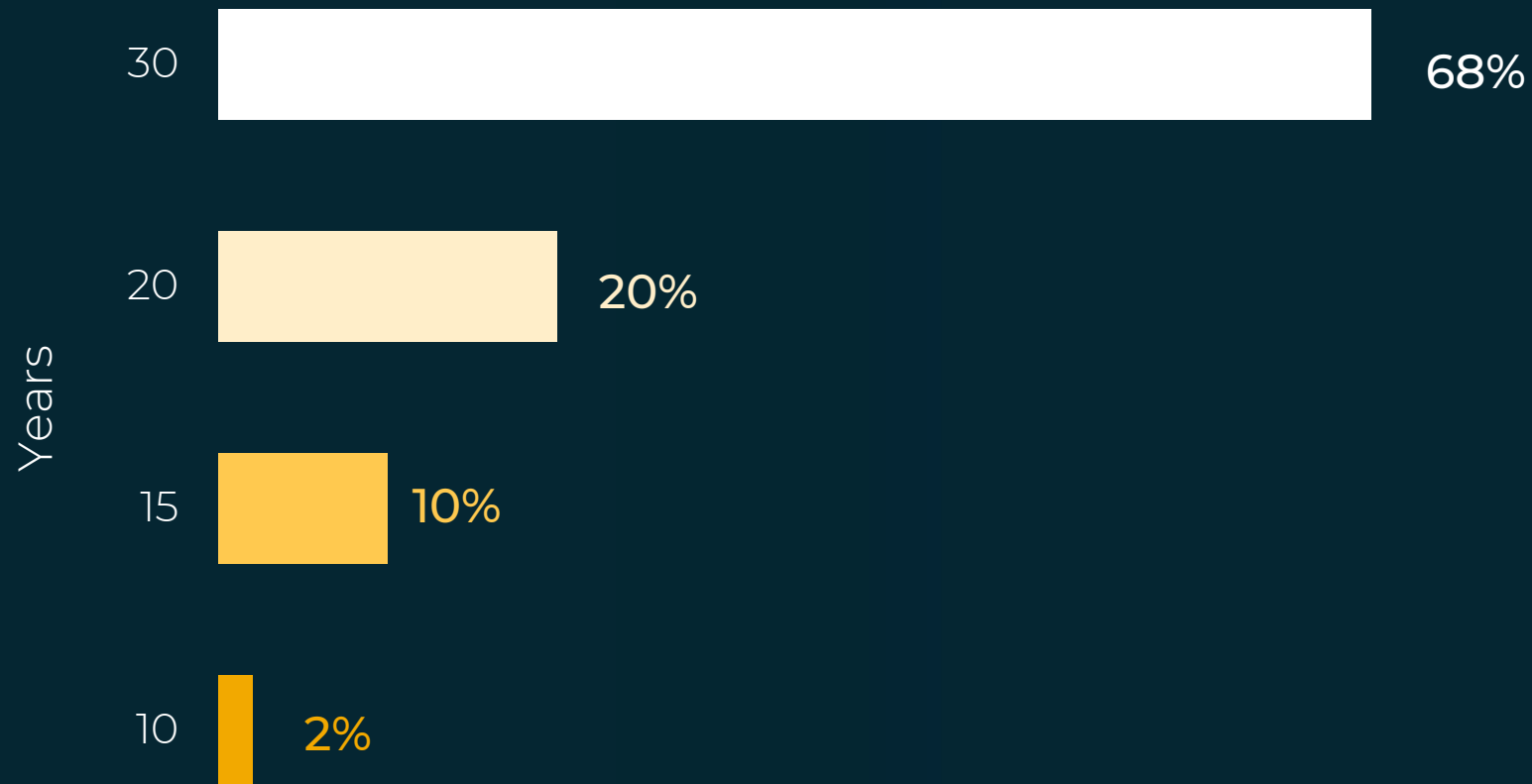
Consumers demand loans that fit their needs regarding term length.

ARMS: 0.7%

15-year fixed: 9.0%

20-30-year fixed: 90.3%

Servion's Portfolio by Term Length





Channels: Retail and Correspondent

Channel choice depends on factors unique to your organization and goals.

Two big factors are:

- Resources
- Organizational size

Comparing Income by Channel

Assume annual loan volume of \$6 million*

Retail		Correspondent	
Funded loans/year	\$6M	Funded loans/year	\$6M
100 BPS earned/loan	1%	150 BPS earned/loan	1.5%
<hr/>		<hr/>	
Total income/year	\$60K	Total income/year	\$90K

*Assuming you already have a designated LO inputting applications. If you don't have one yet but hire one, your volume could increase.

Providing Escrow with Servicing



An analysis by CoreLogic shows that currently almost 80 percent of all borrowers are paying their taxes (and insurance) through escrow accounts.

Lalisse, 2017

Servicing that focuses on convenience

Ability to make payments multiple ways:

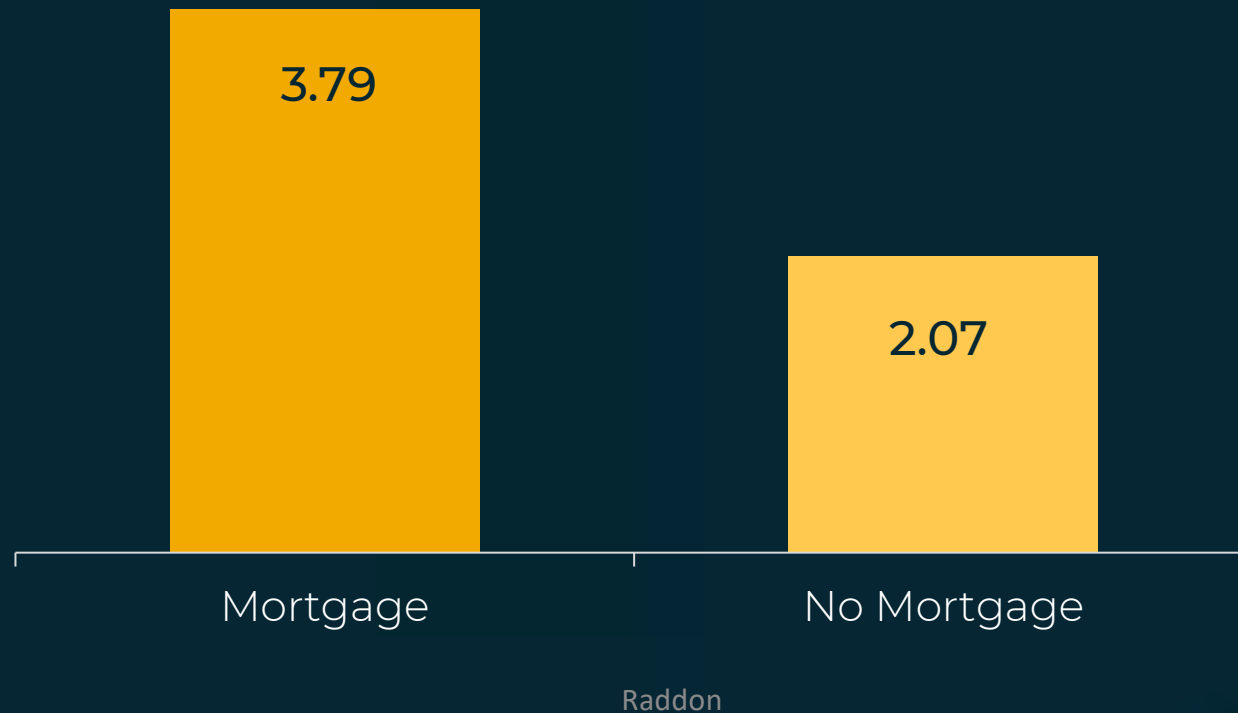
- Phone
- Online
 - ACH
- In-Branch



Household Profitability, Acquisition, and Retention

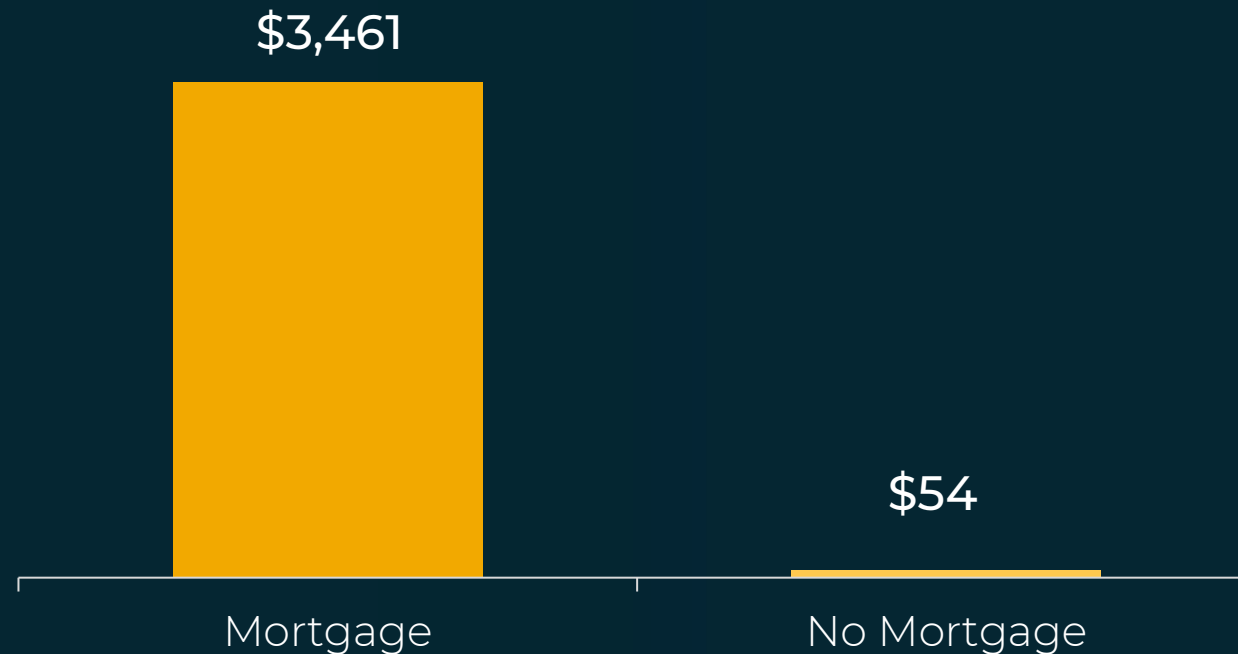
Average Products Per Household

Households tend to use more products of the FI from which they obtain a mortgage.



Average Profit Per Household

Households with a mortgage provide much more profitability.



Acquisition and Retention

acquisition

\$ 8-10 times more

Likely to have to acquire new members to achieve growth if current Members do not have multiple products. Marquis-

retention

member + product = # of years the member stays with the financial institution

$$\text{Member} + \text{Apple} = 1.5$$

$$\text{Member} + \text{Apple} + \text{Orange} = 4$$

$$\text{Member} + \text{Apple} + \text{Orange} + \text{Banana} = 6-8$$

The background features a dark blue field with several overlapping geometric shapes. A large white shape, resembling a stylized house or a wide arrow, is the central focus. It is outlined in white and has a yellow interior. Above and below this white shape are yellow triangles pointing towards each other, creating a sense of depth and structure.

Achieving Mortgage Growth

How do we achieve mortgage growth?

Data Mining

- Members with deposit accounts and no mortgage
- Members with deposit and another loan product but no mortgage
- Average maturity of mortgages in portfolio

Establish Operational Goals

- Shape staff mentality: You are not **selling** to your members, you are **educating** them. You are providing **exceptional service** through education.

How do we achieve mortgage growth?

Training

- Are you training your front line on mortgages?
- Provide resources staff can use to educate members

Marketing

- Use data mining results
- Promote refis, HELOC or home equity loans
 - Add mortgage content to website

Goal Growth Example

Current Mortgage Portfolio	\$300,000,000
Paydowns – Estimated 3%	(9,000,000)
Beginning Mortgage Portfolio Balance	\$291,000,000

Desired Growth Percentage	15%
Net Growth Amount	\$43,650,000
Beginning Mortgage Portfolio	\$291,000,000
Ending Mortgage Portfolio Balance	\$334,650,000

Average Mortgage Amount	\$150,000
Approximate Number	291

Mortgage Loan Officer	50%	\$21,825,000
Consumer Loan Officer	35%	\$15,277,500
Teller	10%	\$4,365,000
Unsolicited Business	10%	\$4,365,000

You may further break down these numbers by assigning a more productive branch staff a greater % of the growth.

Branch	% of Originations	Goal Per Branch
East	50%	\$21,825,000
West	25%	\$10,912,500
Central	25%	\$10,912,500

Now break it down by position at East Branch.

Position	% Assigned to Position	Total \$ Per Position	# of Staff	Goal Per Person	# of Loans Per Person (Average = 150K)
Mortgage Loan Officer	50%	\$10,912,500	2	\$5,456,250	36
Consumer Loan Office	35%	\$7,638,750	2	\$3,819,375	25
Teller	10%	\$2,182,500	5	\$436,500	3
Unsolicited Business	10%	\$2,182,500	-	-	-



Vendor Management

Secondary market access

- Solely operating in-house: Sell the loans you do not wish to keep in house. (i.e., government loans, 30-year mortgages, mortgages with escrow).
- Multiple channels to do this; support available for limited resources.

	retail Conv, FHA, VA, USDA	delegated Conv, FHA, VA, USDA	non-delegated correspondent Conv, FHA, VA, USDA	wholesale Conv, FHA, VA
originate & disclose	Servion	Financial Institution	Financial Institution	Financial Institution
process	Servion	Financial Institution	Optional - Financial Institution or Servion	Optional - Financial Institution or Servion
underwrite	Servion	Financial Institution	Servion	Servion
CD & closing documents	Servion	Financial Institution	Optional - Financial Institution or Servion	Servion
fund	Servion	Financial Institution	Financial Institution	Servion
service life of loan	Servion	Servion	Servion	Servion

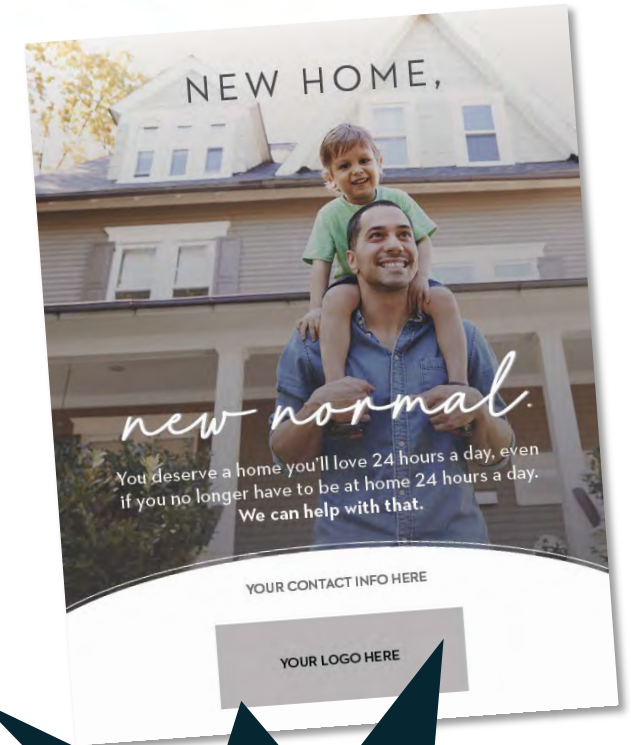
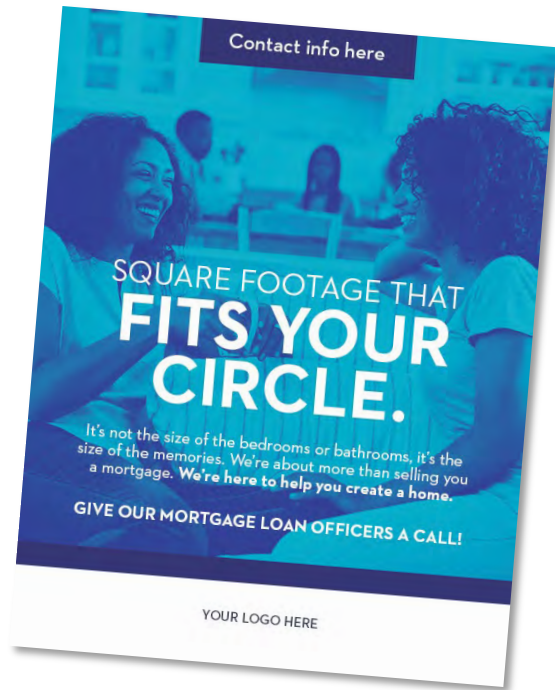
Additional considerations

- **Overlays:** Does your current CUSO/partner have extensive Fannie or Freddie overlays? If so, you are missing opportunities to service your members and generate revenue. Have you asked your partners what their overlays consist of?
- **Supportive growth:** Can you transition channels? Can you utilize various channels for various products?
- **Time management:**
 - Applications, funded, locked, withdrawn loans, and pipeline management reports
 - Streamline monthly board reporting

Marketing support

- Is your current partner offering you a mortgage marketing library or assistance with custom marketing designs?

Marketing Library



Flyers/Posters

Statement Stuffers

Social Media Images

Videos

Table Tents

Lobby Screen Images

Postcards

& more!

Homebuyer Guide

Fully
customizable





The Servion Group is a unique financial services company designed to meet the needs of community financial institutions. We exist to provide credit unions and community banks with the tools to reach their true potential. We view the institutions we support not as customers or clients, but as partners. Together we move across the changing landscape of financial services, working to enrich lives along the way.



Year founded
1987



Headquarters
New Brighton, MN



Partners
500+ financial
institutions nationwide





Thank you!