

Optimized Decisioning Proven to Reduce Warehouse Expense

MAR - MAY 2023

At a glance

Study analyzes warehouse allocation and expense for an independent mortgage originator licensed in **49 states** utilizing **four** warehouse facilities. Total funded volume during 3-month study period exceeded **\$855M**.

KEY FINDINGS

+\$260,000
in total cost reduction
for three-month period

\$80.76
per loan savings



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OVERVIEW



OptiFunder, the industry's only Warehouse Management System (WMS), combines automation for all funding and loan sale tasks with an optimized warehouse decision engine. Previous studies have shown OptiFunder's optimized decisioning reduces clients' warehouse expense by an average of 8-10% by using proprietary algorithms and AI/ML technology to help clients make better informed, dynamic decisions to achieve strategic objectives.

We conducted a back test analysis on a prospective client to understand their actual warehouse allocation and cost vs projected results leveraging OptiFunder.

STUDY PARAMETERS



Loan-level warehouse expense data access was provided by prospect to OptiFunder covering the periods of **March 2023 - May 2023**. The data included interest expense, fees, non-use and rebates. This study shows projected warehouse allocation leveraging OptiFunder's proprietary optimization software.

This study doesn't include additional savings achieved via OptiFunder platform automation/FTE resource savings.

The prospect is an independent mortgage lender licensed in **49 states**. Average monthly volume funded during the period was **\$285M**, utilizing **four** warehouse facilities.

The OptiFunder WMS has a rules-based decision engine which enables originators to optimize decisions to meet strategic objectives such as maximizing ROE, meeting specific funding targets or achieving the lowest cost of capital. For this study, the objective was to achieve the lowest cost of capital.

KEY FINDINGS

+\$260,000

in total cost reduction for period

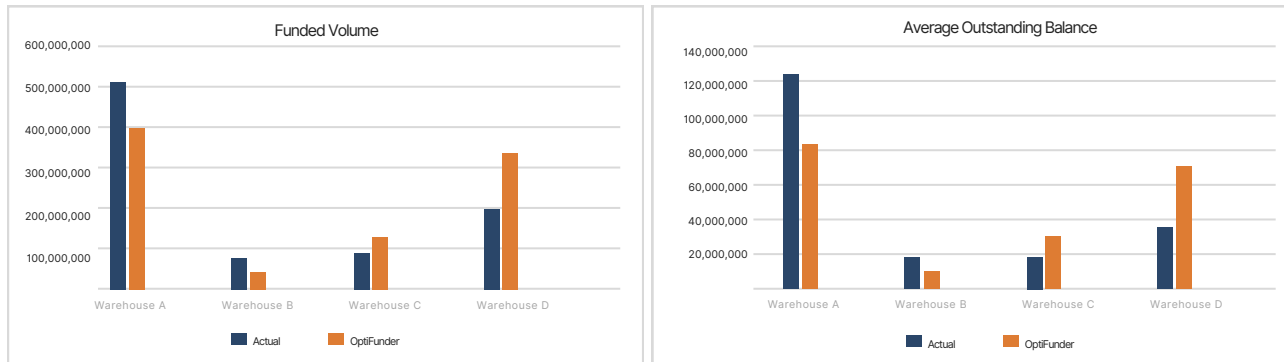
\$80.76

per loan savings

+ \$1 MILLION

annualized savings

VOLUME PERFORMANCE COMPARISON



OptiFunder selected different funded warehouses on **65% (1,910 of 2,950)** of loans.

Warehouse D saw largest increase in funded volume while **Warehouse A** saw the largest decline.

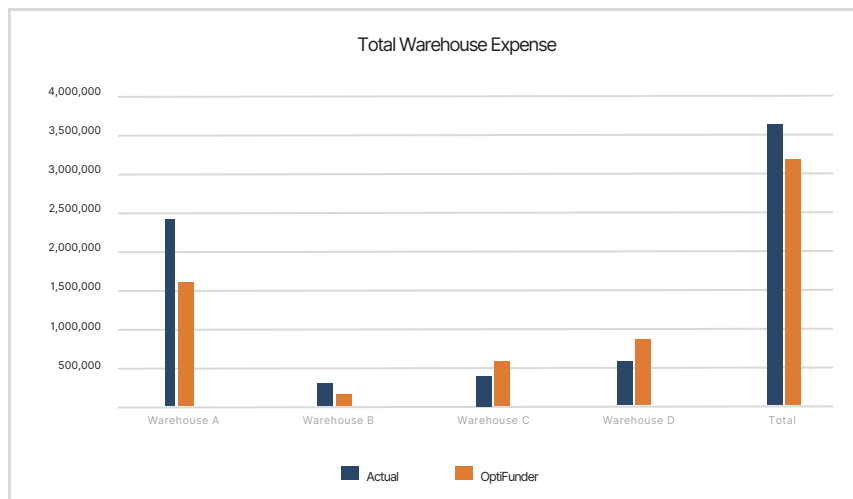
CONCLUSION



OptiFunder would have reduced total warehouse costs by **\$260,000**, an average of **\$86,000** per month. Savings represent a per loan savings of **\$80.76**. Effective Yield (includes fees, rebates and non-use) declined from **7.29% to 6.75%**

Similar study findings and reports by other clients, support these results. These savings do not quantify savings achieved via

automation of funding and loan sale activities. In a time of declining margins & revenue, optimized decisioning is a way to preserve profits; streamlining with automation improves these savings. In this challenging market, IMBs should embrace a full warehouse management system, combining automation of tasks with optimized decisioning to maximize savings.



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