TrailBlAzer Finance

Mortgage trail book valuations

Trust the leading mortgage trail book valuation experts

WHY INDEPENDENT VALUATIONS ARE SO IMPORTANT

When looking to finance or acquire a portfolio, an independent valuation is one of the most important tools at your disposal. Valuations don't just provide the monetary worth of the portfolio, they also:

- Highlight pitfalls you might otherwise be unaware of.
- Enable you to understand the underlying value of your brokerage, or a business you are looking to acquire.
- Indicate where you should focus your energy, as an owner or purchaser, in order to diversify and improve business value.

One of the key differences between a TrailBlazer Finance valuation and other offerings in the market is that we don't just apply a standard multiple based on industry averages. Instead, we value each and every loan in your book to arrive at a "sum of the parts" valuation.

Our valuations also enable us to comfortably provide funding secured against the value of the underlying portfolio. This allows you, in turn, to fund your business growth.

We are the only valuer who will buy or lend against their valuations, using our own capital.

Factors we consider when completing a comprehensive trail book valuation

Integral to our trail book valuation methodology is performing a "bottoms up" analysis. Every loan in the book is attributed its own multiplier which means that when performing valuations for partnership splits, providing equity incentives to incoming staff or to value the contribution of individual loan writers, the valuation can pinpoint to the dollar each person's entitlement.

Moreover, each loan is "graded" to enable you to easily ascertain the variant qualities of the underlying loans in the trail book. This removes a lot of the guesswork when buying a trail book and provides buyers and sellers with the comfort to make an informed decision about paying a premium for high quality trail.

Factors that can affect your valuation

We utilise complex algorithms to grade portfolios on factors including:

Age of loans (seasoning) | **Clawback rate** | **Runoff rate** | **Arrears rate** | **Mix of funders** | **Portfolio trends and concentration**

Case studies

Mr Mortgage Home Loans*

Mr Mortgage Home Loans wanted to purchase Big Broker's mortgage trail book.

On paper, Big Broker's portfolio was turning over $10,000 on average a month or $120,000 p.a. Applying an average multiplier of 2X, Big Broker was selling his book as expected for $240,000.

Mr Mortgage Home Loans approached TrailBlazer Finance to value Big Broker's trail book. Once the valuation was completed the book's true value was found to be only $200,000.

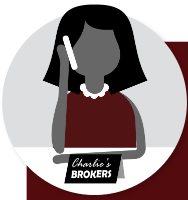
What contributed to this lower than expected valuation?

A closer look at the deep-dive analysis showed

- the run-off rate was much higher than the industry average
- the portfolio was skewed towards deals under two years of age, meaning clawback risks were higher
- there was significant evidence that, although the portfolio was growing by 15% p.a., it was also losing an additional 17% in run-off.

What was the outcome?

This not only proved to be a great sale negotiation tool for the purchaser but highlighted the potential risks associated with the portfolio.



Charlie's Brokers*

Charlie from Charlie's Brokers was looking at funding options with TrailBlazer Finance, using her existing trail book as security, so she could upgrade her office, hire new staff and make a small acquisition.

She had been building her business solidly for seven years and had a monthly trail of $25,000.

Once the valuation was complete her multiple came out at 2.22X.

What drove this higher valuation?

Analysis of the underlying portfolio revealed

- most of her clients were A-grade, attracting a higher multiple overall
- a below industry average clawback rate
- the run-off rate was minimal
- the portfolio growth was steady, and Charlie ensured she was not refinancing too many loans within the portfolio.

What was the outcome?

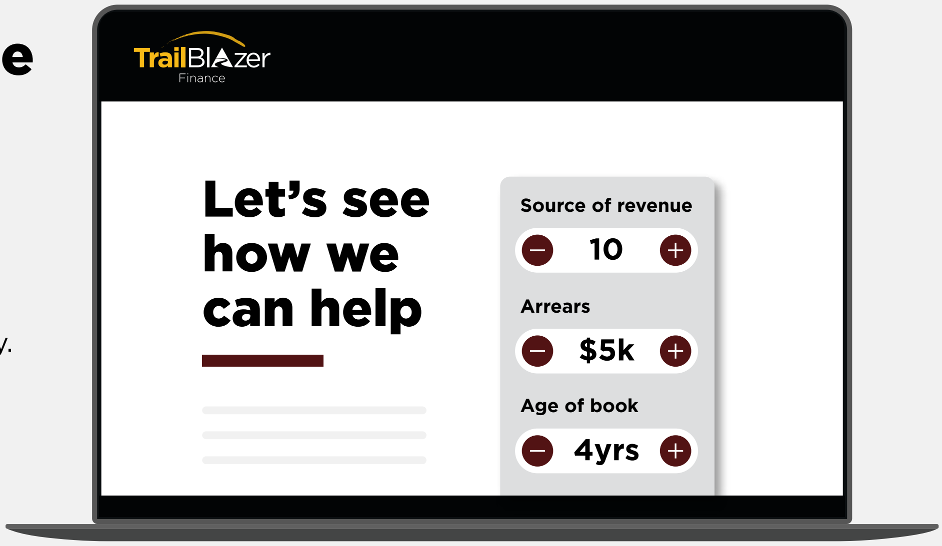
Charlie was able to borrow more to fund her business expansion. She used the valuation tool to get the book she was looking to acquire valued so she could compare its quality to her own. She even incorporated the schedules from the valuation in the Purchase Deed so it was clear which trails she was acquiring.

*Names changed to protect privacy.

The TrailBlazer Finance difference is in our ability to understand and accurately value trail books, using our proprietary valuation model coupled with deep industry experience.

Try our free valuation calculator

For an initial indicative valuation, use our **free online calculator** today.



For more about how we can help you with our valuation or loan products, please contact our sales team

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