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# UWM Holdings

Third Quarter 2024 Earnings

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## CORPORATE SPEAKERS:

**Mat Ishbia**

*UWM Holdings Corporation; Chairman & Chief Executive Officer*

**Andrew Hubacker**

*UWM Holdings Corporation; Chief Financial Officer*

**Blake Kolo**

*UWM Holdings Corporation; Chief Business Officer & Head of Investor Relations*

## PARTICIPANTS:

**Derek Sommers**

*Jefferies; Analyst*

**Bose George**

*KBW; Analyst*

**Eric Hagen**

*BTIG; Analyst*

**Jeffrey Adelson**

*Morgan Stanley; Analyst*

**Terry Ma**

*Barclays; Analyst*

**Brad Capuzzi**

*Piper Sandler; Analyst*

**Doug Harter**

*UBS; Analyst*

**Jordan Hymowitz**

*Philadelphia Financial Management of San Francisco; Analyst*

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## PRESENTATION:

Operator^ Good morning. (Operator Instructions) At this time, I would like to welcome everyone to the UWM Holdings Corporation Third Quarter 2024 Earnings Conference Call. (Operator Instructions)

Blake Kolo, you may begin your conference.

Blake Kolo^ Good morning. This is Blake Kolo, Chief Business Officer and Head of Investor Relations.

Thank you for joining us and welcome to the third quarter 2024 UWM Holdings Corporation's earnings call.

# UWM Holdings

## Third Quarter 2024 Earnings

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Before we start, I would like to remind everyone that this conference call includes forward-looking statements.

For more information about factors that may cause actual results to differ materially from forward-looking statements, please refer to our earnings release that we issued this morning.

Our commentary today will also include non-GAAP financial metrics.

For information on our non-GAAP financial metrics and the reconciliations between the GAAP and non-GAAP metrics for the reported results, please refer to the earnings release issued earlier today as well as our filings with the SEC.

I will now turn the call over to Mat Ishbia, Chairman and CEO of UWM Holdings Corporation and United Wholesale Mortgage.

Mat Ishbia^ Thanks, Blake. And thank you everyone, for joining us today.

Over the past couple of years, two of our main goals have been very clear, growing UWM in the broker channel market share by dominating purchase and investing and preparing for the next refi boom, while others in the industry are cutting staff and tech investment just to survive.

Today, I can say with full confidence that we achieved both.

Our share growth and purchase dominance is undisputed.

In fact, our purchase market share has grown about 300% since 2019. And historically, whenever we have grown purchase market share, we have kept it.

So we feel really great about our positioning there.

Now the refi boom has not fully materialized, but we have seen a preview of it and we're able to capitalize on it instantly while others were caught flat footed. Preparation is the key to winning. Best teams in sports and in business find a way to win in the present while preparing for the future and that's what we have done here.

I couldn't be prouder to lead a team that has been the unanimous number one lender for three consecutive years now along with the top purchase lender for four years and the top wholesale lender for a decade now.

We are down in the mortgage industry and we're really proud of where we stand and are excited with the focus on the years ahead.

Now let's talk about the third quarter.

# UWM Holdings

## Third Quarter 2024 Earnings

---

We closed with \$39.5 billion of total production, which is our biggest quarter in three years and well above our guidance.

Importantly, this total production primarily reflects another dominant purchase quarter with over \$26 billion in purchase production. Notably, we also closed \$13.3 billion in refis, which is our biggest refi quarter in a couple of years and a clear indicator that when the market returns to -- our refi market fully returns, we will succeed in that as well.

Our gain margin was 118 basis points, also well ahead of our guidance, another indication when refis come, our margin will grow along with our volume.

We generated net income of almost \$32 million which is inclusive of \$446 million decline of fair value of MSR's, which as you know is tied to change in interest rates and has nothing to do with how we operate our business.

So to be profitable in a quarter like that with that big of an MSR hit is really unheard of and speaks to the strength of our business.

We are also pleased with adoption we saw of many of our tools and technologies into the third quarter TRAC+ usage has increased.

It's a great technology and tool that helps brokers save consumers money. PA+ continues to gain traction. Bolt Technology continues to change the industry standards by allowing brokers to have initial approval and qualify borrowers in 15 minutes less and of course, Chat UWM, our AI powered technology, so many of these technology and tools are being utilized and used more and more, which is helping the brokers win.

Remember, with as much business as we did in 2020 and 2021, these technologies that add efficiency to our business and the brokers just did not exist at the time.

Additionally, mortgage match up continues to increase traffic. Americans can save money and find a mortgage broker. This has been a huge success so far and we're continuing to see more and more people go there.

In our latest effort to help grow the broker channel, BrokerX, which was announced in the third quarter, is off to a great start helping brokers train and license new loan officers. UWM and the whole broker community are in a great position to continue winning now while being prepared for what's to come.

I'll now turn things over to Andrew Hubacker, our CFO.

Andrew Hubacker^ Thank you, Mat.

# UWM Holdings

## Third Quarter 2024 Earnings

---

Our momentum for the year continued in the third quarter as we reported positive GAAP net income and remained profitable operationally and on an adjusted EBITDA basis for the quarter year-to-date, despite the impact to MSR values of the decline in market interest rates.

Total production volume of \$100.8 billion year-to-date is an approximate 20% increase from the same period in 2023. Year-to-date, gain margin increased to 111 basis points from 92 basis points last year.

We have continued to invest significantly in the people, processes and technology, which we think prepare us well for the next market cycle and these increases in volume and gain margin have allowed us to maintain operational profitability while making these investments.

As to our balance sheet and liquidity position, we ended the third quarter with total cash of over \$600 million and only \$300 million outstanding on our lines of credit. There were a few additional MSR sales executed during the third quarter, but most of our MSR and excess sales for the year were front loaded to the first half.

Year-to-date, net cash proceeds from MSR sales approximated \$2.6 billion and we ended Q3 with an MSR portfolio of approximately \$212 billion. Total accessible liquidity approximated \$2.5 billion at the end of the quarter including cash and available borrowing capacity and our total equity, capital and leverage ratios continue to be at acceptable levels in the current environment.

Overall, we believe that we remain well positioned with more than sufficient liquidity to capitalize on future market opportunities.

Okay.

I will now turn things back over to our Chairman, President and CEO, Mat Ishbia for closing remarks.

Mat Ishbia^ Thanks, Andrew.

I'll close with a few points. The broker channel through this year has achieved its highest market share since 2009 and a part of that is attributed to amazing loan officers in the industry and the service we provide, but it's also because we save the consumers 1000s of dollars in many situations and make the process faster, easier and cheaper for consumers. Mortgage brokers are the best place for consumers and consumers are realizing that day over day.

One other major differentiator at UWM I want to mention is, since 2016, none of my direct reports have left the company outside of the passing of our CFO, Tim Forrester.

We've had consistency in leadership, continuity and we've grown and built this business together as a team. This is a big differentiator in all industries, but definitely in our mortgage industry as most of my competitors have major turnover at the higher ends of the executive team.

# UWM Holdings

Third Quarter 2024 Earnings

---

Another point is about the strength of our purchase business. 2024 is on track to be the lowest year of existing home sales since 1995. Yet through three quarters, we've delivered nearly \$75 billion of purchase production.

We're on track to break the full year all time purchase production record. Think about that.

It makes me really excited to see when we're capable of when the purchase market rebounds in 2025 and beyond with lower rates and more inventory.

I'll reiterate something I said in the last call.

Our focus is on making the broker channel number one, which means the broker channel share higher than 50%, which is almost double where it is today.

But regardless of what the market does, we'll succeed.

If rates stay higher, we'll continue to grow share and if rates go lower, we'll make a lot more money and continue to win.

As I have said many times, we are built for the long term and we're really ready and able to embrace all cycles.

Before I talk about the guidance, I want to talk about the market in the third quarter.

As I said before, I see 3.75 as a key level on the 10 year.

If it goes below that, we have a massive, massive opportunity.

In this quarter, it didn't quite get there and now it's back up to 4.40, 4.50 wherever it is right now.

But it floored with the 3.75 levels for a couple of weeks and that's why we're able to post such a big refi number in the quarter.

Basically, we've got a two-to-three-week window stress test and to see what our performance would look like on a longer-term refi market and what our margins look like and how much production we can do and how we'll maintain it.

So now you saw a little glimpse and that's why our third quarter was so great across the board from an origination perspective and a gain on sale.

Think about the stock for a moment.

We feel really great about where we're at.

# UWM Holdings

Third Quarter 2024 Earnings

---

We've increased the float.

We've proven that we've consistently paid dividend, which is now 6%, 7% based on where the stock price is and I just laid out a pretty strong case for what the future of our business looks like, not only because we understand the markets and where the 10 year probably will be with the Fed cuts and all the things that are going to happen, but just our business and how we're prepared for the refi boom.

We've seen a little glimpse and we feel great about where we're at.

It's a great time to be part of the UWM team.

Turning to guidance, we expect our third quarter production to be between \$34 billion and \$41 billion.

I continue to see market and profitability strengthening and I feel really confident that our gain margin will basically remain between 85 and 110 basis points and we'll continue to do great things.

I want to thank our team members, clients, shareholders and we're going to continue to win together here at UWM.

Now let's turn it over to Q&A. And we'll go from there.

## **QUESTION & ANSWER:**

Operator^ (Operator Instructions) Your first question comes from the line of Derek Sommers of Jefferies. Your line is open.

Derek Sommers^ Hi. Good morning, everyone.

In the EBITDA bridge, is the line-item gain on other interest rate derivatives related to hedging the MSR?

Mat Ishbia^ Yes. Thanks for the question, Derek. No. It's not -- we don't really hedge MSRs.

We do a lot of everything.

We sell our MSRs.

We've gone through a lot of different things over the last couple of years as we talked about on how we believe MSRs obviously selling out of our higher WACC stuff has turned out to be very positive and a good way for our business. The interest rate derivative is something that we look at and we look at all the time.

# UWM Holdings

Third Quarter 2024 Earnings

---

Sometimes it will be positive, sometimes it will be negative.

We look at different ways of understanding the market, analyzing the market and addressing the market and so, I don't look at it as a hedge.

We don't really hedge our MSRs, but there is obviously some opposite trends based on MSRs, sometimes when we put out that interest rate derivative.

But that's a decision we make with our risk committee, our CFO, myself on when we do that, when we don't do that and how we run the business.

Derek Sommers^ Okay. Great. And then in terms of gain on sale margins in the quarter, kind of what were the puts and takes driving a higher quarter-over-quarter?

Mat Ishbia^ Yes.

Well like I said, you got a little glimpse of whatever the three weeks where the 10 year was close to where we talked about where refis became a thing and when refis become a thing, as I've been saying for years, our margins will go up and our volume will go up, and so we kind of got a little glimpse of that where we've probably been more in our range than I guided towards the last quarter and this quarter based on where the 10 year was and then it dropped down.

We took advantage of it.

Our brokers took advantage of it.

We all did very well. And so, the gain on sale margin got propped up because of that along with the volume.

So I think it's a great glimpse into the future.

We all believe the 10-year will be down below 4% and below 3.75% over the next 6, 12, 18 months potentially or longer and you can kind of see that our volume and our gain on sale will go up, just as we've been saying for years.

Derek Sommers^ Thanks. That's all for me.

Operator^ Your next question comes from the line of Bose George of KBW. Your line is open.

Bose George^ Hi. Good morning.

I just wanted to follow-up on the gain on sale.

Can you just talk about trends you're seeing in the fourth quarter and now with the backup in rates and seasonality as well?



# UWM Holdings

Third Quarter 2024 Earnings

---

Mat Ishbia^ Yes.

So thanks for the question.

Obviously once again, I guided to the way I guided based on understanding where the market is right now versus where it was in August early September, right? So obviously that August early September rates give us an opportunity to make a little bit more on margin.

Also we have a lot of other ancillary products that we talked about.

I mentioned PA+ and TRAC+ and some of these things that are adding margin onto the bottom line or top line, however you want to think about that as well.

But we see where the market is right now and I think I guided to the right area 85 to 110 and as you've seen over the last couple of years, I've kind of moved it up different levels and look at it and when the 10-year drops a little more and rates move, and we obviously the Fed will probably drop rates today, so we'll see how that moves. And then the market's rallying a little this morning, we adjust and so I try to give you as much knowledge and information and accuracy on the gain on sale margin area every time I speak to you guys, and that's kind of where I see it right this second.

It can change quickly.

It can go to 10-year ago to 4.75, 10-year ago to 3.75, the margins will move. And the nice part for you guys to understand, what I said at the very beginning was we're prepared to handle the volume where other places are not.

And so we've been building our business to be prepared for doubling our company. Literally, can we double our company, right? And that's very realistic. That's why I said about the stock. Like we're in a great, great position.

We're making money.

We're doing great. The stock pays a dividend 6%, 7% whatever it is right now based on how low the price is. And we're like completely in control of the business, ready to double potentially, right? Double might be an extreme, but it might not be, to be honest.

So it's a huge opportunity to do \$40 billion, \$50 billion, \$60 billion quarters when rates drop.

In the meantime, we'll plug away and dominate in the purchase market like we have been.

Bose George^ That's great. Thanks. And then actually just one on the ancillary products.

# UWM Holdings

Third Quarter 2024 Earnings

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Can you just start you mentioned TRAC and TRAC+ How is the traction on those products going?

Mat Ishbia^ It's going well. Those products are going well. Just like anything, you got to get adoption of our clients. You got to make sure you execute at the highest level, and then you got to continue to build it.

So it's going as planned.

We wanted to make sure those products were out, ready to roll, prior to the refi boom, and they are. And then how do we ratchet that up and grow.

It's not going to be huge gain on sale difference, but it is just another way to help consumers save money, help brokers differentiate themselves and make it so people want to work with UWM. And so it's a win, win, win.

Bose George^ Thank you.

Operator^ Your next question comes from the line of Eric Hagen from BTIG. Your line is open.

Eric Hagen^ Just looking at the adjusted EBITDA, would you say that that's a good reflection of your cash earnings? Are there any considerations which might kind of affect the cash earnings relative to that number? And is the cash flow that's generated from selling MSR's also reflected in the adjusted EBITDA figure?

Mat Ishbia^ Yes.

I really don't look at it that way, Eric. Andrew, if you want to comment on it just in general, but I don't that's not it's not a reflection of the cash flow based on MSR's and how you keep MSR's with the different capitalization of it.

It doesn't really tie to cash flow, but Andrew, do you want to comment on that?

Andrew Hubacker^ Yes. No, I think that's right. Just capitalization of MSR's is not excluded from that, but the sales of MSR's, I think a combination of capitalization and sales of MSR's gets you closer to more of a cash flow metric.

Eric Hagen^ Okay.

I think I got you. Maybe one more on the margins.

I mean does the guidance around the margin going forward incorporate these latest rate moves over the last couple of weeks? And do you think there's any room for margin expansion at these higher rates or is that not really something that investors should focus on?

# UWM Holdings

## Third Quarter 2024 Earnings

---

Mat Ishbia^ Well as you saw, there's definitely room for margin expansion when the market moves a little bit, right? So as soon as the market moves, we take advantage of that and have that opportunity.

I guided to 85 to 110 last quarter and we put up 118 basis points well over the guidance. Based on where I guided this time, if the market would have stayed where it was, I'd be guiding to a higher margin, if that's answering your question. The market has not only backed up, it backed up quite a bit to where the 10 years 4.35, 4.40, 4.50, whatever it is right this second, I don't know.

But based on that, the 85 to 110 is the right guidance and we feel really confident in that.

Eric Hagen^ Got you. Really helpful. Thank you, guys.

Operator^ Thank you. Your next question comes from the line of Jeffrey Adelson from Morgan Stanley. Your line is open.

Jeffrey Adelson^ Hi. Good morning. Thanks for taking my question. You had a really nice quarter for refi this quarter.

I guess just with the strength in applications we saw at the end of last quarter and sort of the fade we've seen thus far this quarter down, the refi index from MBA showing us down about 50% since the quarter end for refi. Just curious, like how much of this, 34 to 41 is just the kind of follow through of closing the rate lock you saw at the end of last quarter? And does the midpoint of the guide kind of embed where the 10-year mortgage rates are sitting today? Maybe just sort of talk through what you're seeing in the rate lock volume so far this quarter versus last quarter? Thanks.

Mat Ishbia^ Yes.

So I don't really look at the rate lock volume as an indicator of how we do our business.

I look at imports, I look at registrations, I look at submissions, I look at our flow of our business, our approval condition pipeline.

So there's a lot of other aspects and detail I look at, which is obviously different to other people that run their business.

But the other thing about our business is we're different. A lot of people get a lot of rate locks from September and close them in November December. That's not UWM. UWM closes them in 10, 12, 14 days.

So you've got that \$39.5 billion pop based on locks from September, to be clear.

# UWM Holdings

## Third Quarter 2024 Earnings

---

So now with that being said, purchase market usually slows down in the fourth quarter. The refi market has slowed down, as you pointed out.

But do we feel confident we can still do 34 to 41? Yes. We do.

October was a 23-business day month. November December, obviously shorter months with the holidays and a lot of things and a lot of times brokers and all people in the world take some time off between 15th December and beyond. And so we're cognizant of that.

I feel very confident that we'll hit between 34 and 41 between 85 and 110. And I think the best part about this quarter was I was able to show, as we've been talking for years that we are prepared and ready to dominate on the refi market just like we have on the purchase market and as soon as that market comes to our direction, we will capitalize on it and capitalize on it very quickly. And so if the 10-year dropped to 3.75 in 25 minutes or an hour, you'd see a different fourth quarter than I just told you as in higher margins and higher volume.

But if it goes to 4.50 where it's basically been at or when to last a couple of days after the election, then you'll see what I kind of posted.

So I feel good about where we're at.

We'll hit 34 to 41 and be prepared for a dominant 2025 on purchases and hopefully on refis as well.

Jeffrey Adelson^ And just any update on sort of the uptake you're seeing on the new cash out 90 product? I know it's only been 30 weeks, so just curious if there's any sort of early reads you're seeing there?

Mat Ishbia^ Yes. It's been a great program, obviously exclusive with us and something that's differentiating our clients. The issue, obviously since we rolled it out, rates have done nothing but go up, right? So there's a balance of how much of that we saw and expect to see versus what it will be when the I keep saying the 10 year, but when rates you don't understand how 10 year and rates tie together when rates are a little lower.

So it's been great.

It's definitely a differentiator, but it's not as high volume as you'd expect.

In a refi market, it will be extremely high volume, I believe.

Jeffrey Adelson^ Okay. Great. Thank you.

Operator^ Your next question comes from the line of Terry Ma from Barclays. Your line is open.

# UWM Holdings

Third Quarter 2024 Earnings

---

Terry Ma^ Hi, thank you.

So you've mentioned for a while about investing and preparing for lower rates ahead and you pointed toward the, two to three week stress test this quarter. Maybe just talk about what inning you're in with respect to those investments? And then maybe longer term, how much more upside to refi share you can actually get?

Mat Ishbia^ Yes.

So I mean our investments have been wonderful.

We feel great about where we're at.

We're prepared.

We don't need to go hire a bunch of people to double this business.

I guess, I say double, it's probably not I don't want to exaggerate it.

So but significantly grow very quickly.

So we can have a lot more volume right now with our technology enhancements, with our hiring, with our training, with our coaching.

We are prepared and ready to go today, right and tomorrow. And so that's my job as a CEO, as I said at the very beginning, is one to dominate the purchase market, show profitability, continue to pay the dividend, reward my shareholders and then be prepared, be the most prepared company in America, which we are.

We're prepared on technology, we're prepared on efficiencies, we're prepared on operations. And when that happens, we will significantly grow. And I think that will be 2025, and I think you'll see the results in our volume growing and our margins growing next year.

With that being said, I don't control interest rates, so I don't spend too much time focused on them because when they come, I'll be prepared and when they stay where they're at, we'll dominate and purchase. And that's why it's great to be part of the broker channel, what we do and support our brokers and build and our business is profitable exactly how it is today, but we can scale.

We can scale quickly with our team and our staffing that we are at right now.

So we feel great, we're prepared, as good as we've ever been, and we're now just watching the market and continue to dominate on a day-to-day basis until that happens.

# UWM Holdings

## Third Quarter 2024 Earnings

---

Terry Ma^ Got it. And I think you mentioned in your prepared remarks that you were able to increase the float.

Can you maybe just talk about that and then your plans for increasing the float in the future?

Mat Ishbia^ Well it's been a common theme for my investors is how do we get more float out there? What can you do to do it? And we've done different creative ways to get more float out there to the market and we will continue to look at that. Right now I'm not looking at that anymore this year.

However, we will always look at ways because float matters. And so if that's something that's holding our stock price down, which I've been told for years it is, we'll continue to do our best to get more float out there in the hands of our investor base so they can continue to invest in our company and go from there and take advantage of the high dividend we pay and all the other things.

So we'll continue to look at that.

I'm always opportunistic in that and looking at ways to help.

But at the same time, there are certain things I won't do to expand it.

But right now that's what we focus on the fourth quarter or the third quarter, excuse me and hopefully, you've seen some of those results and the float is materially different than it was six months ago.

Terry Ma^ Great. Thank you.

Operator^ Your next question comes from the line of Brad Capuzzi from Piper Sandler. Your line is open.

Brad Capuzzi^ Hi. Thank you for taking my question.

Can you just give us an update on the dynamics playing out within the broker channel? Some of your peers have been talking up opportunities within the broker channel recently.

Obviously UWM is a stronghold on the channel and it's continued to grow market share.

But I was wondering if you expect pricing to be rational and if you're seeing any increased competition?

Mat Ishbia^ Yes. No. It's always fun and cute when my competitors like to talk about wholesale and what they can do. They've been saying that for years. You should go back to their going public and their earnings calls and all their cute little things they say.

# UWM Holdings

Third Quarter 2024 Earnings

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But the truth is we dominate the wholesale channel because we care about the brokers and only the brokers.

We invest in the brokers and only the brokers.

We want the brokers to win and only the brokers to win. And when they win, UWM wins because we're a team. And so, zero concern about that.

I control the margins. They don't. They will follow our lead and enjoy that. And at the same time, we'll continue to grow and build our business.

And so we feel great about where we're at.

I don't really pay attention to what they're saying, but the truth is they have to say something on their earnings calls to make themselves feel good and make you guys want to invest in them.

But right now we dominate the channel and that's not because we're the best, it's because we care the most.

We care about brokers.

We will help the brokers win.

We have helped the brokers win and brokers know that. And so, all I care about is helping the brokers win our channel.

Our focus is to help the brokers grow, help them succeed and dominate. And when they succeed and dominate, UWM does as well. And it's been a pretty good way for success over the last couple of years.

Brad Capuzzi^ And then just the last question for me.

In terms of MSR, as you mentioned a few sales this quarter with the beginning of the year being more front loaded, what is your expectations going forward with MSR sales?

Mat Ishbia^ Thanks. Yes.

Once again, opportunistic.

We'll look at it again. And looking at the cash needs of the business and people want to pay us high multiples, which they do, we'll sell some MSRs. And at the same time, we feel really great about our business and don't feel like we have to sell any MSRs in certain situations.

So we manage that, we look at that, we meet with our risk committee, I meet with my executive team and we make decisions.

# UWM Holdings

Third Quarter 2024 Earnings

---

We feel really good about where we're at.

We're obviously still producing a high volume of MSRs where most people don't.

And so people that are new originations are wanted by a lot of these MSR buyers, and so we're obviously a big target for that.

So we'll continue to do that and look at that.

But we have no requirement to sell MSRs.

We look at that opportunistically and whatever I think is best for the business, the investors, our partners, everything, and we analyze it on a day to day or let's call it more realistically a week-to-week, month-to-month basis.

Brad Capuzzi^ Thanks for taking my questions.

Operator^ Thank you. And your last question comes from the line of Douglas Harter from UBS. Your line is open.

Douglas Harter^ Thanks. Mat, could you talk about the higher gain that you achieved? Is that a difference in gain between kind of purchase and refi or is it kind of your capacity and technology that allows you to kind of seize on the opportunity when volumes increase and those volumes whether they're purchased or refi have a higher gain?

Mat Ishbia^ Yes.

I mean I think the gain on sale is tied to I talked a little bit about the ancillary products, but I really think it's tied to being able to handle the capacity. And the reality is when rates drop, people think refis are more price sensitive, but they're actually I don't look at it that way.

I look at it as there's so much volume. People want to close their loans fast and efficiently. And when a borrower is saving \$94 a month versus \$96 a month, a lot of times borrowers are not focused on that, they want us to get the savings now. And so our brokers recognize that and they want to close loans fast and efficiently.

So gain on sale for the whole industry, not just UWM, will go up when refis come back. And so based on the 10-year, you can probably pretty simply draw a little conclusion based on 10 year the 10-year rates -- excuse me, the 10-year versus gain on sale and as the 10 year goes down into the 3s, margins for UWM, but really everyone in our industry will go up. And how much they go up is depending on their preparation, their for scale and the preparation and ability to close and execute.



# UWM Holdings

Third Quarter 2024 Earnings

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But it will definitely go up. People it's definitely more price sensitive and price competitive when the 10-year is higher, because people can't afford the house potentially if the rate isn't at 6.99% versus 7% and an 8%, right? But when you're saving \$68 versus \$71 or \$97 versus \$101 or \$186 versus \$188 people are not as price sensitive on that. They're just trying to save \$186. And so, I think that's not a UWM thing, that's an industry thing. And so, when the 10 year goes down to 3.75, 3.50, you'll see all of my competitors, everyone in this industry will have higher margins and higher volumes.

So it's a very positive thing for our industry.

In the meantime, we'll continue to do great in where we're at.

Douglas Harter^ I appreciate it, Mat. Thank you.

Operator^ And we did have an additional caller come into the queue.

So this will be your last question.

It comes from Jordan Hymowitz of Philadelphia Financial Management of San Francisco . Your line is open.

Jordan Hymowitz^ Thanks for taking my questions, guys. You mentioned that had rates stayed a little bit lower that you're prepared to guide up on the margins and had rates stayed where they were in mid to late September, where do you think the fourth quarter margin guidance would have been?

Mat Ishbia^ Yes. Thanks for the question.

So obviously I don't know exactly what it would have been.

I would have definitely looked at it analyzing the market and seeing where they stayed and understand the levels.

But understand that you saw that our margins was 118.

I wouldn't have thought if the 10-year would have went down, our margins would not go down, right.

So that's how I would have thought about that is that we definitely would have guided up a level, maybe a level or two and probably been in a range like that. And so we'd expected it to go up.

I do expect margins to go up as the 10-year goes down, but it's hard to think back what I would have done September 20th after they lowered rates 50 basis points but market got worse.

# UWM Holdings

Third Quarter 2024 Earnings

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But understand where the market is today. When the 10-year goes down, our margins will go up. And when our margins go up, we will do more volume with higher margins and a better return for our investors.

Our dividend will continue as it continued going forward.

So as investors, like I said at the end of my prepared remarks was, it's a great time to be a partner at UWM because you're getting a great dividend today and you have the upside of the stock price, which I know some analysts believe will go much higher, we believe will go much higher and you get the benefit of gain on sale, volume and a tailwind.

Obviously with the new President, there will be some new changes like a lot of really positive things in our business.

So we feel like there's a nice tailwind behind us.

We feel great.

But at the same time, we're going to sit here and patiently wait while the 10-year to see what happens with the rates.

But in the meantime, we'll continue to dominate on purchase, help our brokers grow, continue to build the business and be the most prepared mortgage company in America.

Jordan Hymowitz^ Does the mortgage spreads to treasuries impact that number as well because that's widened down appreciably?

Mat Ishbia^ Yes, of course it does, right.

So obviously whether that's wider or that's all tied to it. That's why as your obviously instincts and understanding and knowledge, the 10 year is not the perfect metric.

I'm just using it because it's the metric everyone talks about.

Obviously the spread between that changes as it gets bigger, it's less exciting for me. When it gets smaller, it's more exciting.

But in general, it's the trend I'm talking about, the 10 year is a good indicator for everyone to understand where the refi action will be based on where the market has been on 2022, 2023 and 2024 and the 10 year at 3.75 is a pretty good bellwether and below 3.75, I think you'll see a lot of refi activity, higher margins and a little bit of fun for all the investors and also UWM and our brokers and for consumers.

Several is going to win across the board.

# UWM Holdings

Third Quarter 2024 Earnings

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Jordan Hymowitz^ But I guess my point is, last thing is, even if the 10 year stays higher mortgage spreads to treasuries could narrow even to where they were six months ago, much less, but there are historic highs and you could get a wider gain on sale margin from that into 2025?

Mat Ishbia^ Absolutely. That sounds like fun for me too.

I think all those things can happen. There is 38 variables.

I'm just going to give you the most common one and we feel really good about it and we're ready.

Jordan Hymowitz^ Okay. Thank you.

Mat Ishbia^ Thanks for the question.

Operator^ Thank you. And that will wrap up the Q&A portion.

I'd like to turn the call back over to Mat Ishbia for closing remarks.

Mat Ishbia^ Yes. Thank you. And thanks everyone for the questions and being part of it.

We're excited about where we're at UWM.

We're excited for the fourth quarter and we're really excited for 2025.

So the company is in great position.

We appreciate the support and we're excited to continue to win with our broker partners.

Our brokers are doing great.

We're doing great and we're going to continue to win together as a team. Thank you.

Have a great day.

Operator^ Thank you. This concludes today's conference call.