

 **coviance**TM

**Accelerate Home Equity Lending
and unleash efficiency**

Power your lending with the **Coviance ROI Study** as your trusted guide.



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Foreword

by Jordan Brown, CEO of MarketWise Advisors, LLC

MarketWise Advisors, LLC conducted a comprehensive review and analysis of the financial and operational impact of Coviance services 4Q, 2022/1Q, 2023. The objective was to independently determine the return on investment experienced by Coviance clients. The process involved product review, client interviews and the distribution of a survey to Coviance clients.

The first litmus test is always the level and quality of survey responses. In this case, we had exceptional participation with two hundred and fifteen (215) surveys completed. This represents one hundred and ten (110) unique firms. Notably, respondents held executive, lending origination/sales, loan processor, underwriter, and other roles within those organizations. We thank the Coviance staff and all clients that made this a valuable and successful data collection effort.

Given a strong diverse data set, clients indicated they eliminated an average of 442 minutes per loan file through automation. Coviance provided an operational backbone for lenders to increase their productivity to complete loans with their existing staff. This was responsible for increasing lenders loan closing ratios by 37.69%. Cycle time for

processing and completing loan transactions compressed on average 4.72 days.

It was quite clear to MarketWise that Coviance leveled the playing field and provides significant operational and financial benefits to its clients. The average financial impact per loan achieved was \$464.04 which is driven by operational and technology efficiencies delivered. This represented a return on investment of 5.21:1 (\$5.21 average impact for every dollar invested in Coviance). We like seeing technology firms running above 5:1 which is MarketWise's internal threshold to categorize technology ROI as "strong." Given the strategy of Coviance and their investment in workflow, MarketWise anticipates that clients will continue to accrue additional financial and operational leverage. Coviance and its clients have an opportunity to increase the level of value delivered through increased utilization and adoption of existing clients.

In summary, Coviance delivers a strong ROI to its client base. We appreciate the independent Coviance client base responses that were the basis of this impact study.

Regards, **Jordan Brown**

COVIANCE LEVELED THE PLAYING FIELD AND PROVIDES SIGNIFICANT OPERATIONAL AND FINANCIAL BENEFITS TO ITS CLIENTS.



5.21x

Average return on investment



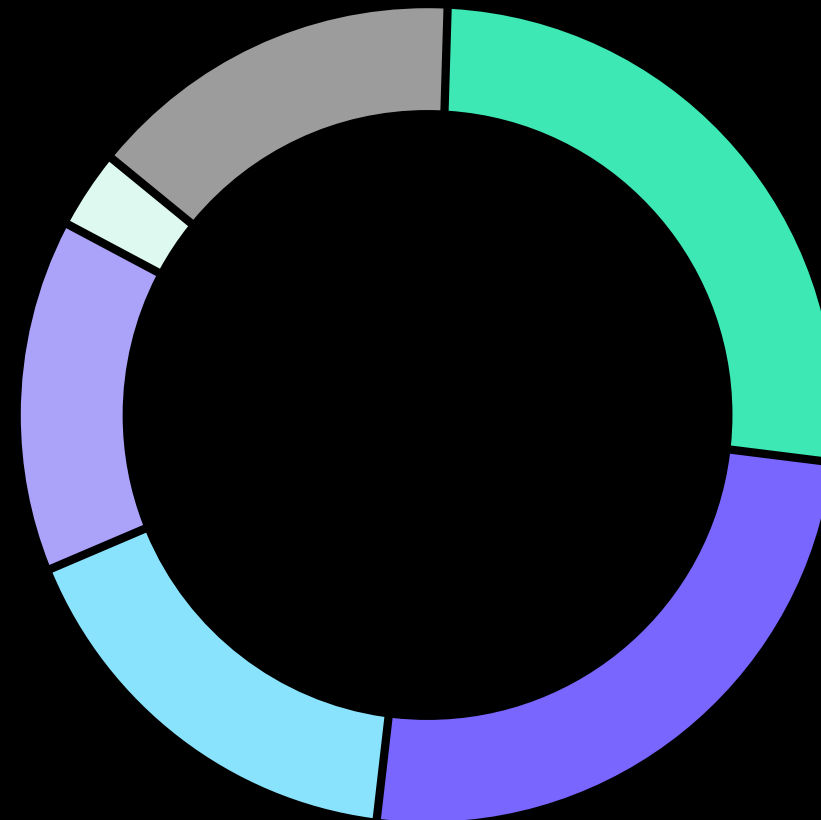
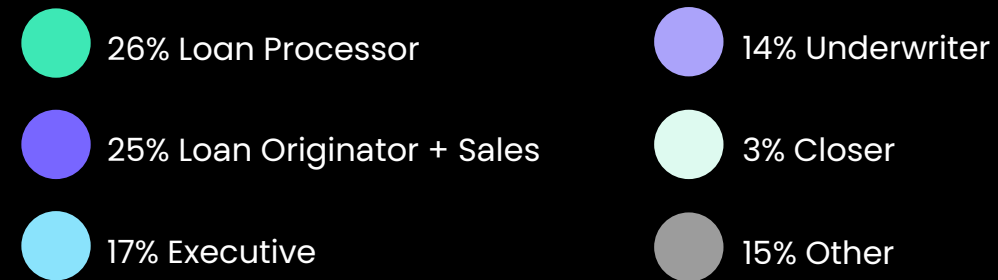
4.72 days

Eliminated per closed loan

Methodology

The MarketWise Advisors, LLC conducted the survey mentioned in this document through direct interviews and a comprehensive survey, analyzing all the data received independently.

The survey had **216 responses** from **110 companies** that had been utilizing Coviance for an average of **2.33 years**.



Introduction

Key Trends with Credit Unions Issuing Home Equity Loans



Home equity loans have become increasingly popular in recent years as homeowners look to leverage the equity in their homes for various purposes such as home renovations, debt consolidation, or major purchases. Key trends include longer loan closing times, increased competition, and a strong emphasis on member service.

INCREASED COMPETITION:

As per economic research from TransUnion, HELOAN originations volumes in Q4 2022 surged year-over-year by 30.96% to 263.73K and the number of HELOC reached 298.69K accounts, a 7% year-over-year increase.

The rising interest rates have made home equity loans more attractive to borrowers to stay in their homes and tap into equity for financial needs. This has also led to an increase in competition and new fintech lenders entering the market (source: TransUnion Credit Industry Insights Report Q1 2023).

LONGER LOAN CLOSING TIMES:

On average, credit unions take approximately 45 to 60 days to close on a home equity loan, including the time for underwriting and document verification ([source: Credit Union National Association](#)).

In comparison, banks and other finance companies typically complete the loan closing process within 30 to 45 days.

Focus on Member Service

A survey by the [Credit Union National Association](#) found that 85% of credit union members prioritize good customer service when choosing a lender for their home equity loan.

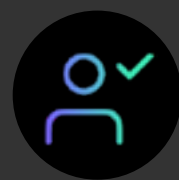
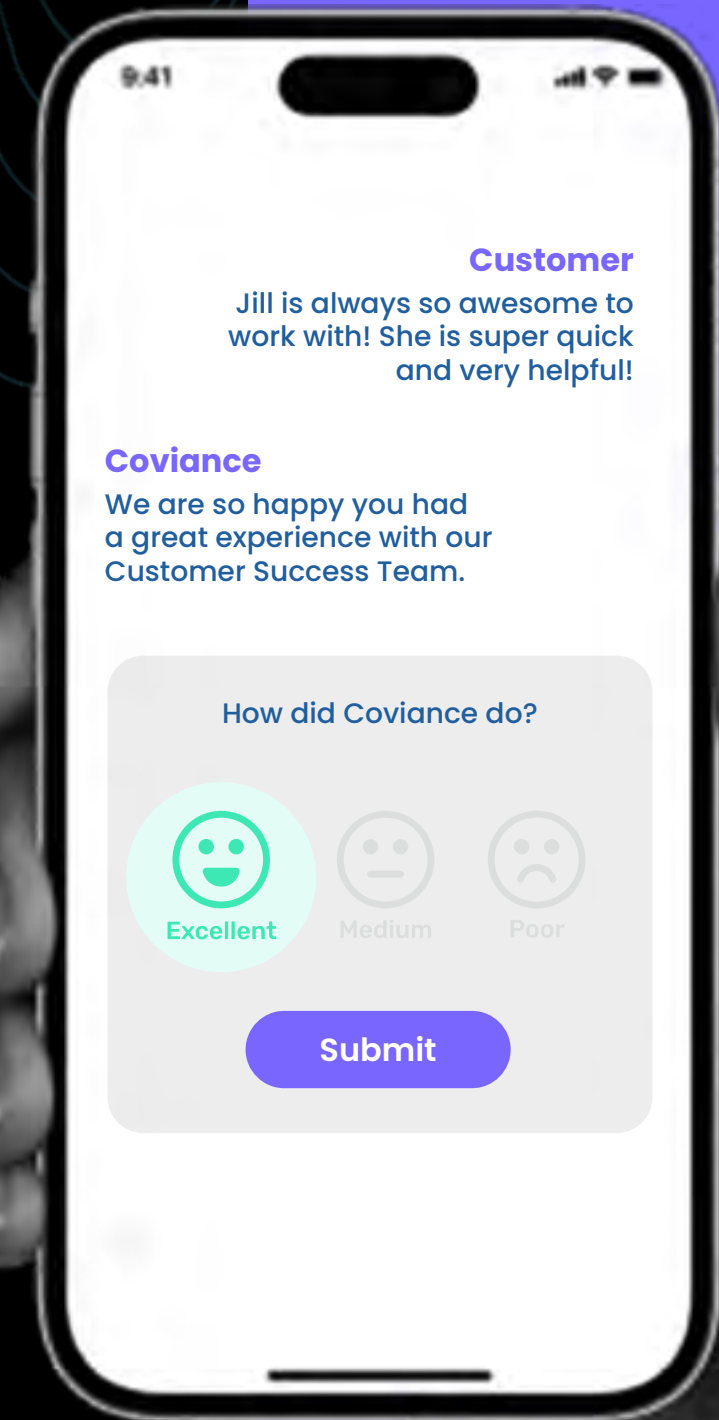
Credit unions are actively investing in digital solutions to enhance the member experience. According to a report by Cornerstone Advisors, 65% of credit unions have implemented online loan applications and 40% have introduced mobile applications for loan processing.

In the current market for home equity loans, credit unions face several notable trends. While longer loan closing times can be a potential drawback, they are a result of credit unions' dedication to thorough underwriting and responsible lending practices. Credit unions are also

contending with increased competition from banks and other lenders, but they are responding by offering competitive rates and terms to attract borrowers.

Above all, credit unions are prioritizing member service, recognizing its critical role in building and maintaining relationships with borrowers. By focusing on member needs, providing competitive rates, and ensuring a seamless application process, credit unions strive to position themselves as a trusted and preferred choice for individuals seeking home equity loans.

As the market continues to evolve, credit unions must adapt their strategies to meet changing borrower expectations while upholding their commitment to responsible lending and exceptional member service.



95%

Positive-moderate, very or extremely effective rating of Coviance's customer support



84%

Of all Coviance customer service matters are resolved within 15 minutes

Summary of Key Findings from Credit Unions using Coviance



36%

Increase in productivity level



95%

Extremely effective customer support



5.21x

Average return on investment



5 days

Eliminated from home equity life cycle



38%

Increase in closing percentage



\$464.04

Average financial impact per loan

Analysis and Discussion

EFFECTIVE TECHNOLOGY FOR DELIVERING POSITIVE OUTCOMES

Despite the challenging conditions in the home equity loan market in 2022, Coviance customers were able to minimize the impact by utilizing their technology platform, which is evident from the return on investment (ROI) results. Coviance developed and launched innovative home equity product solutions that cater to specific customer requirements. By investing in features that automate the time-consuming steps of the home equity loan process, customers were able to save both time and money, resulting in greater profitability. The MarketWise Advisors survey reports that users achieved an average ROI of 5.21 times on the Coviance Platform and its diverse range of features.



5.21x

Average ROI per loan



\$464

Average impact per loan



\$147,099

Average annual profit impact per firm



Analysis and Discussion

Continued

THE CRUCIAL ROLE PLAYED BY AUTOMATION

Coviance's platform offers features that automate and simplify the numerous steps involved in the complex home equity loan process, leading to a significant **time-saving** in performing routine tasks. This enables financial institutions to concentrate on their customers, boost loan closures, and create additional business prospects.



480 minutes

Saved per loan



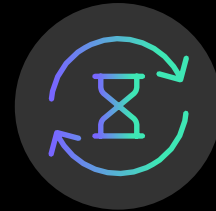
Analysis and Discussion

Continued

98% REPORTED FASTER CYCLE TIMES, REDUCING TIME TO CLOSE BY ONE BUSINESS WEEK

Coviance users have successfully reduced the time required to process home equity loans by a full business week. This time-saving enables them to handle more transactions and spend less time dealing with the intricacies of each loan.

Consequently, this can create a quicker and more personalized experience for their customers, enabling them to reach closing day promptly and efficiently. The survey revealed that roughly 98% of respondents reported a faster closing cycle as a result of utilizing Coviance. By shortening the cycle time, the productivity of loan closures can increase significantly using the same staff.



98%

Customers reported faster closing



8 hours

Automation impact per file average



5 days

Eliminated from home equity life cycle



Analysis and Discussion

Continued

EMPHASIS ON OPERATIONAL LEVERAGE

One of the crucial factors that determine the value of a loan process is transaction speed, as it enables customers to move through the process swiftly, thereby keeping them engaged. Based on the survey, there was a 36% surge in productivity level, which, in turn, resulted in a 38% increase in borrower pull-through.



36%

Increase in productivity level



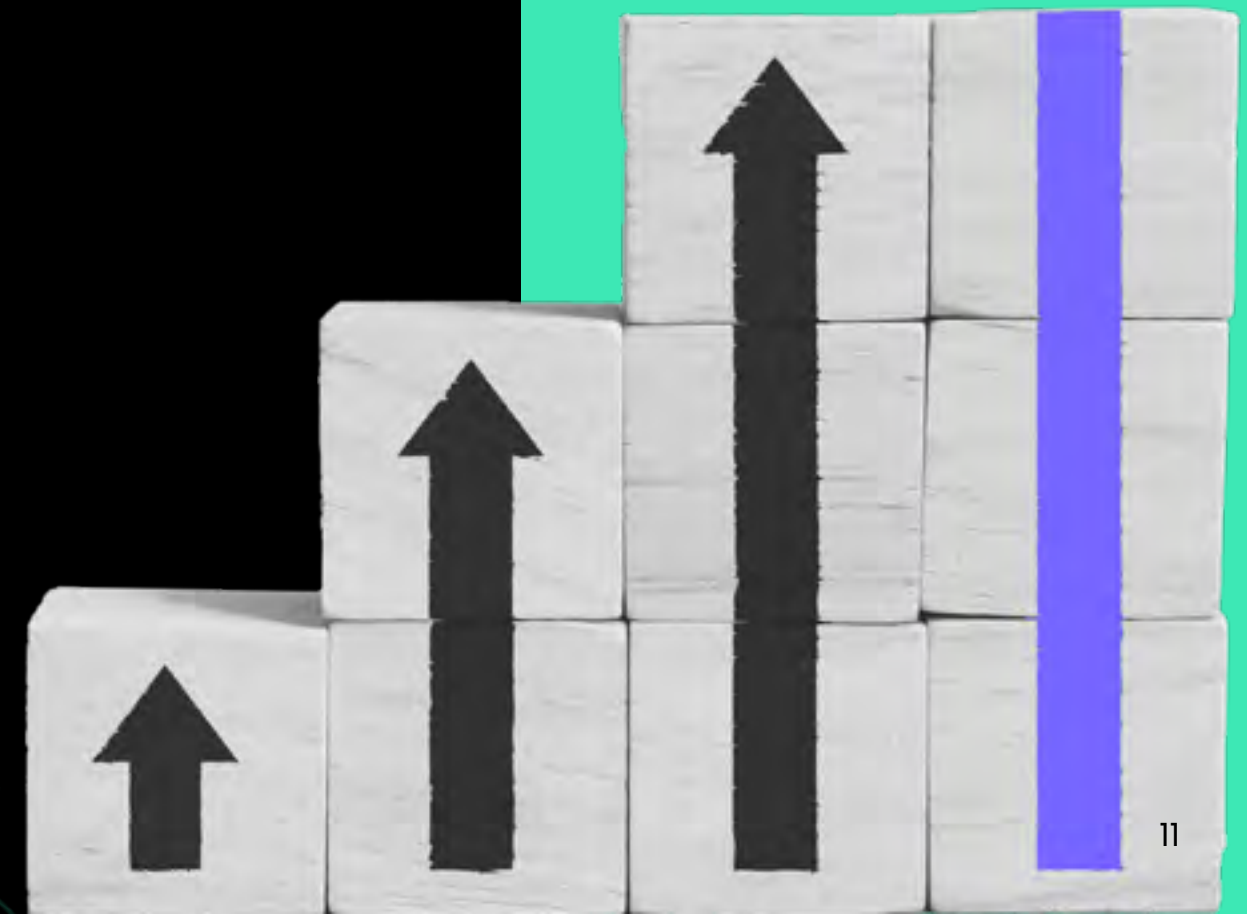
38%

Increase in loan closings



119 more

Loans with the increase in closing and productivity



Conclusion

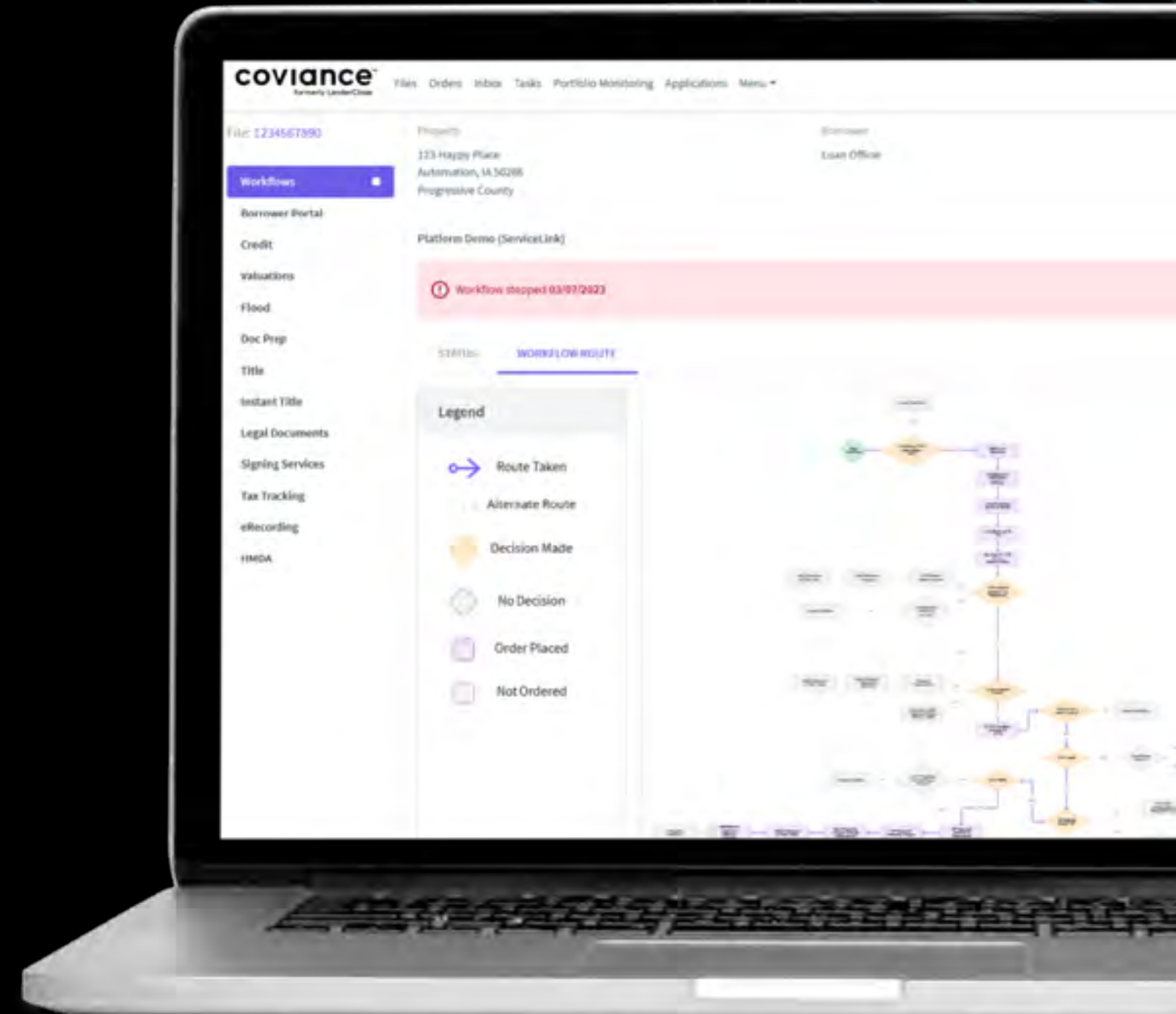
For existing Coviance customers, it is crucial to optimize the utilization of all the features and tools to enhance ROI and financial impact. Currently, Coviance customers have an opportunity of a 66% potential increase with existing feature set with increased utilization. Coviance is significantly expanding/investing in R&D to help decrease costs and provide more efficiency to clients.

Irrespective of market conditions, lenders can gain a clear advantage by utilizing the Coviance platform, which offers a shorter home equity loan cycle and a customer-centric design, thus enabling them to enhance productivity while providing a best-in-class experience.



66%

Potential increase with existing feature set with increased utilization



Definitions

CLOSING RATE:

The number of loans closed divided by the number of loans started and multiplied by 100.

CYCLE TIME COMPRESSION:

The average number of days reported by Coviance customers eliminated from processing, underwriting, and closing.

OPERATIONAL LEVERAGE:

The average productivity increase due to Coviance technology reported. Given the same level of resources, operational leverage measures the incremental impact of technology to close more loans.

RETURN ON INVESTMENT (ROI):

The average financial impact reported is divided by the cost of technology.



About Coviance™

Founded in 2015, Coviance (formerly LenderClose) is a fintech company on a mission to perfect the lending experience for community lenders and borrowers through automation and intelligence. A cloud-based platform, Home Equity Express™ (HEX), automates the home equity lending process through configurable workflows with data-driven decisioning intelligence elevating the lending experience for borrowers and lenders.

For Credit Unions and Community Banks, Coviance is an out-of-the-box solution that is simple to implement and deploy and allows them to focus on what matters most – “the borrower’s experience”. Coviance earned a spot on the Inc. 5000 List of Fastest Growing Private Companies in the U.S. in 2022.

For more information visit coviance.com.



About MarketWise Advisors, LLC

MarketWise Advisors, LLC was founded in 2005 as a financial services consulting advisory firm.

Over the last 18 years, MarketWise Advisors has played a key role in the industry, providing expertise to help facilitate a digital mortgage process, data/analytics to reduce risk, and IT staffing to deploy systems. Clients include a wide range of banks, mortgage firms, and credit unions across North America. MarketWise Advisors also provides significant services to the vendor community in providing data, analytics and guidance. MarketWise Advisors, LLC helps lenders navigate system selection, cost of origination reporting, margin analysis, and technology evaluation.

Offices are located in Jacksonville, Florida with consulting coverage across North America.



Disclaimer: MarketWise Advisors, LLC and Coviance provide all data for information purposes only. It is reflective of the data provided by respondents. Neither Coviance nor MarketWise Advisors, LLC provide any warranty or representation as to its use or accuracy. Individual results will vary.

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