4 Turn Around Components

1 Stabilize

2 Identify and Focus on Core Business

3 Remove everything NOT consistent with the core business

4 Create and manage a high level of accountability

4 Turn Around Components

1. Stabilize the Organization

1. Insure there is a clearly defined organizational structure
2. Insure effective communication
3. Establish the effective allocation of resources
4. Evaluate and control costs
5. Are the right people in the right jobs and are they effective
6. Are the jobs defined for effectiveness
7. Insure an effective reporting structure
8. Establish clear standards and processes for accountability
9. Set in place the expectations for development of the organization's culture

4 Turn Around Components

2. Identify and Focus on Core Business

1. Identify the allocation of resources to ROI and identify the greatest short term potential.
2. Shuffle and reorganize resources to empower shortest and fastest return to profitability
3. Review and determine the ROI of "sacred cows"

4 Turn Around Components

3. Discontinue or terminate everything NOT consistent with the core business

1 Review and determine the ROI of “sacred cows” and peripheral, secondary or ancillary businesses.

2 Make these type of changes immediately

(You do not improve the experience of the dog by cutting it’s tail off one inch at a time)

4 Turn Around Components

4. Create and manage high level of accountability

1. Establish performance standards
2. Train all personnel in what standards are and how they are managed
3. Review and/or create reporting systems and processes
4. Supervise all department heads on reporting, accountability and managing performance standards

Current Changes
Made to date
with
PREO

Current Changes Made to date with PREO

1. Departments established and department heads assigned
2. Meetings conducted with all department heads; departments and company whole.
3. Reporting relationships put in place with "2 points of contact" (Primary and Secondary)
4. Checklists changed to create accountability for work process and flow
5. Empower department heads to control work and have responsibility ***WITH*** authority
6. Implement regular company and department meetings and define each agenda
7. Set up sales department and establish performance standards with profiled action groups
8. Create reporting structure with tracking

Current Changes Made to date with PREO

9. Begin training sales manager in managing and accountability
10. Redesign sales process and scripting
11. Begin testing new sales approach
12. Track conversion rates for each stage of the sales process for targeted training
13. Reassign a quasi admin to newly created sales – encompass manager (increasing productive time available to sales team by 20%
14. Implement a new MLO recruiting program
15. Train department head in staff meeting to create an "urgent list" of things to do; and to be completed each week
16. Recruited new underwriter and have begun training
17. Created QE Team (Quality Environment) and set into implementation

Financial Data and Flexible Budgets

PREO Mortgage, LLC						
INCOME STATEMENT						
August September, October 31, 2012						
			3 months total	**AVG**	3M BPS	Hard YTD avg
Income						
	Mortgage Production I		$ 376,092.00	$ 125,364.00	1.37	$133,000
	Investor Incentives		$ -			
	Servicing Fees		$ 19,385.00	$ 6,461.00	0.07	$19,385
	Interest Income		$ -			
	Total Income		$ 395,477.00	$ 131,826.00	1.44	$152,385
Expenses						
	Closing Related:					
	Hedging Pair Off Fees		$ 28,671.00	$ 9,557.00	0.1	0
	Loan Expenses Apprai		$ 2,560.00	$ 853.00	0.01	$678
	Loan Expenses Closin		$ 8,102.00	$ 2,701.00	0.03	$2,050
	Loan Expenses Origin		$ 358.00	$ 119.00	0.001	$153
	Loan Expenses Subor		$ 100.00	$ 34.00	0.001	$315
	Credit Reports		$ 7,679.00	$ 2,560.00	0.03	$1,304
	Commissions		$ 51,280.00	$ 17,093.00	0.19	$14,990
	Operating Expenses:					
	Advertising	V	$ 154,996.00	$ 51,665.00	0.56	$27,000
	Auto Expense		$ 15.00	$ 5.00		$5
	Bank Char	SV	$ 2,515.00	$ 838.00	0.01	$757
	Continuing	V	$ 1,416.00	$ 472.00	0.005	$317
	Contract Labor		$ 11,500.00	$ 3,833.00	0.04	$0
	Dues & Su	F	$ 3,935.00	$ 1,312.00	0.01	$1,339
	Backgroun	V	$ 512.00	$ 171.00	0.001	$158
	Software L	F	$ 13,276.00	$ 4,425.00	0.05	$4,120
	Insurance I	SV	$ 23,647.00	$ 7,882.00	0.09	$6,797
	Insurance I	SV	$ 4,517.00	$ 1,506.00	0.02	$765
	Insurance (	SV	$ 5,370.00	$ 1,790.00	0.02	$1,040
	Insurance Workers Co		$ -			$381
	Legal	SV	$ 1,317.00	$ 439.00	0.005	$989
	Licenses	V	$ 4,247.00	$ 1,416.00	0.02	$1,585
	Maintenan	SV	$ 3,531.00	$ 1,177.00	0.01	$2,369
	Marketing	SV	$ 2,832.00	$ 944.00	0.01	$7,668
	Meals & Er	SV	$ 1,509.00	$ 503.00	0.005	$373
	Miscellane	F	$ 2,828.00	$ 943.00	0.01	$305
	Office Sup	SV	$ 3,250.00	$ 1,083.00	0.01	$930
	Office Expe	F	$ 20,555.00	$ 6,852.00	0.07	$8,483
	Postage &	SV	$ 3,996.00	$ 1,332.00	0.01	$1,576
	Profession	SV	$ 63,342.00	$ 21,114.00	0.23	$9,221
	Rent	F	$ 57,673.00	$ 19,224.00	0.21	$8,904
	Salaries Er	SV	$ 209,373.00	$ 69,791.00	0.76	$77,118
	Bonus	SV	$ 2,970.00	$ 990.00	0.01	$1,623
	Taxes FIC/	SV	$ 16,020.00	$ 5,340.00	0.06	$5,990
	Taxes FUTA		$ -			$32
	Taxes SUTA		$ -			$202
	Taxes Med	SV	$ 3,788.00	$ 1,263.00	0.01	$1,326
	Taxes Other		$ -			$306
	Telephone		$ 6,740.00	$ 2,247.00	0.02	1,625
	Travel	SV	$ 2,899.00	$ 966.00	0.01	$1,205
	Utilities	F	$ 274.27	$ 91.00	0.002	$260
	Total Expenses		$ 727,593.27	$ 242,531.00	2.64	$194,259
NET INCOME			$ (332,116.27)	$ (110,705.00)		

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PREO Mortgage, LLC			November
INCOME STATEMENT			
August September, October 31, 2012			
			80%
	Total Seasoned MOL's	4	
	Total New MLO's	7	
	Average Seasoned MLO's Submission	26	
	Average New MLO's Submission	8	
	Submission Closing Rate	0.67	
	Average Per Loan Company $	5500	
MLO's			
	Seasoned		**4**
	New - Marginal		**7**
Total			**11**
Submissions			
	Seasoned		**23.40**
	New		**7.20**
Total			**30.60**
Closed Loans			
	Seasoned		**15.58**
	New - Marginal		**4.80**
Total			**20.38**
Income			
	Mortgage Production Income		**112088**
	Servicing Fees		**19385**
	TOTAL GROSS OPERATING INCOME		**131473**
Expenses			
	Closing Related:		
	TOTAL COST OF SALES		**40018**
	Operating Expenses:		
	TOTAL OPERATING EXPENSE		**155889**
TOTAL OPERATING PROFIT (LOSS)			**64434**

			December	January
PREO Mortgage, LLC				
INCOME STATEMENT				
August September, October 31, 2012				
			100%	105%
	Total Seasoned MOL's	4		
	Total New MLO's	7		
	Average Seasoned MLO's Submission	26		
	Average New MLO's Submission	8		
	Submission Closing Rate	0.67		
	Average Per Loan Company $	5500		
MLO's				
	Seasoned		4	6
	New - Marginal		7	7
Total			11	13
Submissions				
	Seasoned		26	39
	New		8	8
Total			34	47
Closed Loans				
	Seasoned		17	26
	New - Marginal		5	5
Total			23	31.09
Income				
	Mortgage Production Income		124542	170971
	Servicing Fees		19385	19385
	TOTAL GROSS OPERATING INCOME		143927	190356
Expenses				
	Closing Related:			
	TOTAL COST OF SALES		46522	48148
	Operating Expenses:			
	TOTAL OPERATING EXPENSE		135495	139106
TOTAL OPERATING PROFIT (LOSS)			38090	3102

PREO Mortgage, LLC			
INCOME STATEMENT			
August September, October 31, 2012			
			150%
	Total Seasoned MOL's	4	
	Total New MLO's	7	
	Average Seasoned MLO's Submission	26	
	Average New MLO's Submission	8	
	Submission Closing Rate	0.67	
	Average Per Loan Company $	5500	
MLO's			
	Seasoned		11
	New - Marginal		16
Total			27
Submissions			
	Seasoned		69
	New		18
Total			88
Closed Loans			
	Seasoned		46
	New - Marginal		12
Total			58.35
Income			
	Mortgage Production Income		320949
	Servicing Fees		19385
	TOTAL GROSS OPERATING INCOME		**340334**
Expenses			
	Closing Related:		
	TOTAL COST OF SALES		**80783**
	Operating Expenses:		
	TOTAL OPERATING EXPENSE		**171646**
TOTAL OPERATING PROFIT (LOSS)			**87905**