

Towne Mortgage Receives 150% More TBA Bids via Agile Technology

Towne Mortgage Company Joins Agile to Grow within the Lender Community

The Brief:

Towne Mortgage, a full-service lender with nearly 40 years of experience in the mortgage industry, found that their opportunities to trade with regional broker-dealers were becoming increasingly difficult to manage. Relying on over-the-phone TBA trading and manual spreadsheets to conduct and track trades, they knew **they needed a more efficient and transparent way to engage with the broker-dealer community to secure better bids and diversify their trading volume.**

“So many of these common issues were greatly reduced immediately after we started using Agile’s fully automated platform.”

The Approach:

Agile’s RFQ platform and hands-on support team helped Towne Mortgage quickly gain access to a deeper bench of broker-dealers to trade with, **resulting in more competitive trades and simpler trade reconciliation.** Agile’s platform made it easy to process multiple Assignment of Trades (AOTs), saving valuable time and significantly reducing the chance of error.

“You know, in the day-to-day business, it’s a whole lot easier just to execute trades online.”

The Result:

Towne Mortgage now averages ~\$100MM to \$110MM in monthly TBA trading, and 50% of those trades are executed via Agile’s platform. Since accessing Agile’s growing network of broker-dealers, **bidding on Towne Mortgage’s TBAs has increased by as much as 150%.** With Agile’s team providing round-the-clock support, Towne Mortgage can confidently execute more competitive trades and is gradually phasing out the use of manual spreadsheets in their trading process.

Interview with: Phillip Kukafka, Towne Mortgage, Chief Capital Markets Officer

What are your favorite things about Agile?

My favorite piece of the platform is being able to bid with a lot of the regional players who are not on Tradeweb and having a deeper bench to work with. It's great to have that extra competition there. You never know which dealer is actually going to have the best axe for a particular TBA at the time, and it often changes. It's interesting how sometimes the primaries have an axe and obviously, it's very difficult to beat the primaries when they have an axe. Because I'm trading with a whole bunch of folks over on the Agile platform as well, it ensures that I get the best bid that I can.

"All the trades that are executed automatically through Agile are quicker and always correct."

Does Agile make your job easier?

100%. I create a lot of Ginnie Mae pools, and one of the benefits of creating the pools or trading on Agile is that a lot of the regionals are winning the pools. It makes life a lot easier when I'm putting on the trades with the regionals, and I'm selling the pools to the regionals at the same time. From a trading perspective, it's a lot easier to have the trades on with the same broker-dealers that I'm actually executing the pools with.

Have you seen an increase in the number of broker-dealers with whom you transact on Agile?

Definitely. The big thing is that I have a few more broker-dealers approved that are traders on Agile, which has helped. Obviously, there are some broker-dealers that will price better than others, etc. The Agile team has also made it very easy to connect with new broker-dealers which has worked out very well for us.

"From a trading perspective, it's a lot easier to have the trades on with the same broker-dealer that I'm actually executing pools with."

How has trade accuracy improved using Agile?

The big thing with Agile is I'm not entering trades manually. It's quicker and they're always right. Because the trade is executed in Agile, there's no possibility of a "fat finger"- the price is what the price is. And then that same price is being AOT'd out, so you don't have to worry about going back and finding the original trade. As a result, you know what the price in the original trade is because the system does all that for you.



Do you have any experience with AOTs via Agile? If so, how does that compare to doing them outside Agile?

It has helped significantly, as I do a lot of AOTs. Some dealers have better axes and better prices. When I'm rolling positions, I tend to roll it all at once, so I might have ten different \$1MM positions with ten different dealers, but I'll roll a \$10MM trade at once and when you get to the \$10MM and \$20MM size, some of the primaries will bid a little bit better. I can now create ten AOTs via Agile in one shot, whereas previously I needed to use an Excel spreadsheet to do ten different AOTs and make them all. Agile now processes my AOTs immediately, and I'm done. Before Agile, Towne Mortgage was using a fairly elaborate Excel spreadsheet, and there's no question that using Agile is easier and quicker because I don't have to double-enter information.

One of our goals, internally as a company, is to reduce the reliance on Excel spreadsheets. You're always going to have to use Excel spreadsheets to an extent, but Excel spreadsheets are very manual. You'll often see macros getting lost or APIs not working properly. This is one of the main reasons we wanted to move over to the Agile platform, so we could eliminate the need to process trades manually or rely on macros to get AOTs out. So many of these common issues were greatly reduced immediately after we started using Agile's fully automated platform.

“My favorite piece is being able to bid with a lot of the regional broker-dealers who are not on Tradeweb and just having a deeper bench, because it's just great to have that extra competition.”

What has your experience been like working with the Agile team?

The Agile team has been great. It can be easy to get stressed when you're putting in a trade, but anytime I'm worried or thought I may have done something wrong I can call the team directly and they immediately show me how to fix things, how to back out trades, and how to correct them. Every once in a while, I don't get it 100% right, and each time the Agile team has been great at calling me back. Usually within ten minutes. They will literally answer my email right away and will send out a meeting invite so they can fix it quickly.

Most recently, I did an AOT and the initial trade was for \$5MM. I didn't put in the correct amount as the trade was only supposed to be for \$1MM. So, I ended up doing an AOT for \$5MM, and before I realized that, I paired it off as well, I did two transactions at the same time. When trying to fix this I accidentally deleted the entire trade. The Agile team quickly got on the phone with me and showed me the simple fix. Instead of spinning my wheels trying to find the solution. From the time that they were made aware of the issue, they got it fixed within five minutes.

Do you recommend Agile to other institutions or companies?

Oh, absolutely. It's definitely been a differentiator for us because previously I would have four people bidding on my TBAs at one time. Now I have up to eight broker-dealers bidding at once. It's huge because it gives me the opportunity to allocate business to the regional broker-dealers, without compromising my execution. We do a lot of our securitization business with the regional broker-dealers because we're just not large enough to get serious looks by the primaries. The group of broker-dealers that Agile has assembled is exactly who we want, and *need*, to do business with, but historically calling them up has just not been a viable option in today's tech-savvy world. In a Post-Covid world where everyone is working from home, the only way I can get bids from the most dealers at one time is through technology, and Agile allows me to do that.



Phillip Kukafka, Towne Mortgage
Chief Capital Markets Officer

Phillip is a seasoned, hands-on Secondary Marketing and Finance Professional (CPA), with over 25 years of experience working in multiple aspects of Mortgage Banking, Securities, and Finance.

