

Real Matters – Second Quarter 2021 Conference Call

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CORPORATE PARTICIPANTS

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Brian Lang, *President and Chief Executive Officer*

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CONFERENCE CALL PARTICIPANTS

Thanos Moschopoulos, *BMO Capital Markets*

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Daniel Chan, *TD Securities*

Martin Toner, *ATB Capital Markets*

Richard Tse, *National Bank Financial*

Steven Li, *Raymond James*

PRESENTATION

Operator:

Good day and thank you for standing by. Welcome to the Real Matters Second Quarter 2021 Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded. [Operator Instructions]

I would now like to hand the conference over to your speaker today, Ms. Lyne Beauregard, Vice President of Investor Relations. Thank you. Please go ahead.

Lyne Beauregard:

Thank you, operator, and good morning, everyone. Welcome to Real Matters financial results conference call for the second quarter ended March 31, 2021. With me today are Real Matters' Chief Executive Officer, Brian Lang; and Chief Financial Officer, Bill Herman.

This morning, before market opened, we issued a news release announcing our results for the three and six months ended March 31, 2021. The release, accompanying slide presentation as well as the financial statements and MD&A are posted in the Investors section of our website at realmatters.com. During the call, we may make certain forward-looking statements, which reflect the current expectations of management with respect to our business in the industry in which we operate. However, there are a number of risks, uncertainties, and other factors that could cause our results to differ materially from our expectations.

Please see the slide entitled Cautionary Note regarding forward-looking information in the accompanying slide presentation for more detail. You could also find additional information about these risks in the Risk Factors section of the company's annual information form for the year ended September 30, 2020, which is available on SEDAR and in the Investor Relations section of our website.

As a reminder, we refer to non-GAAP measures in our slide presentation, including net revenue, net revenue margins, adjusted EBITDA and adjusted EBITDA margins. Non-GAAP measures are described in our MD&A for the three and six months ended March 31, 2021, where you will also find reconciliation to the nearest IFRS measures.

With that, I'll now turn the call over to Brian. Brian?

Brian Lang:

Thank you, Lyne, and good morning everyone. And thank you for joining us on the call. I will kick things off today by discussing some of the highlights of our second quarter. Bill will then take a deeper dive into our segment financials. And I'll wrap up the call with some brief remarks prior to taking questions.

We are very pleased with how the business performed in the second quarter. We delivered strong financial results. And I'm also delighted to report that we went live with our first Tier 1 lender in U.S. title, marking the achievement of a significant milestone in the execution of our long-term growth strategy. We've crossed that chasm into the largest market segment in title with the launch of this client and we are now live in title with one of the largest banks by asset size in the U.S. I want to take this opportunity to thank the team for their hard work in getting us here.

As you know, it's been a multi-year journey to get to this point. The Tier 1 lenders represent a focal point of our long-term strategy given their size and strength. Continuing to grow our title client base and market share within this segment will be key to achieving our fiscal 2025 objectives.

Turning to slide 3, consolidated net revenue increased 29.8% year-over-year to \$46.7 million and adjusted EBITDA was up 30.2% to \$19 million driven by very strong growth in our U.S. title segment. In the second quarter, the 10-year treasury yield rose roughly 80 basis points, while 30-year fixed mortgage rates climbed approximately 50 basis points as spreads tightened. Despite this move in interest rates, we continue to see a robust mortgage origination market in the second quarter and both of our business segments in the U.S. outperformed the market as a result of year-over-year market share gains and new client additions.

U.S. appraisal segment revenues increased 7% year-over-year to \$76.3 million driven by higher market volumes, market share gains and new client additions, which together drove higher origination revenues. The increase in origination revenues was offset in part by a 34.3% decline in other revenues which represent home equity and default transactions.

Origination-only revenues were up 12% year-over-year compared with an estimated 10.7% increase in the addressable market, which takes into account the impact of Veteran Affairs volumes as well as waivers. In the quarter, we launched two new lenders in U.S. appraisal. We also continue to rank at the top of our lender scorecards, which drove market share gains in the main origination channel year-over-year. Operational excellence continues to be our principal focus as we drive toward achieving our fiscal 2025 objectives of doubling our U.S. appraisal purchase and refinance market share at the midpoint of the range.

In our U.S. title segment, second quarter revenues rose 30% year-over-year. Growth in our centralized title operations continued to outpace the market with revenues increasing 78.4% compared to an estimated 71% increase in refinance market volumes. The significant increase in centralized title revenues was partially offset by a \$5.1 million decline in diversified title revenues and a \$1.7 million decline in other title revenues, which represent home equity and real estate owned transactions.

As we've noted in previous quarters, we've been focusing our workforce and attention in our centralized title operations due to its significant growth and have reallocated a portion of our diversified employee base to service this growth. As we outlined in our Investor Day last fall, we intend to more than triple our U.S. title refinance market share to 6% to 8% by the end of fiscal 2025 from 2% today. In line with our strategy in the second quarter, we went live with our first Tier 1 lender in U.S. title and launched three other new lenders. Our sales pipeline continues to be strong and we remain confident in our ability to launch new clients in title. In our Canadian segment, second quarter revenues were up 65.6% year-over-year and adjusted EBITDA increased to \$1.3 million from \$0.8 million in the second quarter of fiscal 2020.

Higher appraisal volumes from increasing market share with certain Canadian clients, a stronger mortgage origination market in Canada and foreign exchange were partially offset by modestly lower revenues from insurance inspection services due to COVID-19.

With that, I'll hand it over to Bill. Bill?

Bill Herman:

Thank you, Brian, and good morning, everyone. Turning to slides 4 and 5 for a closer look at our financial results. Consolidated revenues were up 17.5% in the second quarter of fiscal 2021 compared to the same quarter last year due to significant revenue growth in our U.S. title segment and continued growth in Canadian and U.S. appraisal segment revenues. In our U.S. appraisal segment, we serviced higher origination volumes from higher market volumes, market share gains and new client additions.

Conversely, revenues related to home equity and default volumes declined year-over-year. Transaction costs in our U.S. appraisal segment increased 10.7% year-over-year compared to the 7% increase in revenues for the same period. As a result, net revenue was down 4.4% to \$16.6 million and net revenue margins declined 260 basis points to 21.8% from the 24.4% we posted in the same period last year, due in part to the mix of mortgage origination volume serviced and appraiser onboarding to service higher volumes, which was partially offset by servicing fewer low margin home equity volumes.

Operating expenses in our U.S. appraisal segment increased 5.3% to \$7.4 million, up from \$7 million in the second quarter of fiscal 2020 due to higher payroll and related costs from higher origination volumes serviced. As a result, adjusted EBITDA declined to \$9.2 million from the \$10.4 million in the second quarter of fiscal 2020. Adjusted EBITDA margins in our U.S. appraisal segment decreased to 55.5% in the second quarter of fiscal 2021 from the 59.5% we posted in the same quarter last year.

Turning to our U.S. title segment, second quarter revenues were up 30% year-over-year as the 78.4% increase in centralized title revenues was partially offset by a 71.7% and 56.8% decline in diversified and other revenues respectively. As we mentioned on prior calls, the reduction in diversified title revenues is part of our planned reallocation of resources to support the growth of our centralized title operations. Transaction costs decreased 13.3% and net revenue margins expanded to 70.6% up from the 55.9% we posted in the second quarter of fiscal 2020. The expansion in net revenue margins was due to the flow of volumes in the second quarter, which saw us close more transactions relative to the new orders we received. As Brian mentioned earlier, we had launched our first Tier 1 lender in U.S. title during the second quarter. However, given that the client launched late in March, this launch had no impact on our second quarter revenues and very little impact on transaction costs in the quarter.

Operating expenses in our U.S. title segment increased \$5.1 million to \$15.3 million in the second quarter of fiscal 2021. The year-over-year increase in operating expenses is due to the capacity you've seen us building for several quarters now to service higher volumes and to support a Tier 1 client launch. Operating expenses in the second quarter are consistent with the expense and investments we reported in our first quarter this year. We are confident in our current level of investment to support our existing customer base.

Adjusted EBITDA increased to \$13 million in the second quarter of fiscal 2021, up from the \$7.1 million we posted in the same quarter last year and adjusted EBITDA margins increased 480 basis points to 46.1% as a result of higher net revenues and net revenue margins, partially offset by our ongoing investment to build capacity for growth in our U.S. title business. We remain confident in our ability to achieve adjusted EBITDA margins of 50% to 55% by the end of fiscal 2025.

In Canada, revenues increased 65.6% on a year-over-year basis to \$12.4 million, while net revenue margins contracted by 360 basis points due to reduction in insurance inspection services as a result of COVID-19 and the mix of mortgage origination volumes serviced.

Canadian segment operating expenses were \$0.5 million in second quarter, down 7% from the second quarter of fiscal 2020 and adjusted EBITDA margins increased to 70.6% from 58.3% in the same quarter last year, as we leveraged our appraisal operations in a higher overall volume environment and incurred modestly lower travel and entertainment expense due to COVID-19.

In total, second quarter consolidated net revenue increased 29.8% to \$46.7 million, up from the \$35.9 million reported in the second quarter of fiscal 2020. And consolidated net revenue margins increased to 36.2% in the second quarter of fiscal 2021, up from the 32.8% in the second quarter of fiscal 2020 due in large part to the contributions made by our U.S. title business.

As a result of our solid operating performance, consolidated adjusted EBITDA was \$19 million in the second quarter of fiscal 2021, up from the \$14.6 million in the same quarter last year. And consolidated adjusted EBITDA margins increased modestly to 40.7% in the second quarter of fiscal 2021 versus the 40.6% we posted in the second quarter of fiscal 2020 due to higher revenues and net revenue margins in our U.S. title segment, which was partially offset by capacity investments we made in both our U.S. title and U.S. appraisal segments to service higher volumes and to support the launch of our first Tier 1 client in title. These investments were partially offset by lower travel and entertainment expense as a result of COVID-19.

Turning to the balance sheet, we ended the quarter with cash and cash equivalents of \$129.2 million, which was on par with our cash balance at September 30, 2020. Cash from operations of \$18.3 million was partially offset by share purchases under our NCIB totaling \$8 million in the quarter. In the first two quarters of fiscal 2021, we've spent nearly \$27 million on share purchases under our NCIB, which is higher than the \$17 million and \$20.2 million we spent in fiscal 2020 and fiscal 2019, respectively. In the quarter, we purchased approximately 594,000 shares at a cost of \$8 million. Post quarter-end, we purchased roughly 250,000 additional shares under our NCIB.

With that, I'll turn it back to – back over to Brian. Brian?

Brian Lang:

Thanks, Bill. So, in summary, we posted excellent financial results in the second quarter and we achieved a major strategic milestone for the company with the launch of our first Tier 1 lender in title. With U.S. mortgage rates hovering around 3%, we continue to believe that these conditions are supportive to mortgage market dynamics.

That said, we continue to take a long-term view on the business. Since the company's founding in 2004, we've seen our way through multiple peaks and troughs in the mortgage market. Our commitment to driving operational excellence and driving market share has been the underpinning of our success and we continue to manage our business through that lens because we believe that the true value of our business will be realized by building a business that can weather the peaks and valleys and thrive over the long-term. Market share remains the most important metric and growth driver of our business. It's how we measure our success internally, it's how our clients reward us for a job well done, and ultimately, what will drive our financial performance outside of how the U.S. market -- mortgage market performs.

Ultimately, our plan is to double our U.S. appraisal market share and triple our U.S. title market share by the end of fiscal 2025, and we remain confident in our ability to achieve those objectives.

With that operator, we'd like to open it up for questions now.

Operator:

[Operator Instructions] And your first question is from the line of Thanos Moschopoulos from BMO Capital Markets.

Thanos Moschopoulos:

Hi, good morning. So, we've obviously seen the deceleration in refi activity, or at least accusations comparative to the data in recent weeks, so maybe if you can expand in terms of how that's impacting the business? And then, in terms of how your customers are responding, I guess what I find confusing is that even with rates where they are, there still seems to be a very large population of potentially reliable mortgages. So, I guess, what's your take on why we've seen a slowdown and how might the lenders be able to mitigate that?

Brian Lang:

Thanks, Thanos. Yeah. It's still an incredibly strong market. I mean recent Goldman's report suggests that 50% -- over half of mortgages in the U.S. right now are in the money for refinance. So, we think there's still a tremendous amount of opportunity out there in the refinance space as well as you know, we've got the purchase, spring market starting to take hold and from analysts' reports that we've seen it looks like that's going to be a very positive impact on Q3 and Q4. So I think there's lots there. We also think that that there's an opportunity that's coming in the spring-summer where we think the -- some of the key lenders will start pushing the marketing and reaching out to more customers. So we think there's still a very robust pipeline of opportunity in the space with rates sitting as they are right now, hovering around 3%.

Thanos Moschopoulos:

Okay. I appreciate that you can't disclose who the Tier 1 is, but is there anything you can say maybe in terms of what their overall market share looks like just to kind of frame it?

Brian Lang:

Well, I think what we said was that this was a bank that has sort of -- one of the largest banks by assets size in the U.S., so that I think hopefully lets you know that it's one of the very top banks in the mortgage base.

Thanos Moschopoulos:

In terms of the pace to ramp, I mean, I realize it's kind of early days, but I mean, how might this look relative to your experience with some of your appraisal ramps? I mean, we've obviously seen that over a couple of years you've been able to get to north of 20%, north of 30% I think you went with some of your Tier 1s, what would be the dynamic here or is it really too early to say at this point?

Brian Lang:

Well, yeah, it's been a month, again very enthusiastic month for us. So we are definitely seeing the volume come on and working against the KPIs to make sure we're performing. And longer term I think what we talk about, Thanos, is in the first year our goal is to get to 5% to 10% market share. So that's our goal here and so we'll keep working on this Tier 1 and of course continue conversations with the other Tier 1s, so that we can look to continue to keep that sales pipeline moving through. And we think with the launch of this first one we think that definitely provides some reinforcement.

Thanos Moschopoulos:

Great. And just last one from me. Any change in terms of the waiver dynamic relative to last quarter?

Brian Lang:

No. So, yeah, the waivers are pretty well capped out where we suggested they were. There's actually been a slight decline in the refi, waivers 47% to 44%. But generally, it's as we've predicted and as we were – we'd planned for Thanos.

Thanos Moschopoulos:

Great. All right. I'll pass the line.

Brian Lang:

Thanks. Appreciate the questions.

Lyne Beauregard:

Operator, if you could please take our next question.

Operator:

And your next question is from the line of Robert Young with Canaccord Genuity.

Robert Young:

Hi. Good morning. Maybe just continuing on the Tier 1 title win discussion; now that that's public, how do you expect that that news will impact the pipeline of other business and amongst other Tier 1s, the Tier 2s just the broader opportunity for you in the title business?

Brian Lang:

Thanks, Rob. Appreciate the question. Yeah. So I think this helps really reinforce the sales conversations that we're having. So, we let folks know last quarter that we are in sales conversations with majority of the Tier 1s. And so I

think us now being able to announce that we have a Tier 1 going, I think that only supports and reinforces those conversations, and it also, of course, helps our conversations as we look further down to the sort of big Tier 2s. So we think it's a real plus, real positive, Rob. And it's definitely continuing to move those conversations going that are in the sales pipeline.

Robert Young:

Okay. And then the title business has a lag – a 45-day lag you've said, so the economics for this Tier 1 won't show up until, I guess, the current quarter. I think you said it started a month ago. So was that a month before the quarter-end or a month ago as of today's date?

Brian Lang:

So it ended right at the end of Q1, so a little bit more than a month from now ago. So it's sort of right at the end of March. So that will kick in. And to your point Rob, that's where we'll see with that 45 delay, we'll start seeing revenue hit halfway through the quarter this quarter.

Robert Young:

And the capacity increase for that, that would have fallen largely in the Q2 or where should we expect that to ramp up?

Brian Lang:

So I think capacity, by that you mean, OpEx for managing that?

Robert Young:

Well, both OpEx, but also the -- I guess, the net revenue margin you have to expand the -- I guess the network.

Brian Lang:

Yeah. No. So continue to invest. So I think we've done a very good job, I think in getting our capacity up both capacity for us and capacity on the network over the past quarter as we continue to ramp out of Q1. So we think we'll hold steady there Rob. We think we've made the right investments to prepare ourselves to make sure we're doing what we need to do around the Tier 1s, as well as, of course, the rest of the customer base, so that we feel is in good shape. And on the net revenue side, that has more to do with mix, as you know, and what we call the timing piece Rob on the flow. So we had an incredible, as you know, net revenue and EBITDA round title in Q2. And so that will be slightly different in Q3. But it'll continue to be very strong and above or within our targets, our long-term five-year targets of 60% to 65% around that revenue margin.

Robert Young:

Okay. And then in the appraisal business, you're still taking share and growing that business despite the wavering. And so as you look forward over the next year, I think you said it's playing out relatively as you'd expected. Just as you look at them, the risk that the GSEs are taking on with this higher level of wavering. Is there any insight you can

give given your industry involvement around the appetite for this wavering in the industry? Maybe any color around that would be helpful. And then I'll pass the line.

Brian Lang:

Okay. Yeah. So I think you started with the market share piece, so aligned with you there. We think the market share continues to grow and is very healthy so positive growth above the market this past quarter. And we continue to expect that going forward. And around waivers I guess, in the future we continue to think that that will slowly track down over time. The change that's coming in now is the mix. So we're definitely going to see a higher proportion of purchase volume coming in. Some of the big Tier 1s have opened back up into cash out refi. So that mix will definitely evolve this quarter and the next. And so we just assume that that will slowly take that overall waiver rate down, Rob.

Robert Young:

Okay. Thanks.

Operator:

And your next question is from the line of Daniel Chan with TD Securities.

Daniel Chan:

Oh, yeah. Thanks for taking my question.

Brian Lang:

Sure, Dan. Good morning. Did we lose him?

Operator:

Caller, your line is open. Caller your line is open.

Brian Lang:

We may have lost him.

Operator:

Mr. Chan, your line is open, sir.

Lyne Beauregard:

Okay. Maybe we just move on to the...

Brian Lang:

We may have lost him. So – yeah, probably just move on to the next one.

Lyne Beauregard:

Yeah. We may just move on to the next question, please.

Operator:

Okay. You want to move on, sir. Okay. And your next question is from the line of Martin Toner with ATB Securities, Capital Markets.

Martin Toner:

Good morning, guys. Thanks very much for taking the call. At the risk of being repetitive here, I wanted to ask about the Tier 1 volumes. Can you talk about the rate at which volumes have been ramping up over the quarter? I believe in appraisal things started -- at first Tier 1 started with a trickle and built from there, did the Tier 1 in title start at a higher level and just, what can you tell us about the rate at which volumes are ramping?

Brian Lang:

Sure. So, Martin, it has been, I think we're on week five now. So, it's still a little bit early to make a long-term prediction off of the first five weeks, but our expectations continue to be as we laid out and as we've experienced on the Appraisal side that the first year we're still targeting 5% to 10% market share with our Tier 1. I think we're doing a great job, the team is doing a great job. I think we're seeing already and as I say in the first five weeks the way in which we're processing the operational execution I think is very sound. So that's I think the way we're looking at it right now, we will continue to perform and we assume that we'll continue to grow that share in our first year.

Martin Toner:

Super. How long does it take to demonstrate performance with any one lender?

Brian Lang:

Well, I mean, there's, of course, nuance between the lenders, but in the first few months, you definitely, Martin, start seeing how you are performing, some of the lenders do scorecards monthly, sometimes they do them quarterly. But I mean, we -- of course, are keeping a very close eye on performance day-in, day-out with new partners that we bring on, especially at Tier 1. So, we're monitoring it of course day-by-day, they are monitoring probably more on a monthly basis. So, it takes a few months to get to sort of get on the same page, make sure we're delivering against the expectations.

Martin Toner:

Great. And when COVID started and rates plummeted, we saw lenders trying to slow down the rate at which people refinanced, there was a large spread between the 30-year in bond rates, do you see that reversing as rates have sort of popped up here?

Brian Lang:

Well, we're definitely seeing the spread come down Martin for sure from where it was before and the banks have, of course, been building up capacity. So, there's still room for -- we think anyway, there's still fairly decent room within the spread, but definitely, the spread has moved itself down. And as I stated a little earlier, we think the competition will start ramping up now that net with a little bit of rate impact, we think that's when the lenders start ramping up their competitiveness. So, we assume there'll be some more marketing activity that we see coming out over this quarter or next.

Martin Toner:

Is there any price pressure anywhere in your business?

Brian Lang:

No, I mean, there's no material price pressure. It's a pretty complex state-by-state. And so the big lenders, especially they want to keep things very consistent, Martin, across the different vendors that they provide their services. So no, there's very little fee discussions or fee, material fee changes.

Martin Toner:

Awesome. And last question, does home equity ever come back? Price appreciation in residential real estate in the US has been quite high and people are bombarded with advertisements regarding what they can -- where they can invest their money.

Brian Lang:

Yeah. So listen, I mean, it's -- there are natural cycles to do these sorts of things. So yes, of course, home equity at some point people will look at potentially taking more equity. We know that folks have been fairly fortunate from a government support standpoint. So therefore, we've seen home equity go down quite a bit. But we're even seeing right now Martin some of the big players who actually put cash out on hold have open cash outs refinance back up. So they're now seeing that there is that opportunity to provide more equity to folks that want to take some money out of their home.

Martin Toner:

Great. Thanks for that. And I have no other questions.

Brian Lang:

Okay. Thanks, Martin. Appreciate it.

Operator:

[Operator Instructions] And your next question is from the line of Richard Tse with National Bank Financial.

Richard Tse:

Yes. Thank you. I guess, last time we chatted I guess, we talked about the biggest concern around scaling on the title side was this notion of load balancing. And you've obviously made some investments to sort of fortify any risk from that standpoint. So, kind of in the very early days, are you're feeling pretty well-positioned given what you've seen so far?

Brian Lang:

Yeah. I mean, thanks. That's a really good question, Richard. So, we have I think we've made the investments, so you can see that we've made fairly significant investments in the title business in order and in preparation for exactly where we are now. So, we think we've made the right investments. And as we talk about looking forward, we think we've got what we need right now to get the Tier 1 up in the position we need I think from a performance standpoint. As well as move along, we announced last quarter a fairly significant Tier 2 that we'd launched. So, and then the rest of the customers that we have keep building market share. So, we're feeling really good. We think we've built up and put that capacity in place that we need for at least the next few quarters.

Richard Tse:

Okay. That's helpful. And I guess on the same question and given that sort of investment in the infrastructure is in place now and then it's probably set up to support more Tier 1s. Should we kind of see a progression in terms of offering margin and EBITDA margin expansion as we kind of look ahead over the next 12 to 24 months?

Brian Lang:

Well, in title, listen, we continue to stay focused on our five-year target. So, Richard, as you probably know, that means 60% to 65% on that revenue and 50% to 55% on EBITDA. Now, we are doing. There's still a lot of work on the Tier 1s. So, we'll stay focused on the long-term goal. We may fall slightly short of that, especially around EBITDA in the short-term, simply because of the extra work that the team needs to put in as we sort of buildup that volume with some of these Tier 1 and Tier 2 – big Tier 1 or Tier 2 players. But longer term the plan is to continue to stay focused on that 50% to 55% on EBITDA.

Richard Tse:

Okay. And just the last one for me. And I apologize if you've touched on that, I joined the call a little bit late. On the data initiatives here and the fact that you're very active, obviously, on the Tier 1s in the title side, is it sort of in conflict with kind of pursuing these data initiatives or have you kind of come across the right opportunity that you've got the capacity to do both?

Brian Lang:

Yeah. I mean, I think we do, Richard. We have the capacity. But to your point, right now we are incredibly focused on this Tier 1 win and continuing to make sure we're moving that sales pipeline forward in the title space. Appraisal, of course, we will continue to keep focused on but as you can see it's really pounding away, the machine is very well oiled on appraisal. So the definite short term focus is title, making sure we continue down this Tier 1 journey that we've laid out for folks. We continue to take a look at the data opportunity. But to your point, title is definitely taking up the lion's share of management's time right now.

Richard Tse:

Okay. Great. Congrats on that Tier 1 win.

Brian Lang:

Richard, thank you. And really appreciate it.

Lyne Beauregard:

Operator, please, can we have the next question.

Operator:

Your next question is from the line of Steven Li with Raymond James.

Steven Li:

Thank you. Hey, Brian. On the – so I'm going to keep you on title and Tier 1. So your goal to grow your market share, how many Tier 1s do you need?

Brian Lang:

So I'm actually going to turn that question Steven over to Bill, because he'll tell us exactly what was modeled when we went through our five-year outlook at Investor Day. Bill?

Bill Herman:

Thanks, Brian, and great question Steve. And I think we when we were thinking long term, I'm sure that we've certainly got some sort of four or five of the big Tier 1s in our plan through to 2025, all at varying levels of market share as you would expect as we've seen in our appraisal business when they launch you've got that sort of natural progression of market share growing over periods of time. So not unlike our appraisal business, we expect and model the title business similarly in that – be at different stages of ramp with us as a trusted partner in title. So hopefully that answers your question.

Steven Li:

Okay. That's helpful. And Brian your referenced big Tier 2s. Did you call them big Tier 2s because they can have volume comparable to Tier 1s?

Brian Lang:

Yeah, the lower end of Tier 1s, Steven. So some of the big players out there in the Tier 2 space, some of them being non-lenders. Those folks do have significant volumes.

Steven Li:

Okay. And how many of those are there, like the big Tier 2s?

Brian Lang:

When we talk about Tier 2s, we're sort of talking about the top 25 banks. So if you take the big 6 out, then I guess, you're sort of talking about 19, 20 other Tier 2 banks.

Steven Li:

Right. And so how many of those would you consider big Tier 2s?

Brian Lang:

The top half -- top half, pretty big.

Steven Li:

Top half?

Brian Lang:

Yeah.

Steven Li:

Okay. All right. Thank you.

Brian Lang:

No problem.

Operator:

There are no further questions at this time. That concludes today's call. Thank you for joining. You may now disconnect.

Brian Lang:

Thank you.

Lyne Beauregard:

Thank you.