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Combo of strong recruiting, low rates and M&A are supercharging growth for Supreme Lending

By Bill Hethcock – Senior Reporter, Dallas Business Journal
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Supreme Lending finished third in the Dallas Business Journal's Middle Market 50 awards, which ranks the 50 fastest-growing middle-market companies in North Texas with annual revenue between $10 million and $1 billion.

Loan volume for Supreme Lending doubled last year, and despite an overall projected decline in the mortgage market this year, the firm is forecasting volume to rise another 20% or more, said Scott Everett, founder and president of the Dallas-based firm.

A combination of organic growth, strong recruiting, low-interest rates and M&A are supercharging growth for Supreme Lending, which employs more than 2,300 people.

"We have very low attrition, and it's one of the reasons we stay able to grow because I think turnover is one of the most costly things that not a lot of people look at. We do," Everett said.

Everett drills down on Supreme Lending's growth drivers, and more, in the interview that follows:

How much have you grown over the last three years?

In 2017, '18 and '19, we funded about $8 billion in mortgages. In '20 we funded about $16 billion. So we doubled.

What are your projections for the year ahead and for the next three years?

In 2021, the market's going to be down about 25%. We think we'll be up about 25% or 20%. We'll do about $19 billion this year (loan volume). For 2022, it's a hard crystal ball to see into, even assuming consumer (interest) rates stay somewhat quasi. We're stereotypically about an 80% purchase-driven company, which is quite different than many of our counterparts that are 80% refinance. So as the market moves to a more purchase-centered world, we're going to actually do better. I would think in 2022 we do $23 billion, I would think in 2023 we do $28 billion, and I would think in 2024 we do $35 billion. So we'll double again in the next three-and-a-half years.

What's driving your growth in terms of interest rates, organic, M&A?

We have a bifurcated strategy with that. First and foremost, we've implemented a lot of technology in our corporate office, which allows us to grow faster and take people on faster. Secondly, we hired a massive recruiting team of about 50 full-time recruiters that work for us. And third, we have an M&A team led by one of our lawyers. We've done a few of those this year, too. We like to think about the mitigation of risk. If you cross-pollinate in three different channels, you attract more bees with a lot of different kinds of honey.

Are you adding loan officers now, and how is that contributing to your growth?

Our strategy there is, we have great branch managers — about 350 of them around the country — and what we mainly try to do is backfill for them in their particular branches. We realize that once you have a great leader, we can help them grow, and loan officers enjoy going into a great environment. We try to match personalities with managers for each of our locations.

So, to summarize your growth drivers…?

It's our recruiting department. We have good recruiters. It's M&A. And even on our recruiting piece, it's backfilling our existing managers and store-over-store growth.

What's the state of the lending environment and how is it changing, especially in Dallas-Fort Worth?

Texas as a whole is the sort of lending mecca of the mortgage world. If you look at the MBA statistics, they'll tell you we're some 5 to 6 million homes light this year, meaning we're short of supply by 5 to 6 million. I think as you see California continuing to move here, what you'll see over time is we'll just keep expanding what DFW looks like. Fortunately for us, we have a ton of land. … I anticipate the growth to stay on a quite rapid 5% to 10% trajectory almost for the next 10 years here, and lending will follow suit with that.

That's an encouraging trajectory you're anticipating. What bolsters your optimism on that front?

We have land. We're centrally located. We have great tax incentives. We have great administration from the governor all the way down to locally here in Dallas. And it's a desirable place in location. Each coast is very easy to get to via flight. And there are no area limitations. We can just keep expanding.

How big of a factor is that (ability to expand)?

If you think about it, no place else in the U.S. really has that. Florida has limitations on land. The Northeast has limitations on land. Chicago is tight on land, California is falling into the ocean. Dallas, Austin, Houston are just perfect markets. And stable.

Without naming specific companies, what acquisitions, and where, do you anticipate in the year or two ahead?

We're not particularly geographically centric. We're more concentrated on great people. I know that may sound cliche, but I think you build the longevity of a great and stable company through that. We've been fortunate. We've grown a lot in California, we've grown in Denver, we've grown in Atlanta, we've grown in Florida. Most recently, our last acquisition we did was up in Maryland, which was terrific for us. And we have a few more in the Pacific Northwest and the Northeast as well in the upcoming months.

This interview has been edited for clarity and brevity.