

**RE/MAX**



## **Motto Mortgage Supplementary Materials**

October 25, 2016

# Forward Looking Statements and Non-GAAP Information



This presentation includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “believe,” “intend,” “expect,” “estimate,” “plan,” “outlook,” “project” and other similar words and expressions that predict or indicate future events or trends that are not statements of historical matters. These forward-looking statements include statements regarding the Company’s outlook for the third quarter and fourth quarter 2016, including expectations regarding the impact from the launch of Motto Mortgage on its financial results. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Such risks and uncertainties include, without limitation, (1) changes in business and economic activity in general, (2) changes in the real estate market, including changes due to interest rates and availability of financing, (3) the Company’s ability to attract and retain quality franchisees, (4) the Company’s franchisees’ ability to recruit and retain agents and mortgage loan originators, (5) changes in laws and regulations that may affect the Company’s business or the real estate market, (6) failure to maintain, protect and enhance the RE/MAX and Motto Mortgage brands, (7) fluctuations in foreign currency exchange rates, as well as those risks and uncertainties described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” in the most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) and similar disclosures in subsequent periodic and current reports filed with the SEC, which are available on the investor relations page of the Company’s website at [www.remax.com](http://www.remax.com) and on the SEC website at [www.sec.gov](http://www.sec.gov). Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Except as required by law, the Company does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

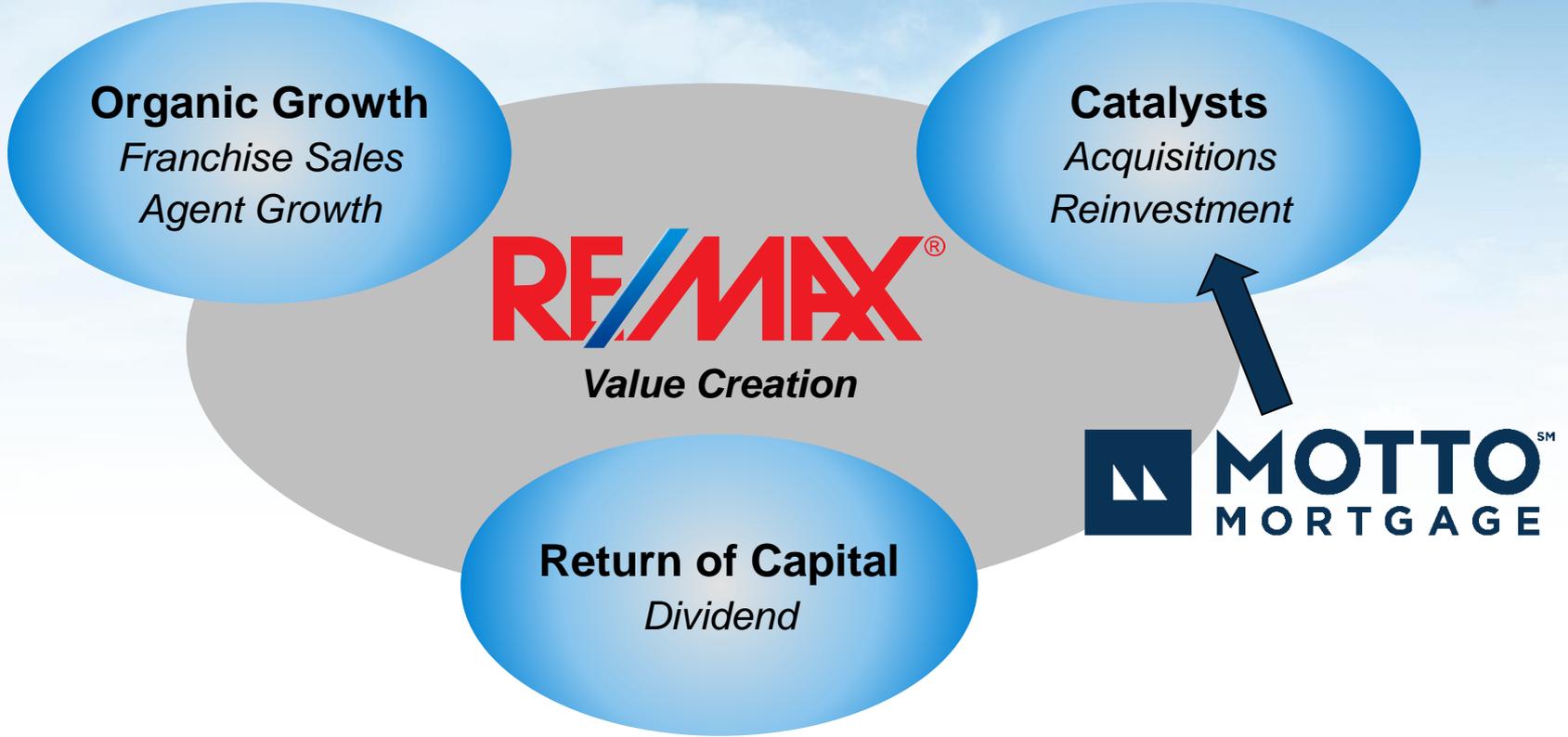
# RE/MAX Launches Motto Mortgage on October 25, 2016



- **RE/MAX extends its core competencies of franchising and real estate to the mortgage brokerage industry**
- **Motto Mortgage gives consumers more choice and flexibility when obtaining a mortgage**
- **Homebuyers will be able to work with professional real estate agents and independent Motto Mortgage loan originators in offices at one location**
- **Complements RE/MAX's franchise model and adds new channel for long-term growth**



# Motto Mortgage is an Investment in our Business for Future Growth



*Stable Business Model Generates  
Strong Cash Flow to Drive Shareholder Value*



## Attractive Franchise Model

- **Consistent with RE/MAX strategy – sell franchises, recruit and retain the best real estate professionals**
- **Provides another channel for long-term organic growth**
- **Within our core competencies of franchising and real estate**
- **Recurring fee model; not based on transaction volume**
- **Provides brokers with differentiated value proposition**
- **Low fixed-cost structure**
- **100% franchised business**

# The Mortgage Industry is a Large and Attractive Market



## Total Mortgage Originations

\$'s in Billions



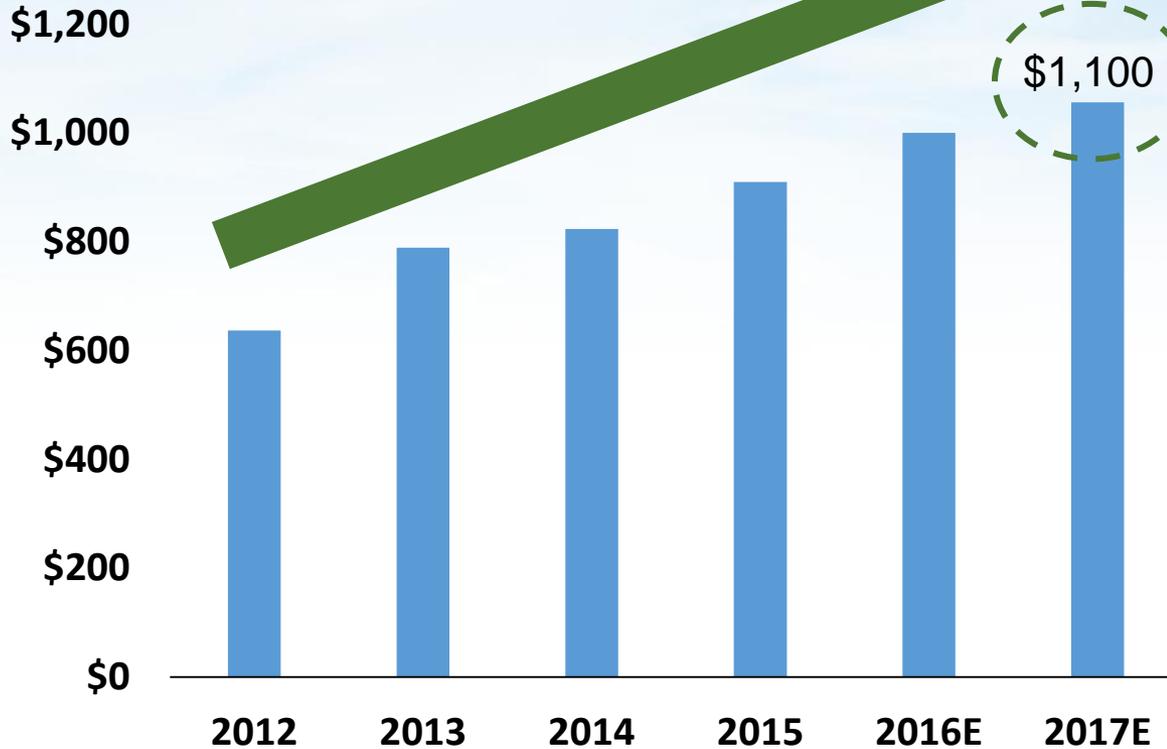
Mortgage industry is expected to be a \$2 Trillion market in 2016

# Motto Mortgage Will Focus on the Growth Engine within the Mortgage Industry: Purchase Originations



## Total Purchase Originations

\$'s in Billions

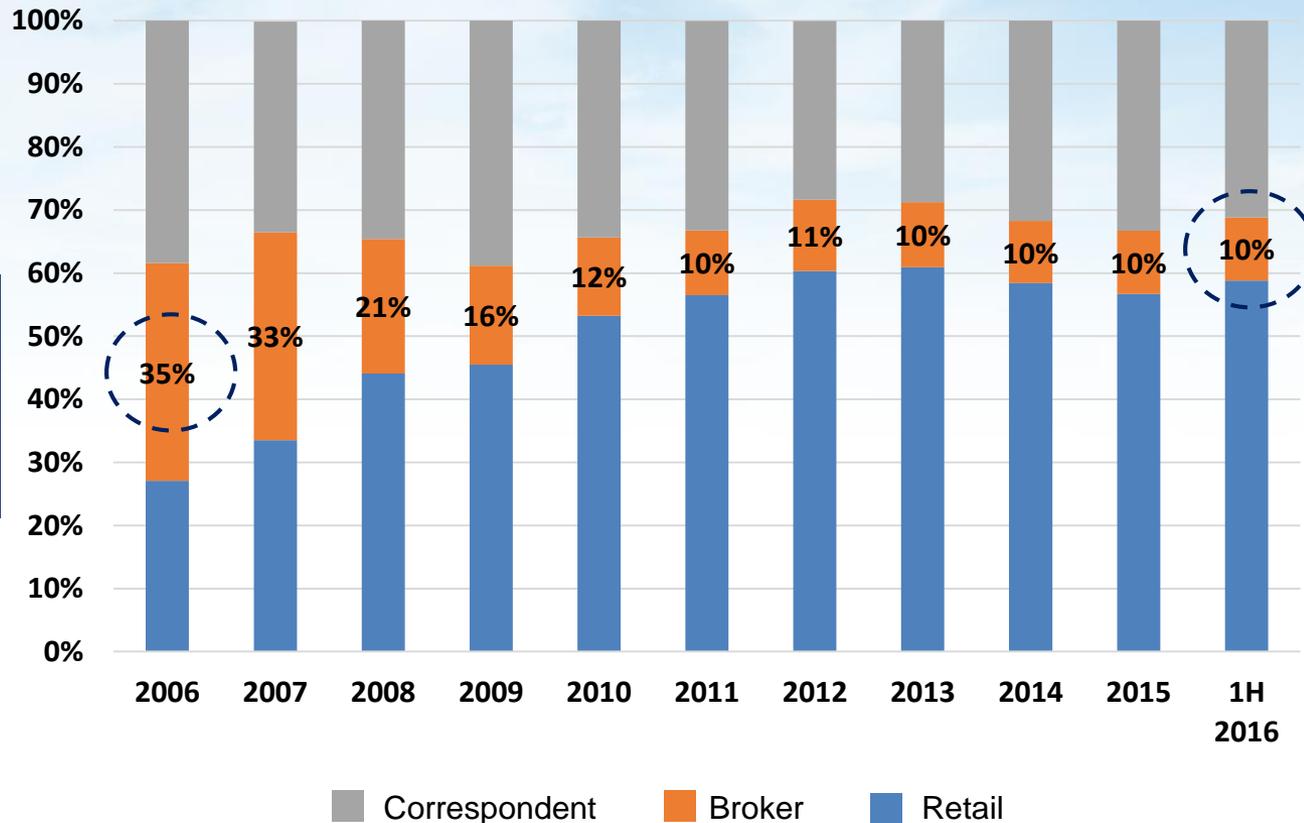


- Purchase Originations have been growing steadily since the Great Recession
- Expected to top \$1 Trillion in 2017 producing a sizable target market

# Broker Share of Mortgage Originations Has Shrunk, but There is Opportunity to Take Back Market Share



## Mortgage Originations by Production Channel



Broker share was 35% before the Great Recession

Broker share has plateaued at 10%, leaving potential upside

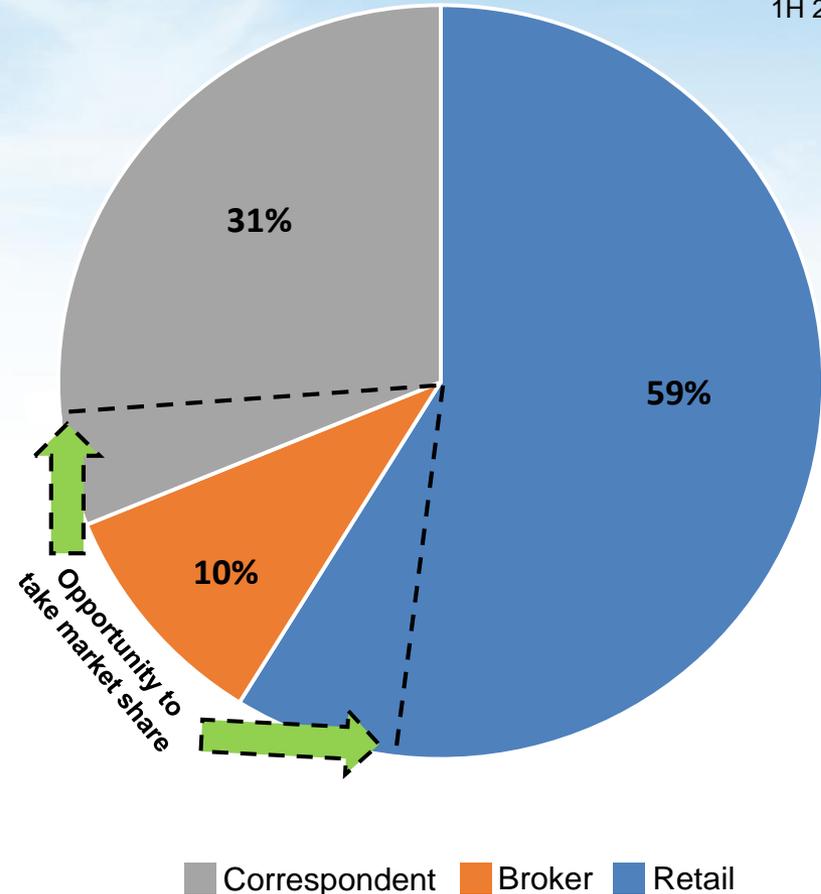
# Opportunity Abounds: Purchase Originations Expected to Rise and Broker Share Can Increase



## Mortgage Originations by Production Channel<sup>2</sup>

1H 2016

- Purchase originations in dollar amounts are expected to grow at 10% for 2016, 5.6% in 2017<sup>1</sup>
- As large banks have decreased the mortgage segments of their business, opportunity exists for new players
- Broker market share could increase several hundred basis points
- Motto Mortgage will operate within the broker channel of mortgage originations



<sup>1</sup>Freddie Mac

<sup>2</sup>Inside Mortgage Finance Publications, Inc. Copyright © 2016 used with permission



# When the Mortgage Process is Aligned with Agents, Everybody Wins



## Consumer Benefits

- Enhanced customer experience
- Multiple quality loan choices
- Education & expertise
- Greater transparency

## Agent Benefits

- More integrated sales process
- Happier customers means more referral business
- Differentiated agent offering

## Broker Benefits

- Additional revenue stream from complementary business
- Increased value proposition
- Agent recruiting & retention tool
- Ease of set-up and low upfront cost

## Loan Officer Benefits

- Customer needs come first
- Aligned with real estate agents
- Added value to sales process
- Access to agent & consumer network

# Motto Mortgage Provides RE/MAX with Another Channel for Long-Term Organic Growth



- **Consistent with RE/MAX strategy**
- **Investment in our business for future growth**
- **Initial investment is not expected to materially impact Q3 or Q4 2016 earnings**
- **RE/MAX will discuss in more detail on its third-quarter 2016 earnings call on November 4, 2016, at 8:30 a.m. ET**



NOBODY SELLS MORE  
REAL ESTATE THAN

**RE/MAX**<sup>®</sup>

