

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring Dan Gilbert, Founder
and Chairman, Quicken Loans Inc. and Rock Ventures LLC**

Majority Owner, Cleveland Cavaliers

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“When the [*previous*] owner of the Cavaliers... Gordon Gund, who still owns 15 percent of the team, roughly – he called a banker and the banker called us and said: You know, this guy wants to sell the team. He doesn’t want to have a big process. He wants to sort of get in it with one group right now, doesn’t want it to be public. You know, why don’t you just hop over Lake Erie here and come do it? And so, we did it. And, like, three weeks later we signed the deal. I looked at my partner and I said, what – why are we doing this? But it worked out pretty good.”

“[*LeBron James*] wanted to come back home. And we resolved everything. I mean, I went down to Miami and visited him and his team. And literally we talked for 10 minutes about what had happened that night with the decision ... and the letter. ... The next two and a half hours, we just talked about the future and ... what the team would look like with him on it, our draft picks, and our assets, and all that stuff. So you can’t start holding grudges, as you know, in business and in life, you get to a certain age there’d be nobody to turn left or right to.”

“I’m one of these guys from the real estate/mortgage business who doesn’t necessarily believe that the interest deduction is the holy grail of real estate motivation in the world. Now, I don’t think it’s a bad thing by any means, but I think at the end of the day you have a deduction to get to a net rate. So, if the net rate is lower than it would be with a deduction, everybody’s better off with the lower net rate, right? ... I know there’s a lot of people using that broad-brush thing, as we tend to [*do*] unfortunately in this country too much, and say, without the deduction everything’s going to hell in a handbasket. ... You got to look at more than just what the interest deduction is.”

“[*Quicken Loans*] used to say we suck less [*than other mortgage providers*], which was definitely true. So, everybody in the mortgage business was terrible. We were just less terrible for a while. ... But over time – I think what did it for us ... it’s what we didn’t do is the biggest thing of why we’re alive today. In that we didn’t do ... subprime loans..”

“[N]o one ever thought ... of an endemic [*such as the housing market collapse*] that you could have a disease when one would catch ... a foreclosure to the next, to the next, to the next ... But we learned a big lesson, I think, in this country, that it is a disease.”

“[M]ortgage lending in this country has always been, and even to this day is ... localized and fragmented. So, it is very difficult – and even more and more difficult now since the mortgage

Armageddon 10 years ago, right? ... [T]he regulatory hurdles and the capital hurdles and the complications, it's just enormous, right? So that's why most companies, they have sort of a ceiling. Like, they can do 50 loans in a month, 100, if they get some systems they can do 200.

So, we made a commitment about 17, 18, 19 years ago. We said: ... we're going to get licensed in all 50 states, and we're going to figure out how 3,000 counties close loans across the United States, and do it centralized, do it with technology, and take our time. So, it's not really about money or capital. It's not even about brains. It's about time. It's about *[being]* willing to go through the process . . . ”

“No *[I have never considered taking Quicken Loans public.]* ... [Y]ou start going down the list of why would you go public. ... [W]e don't have a need for capital right now. ... [W]e've done two acquisitions. And we've looked at hundreds ... And the question always becomes for us, can we do it ourselves? Do we want to do it? ... [W]e were very, very tough on acquiring businesses. ... [W]e have a lot of option-holders, stock holders in the company. The rest of the ownership is inside of the company. So, we create a market for them to buy their stock back.”

[On moving Quicken Loans Headquarters into downtown Detroit:] “[W]e were all over the suburbs ... We either could continue on ... find a piece of land ala Silicon Valley-style and get an enclosed campus in the rural part of suburban Detroit. Or, we could make a run for downtown. Now, I'm a fourth-generation Detroiter ... And everybody who's ... older than I am *[had]* this memory ... it was almost like a fantasy if you grew up in Detroit about what downtown was like and the energy ... we almost didn't believe *[them.]* ... And I said ... let's just give it a shot. Because, you know, what's the downside? ... [T]here's something about an urban core and the energy that I never even realized ... But I think we're a way better company because of it.”

“I think there's several reasons *[Detroit was not an HQ2 finalist city [for Amazon].* First of all, ... Amazon's a pretty sophisticated company, going through 238 proposals. And I wrote this ... email. [A] lot of people were blaming it on talent and transportation. I definitely believe in the transportation thing, right? But talent, there's all kinds of talent in Detroit. ... And people come. [I]f you think about all the people that work in Seattle or work for ... Google or Facebook in their cities, and what percent are from that area? It's going to be, like, 10 percent, 15 percent. People come. And in this generation particularly, the Millennials, ... they want to impact the outcome of the world. And so, we're a big sort of magnet for that – we sell against ... New York or Washington, Chicago. [T]hey're trying to decide where do I go. Well, now you can come to Detroit and get a great, cool job in a technology company. We are a technology company, there are others. But you also could impact the world real quick. ... [T]alent, I don't think that was *[the issue]* – I think it's reputation. No matter what I say, ... 50 or 60 years of negative

reputation ... is not going to be overcome by my words. But when I get you there, just give me 90 minutes. You'll have a whole different view."

"*[My son]* was born with ... NF or neurofibromatosis. *[I had]* never heard of it... [O]ne out of 3,000 births worldwide. It's a genetic disease... Neurofibromatosis just means tumors on the nerve. So, they can be anywhere on the body. They can be in your head. ... It could be just on the spine... And for him, ... there are just lesions or tumors along *[his]* brain. They're typically benign, but they can grow and still kill you or hurt you."

"[T]he NBA ... is bizarre. It's a bizarre, interesting, peculiar, different business, right? You have these superstar players where it's kind of like a business and a name and a brand in themselves. And then they play for this team that's a brand. Then they play for this league that's a brand. And you have agents in between. You have front offices theoretically representing the team and the ownership group. [T]here's all these levels and layers. And it's not like in any business. I can't, like, trade my CFO for your chief technology officer. Like, they can get traded."

"I'd give it all away for my oldest son to be healthy."