

# The Power of Secondary Marketing Automation

## How to Better Serving a Diverse Member Base with Precision

By John Dumonsau  
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**M**ortgage lending is moving faster than ever before, with digital access now playing a substantial role—from the start of the application process to closing and beyond.

Much of this innovation is driven by the members' increasing demand for accurate, real-time information at their point of need throughout the homebuying process.

This fast-moving lending environment places added pressure on credit unions to not only deliver the speed their members demand, but to also deliver accurate pricing and consistent experiences that meet the stringent fair lending requirements of the Equal Credit Opportunity Act (ECOA) and Fair Housing Act.

Secondary marketing automation is one area that can have a significant impact on a credit union's lending performance. The most advanced technology platforms enable credit unions to generate precise pricing, expand their product offerings to better serve a diverse member base, effectively manage pipeline risk, and maximize gain on every sale.

This time-saving automation is powered by artificial intelligence to replace once labor-intensive manual tasks, while simultaneously supporting better decisioning and risk management to deliver higher levels of profitability. Ultimately, secondary marketing automation helps credit unions to confidently execute more competitive and profitable mortgage lending strategies.

### THE CASE FOR AUTOMATING

Automating the broad range of processes that affect loan value on the secondary market begins at the inception of the mortgage origination process and continues through the sale of that loan to investors.

In order to win mortgage business in today's highly competitive environment, credit unions must be able to deliver the best products at the best price when members are initially searching for a mortgage.

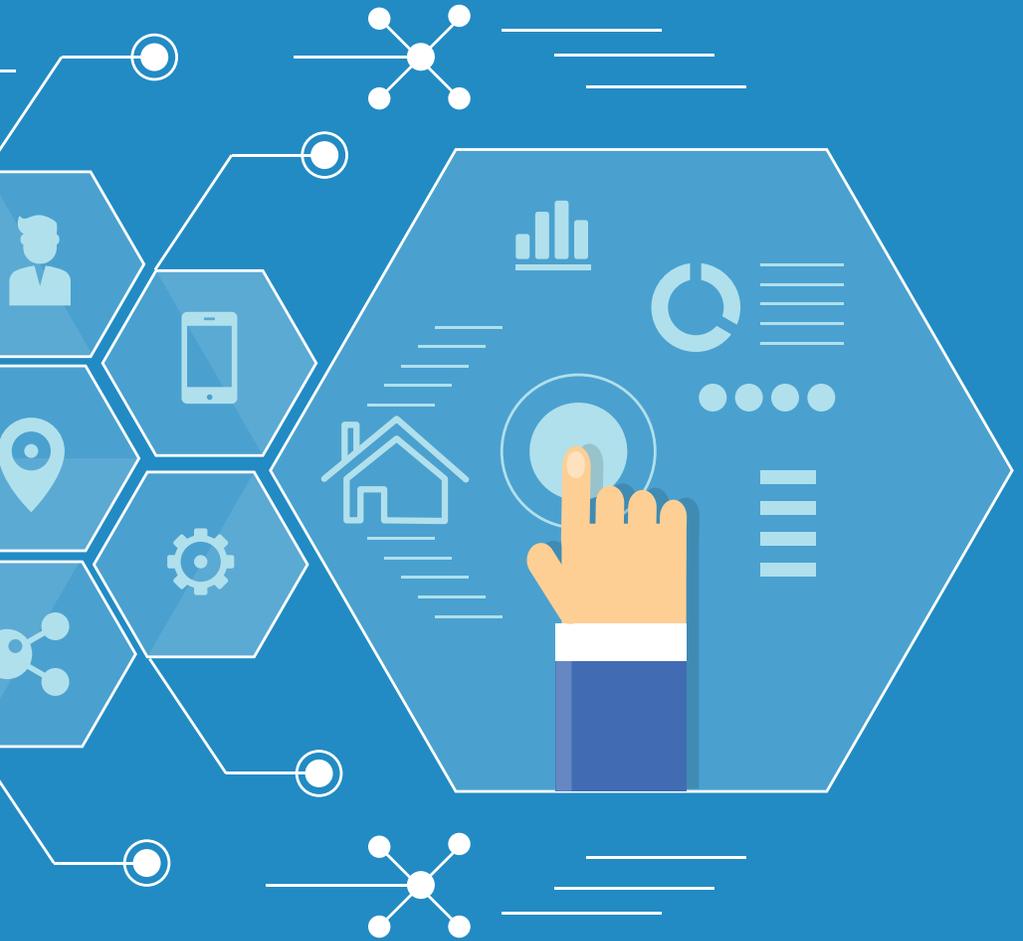
At this critical point of discovery, the most sophisticated secondary marketing automation platforms deliver borrower-specific real-time product and pricing options calculated in seconds. It also reduces bias and fair lending compliance risk by removing human bias

and providing a consistent decisioning process for each loan.

This level of precision and accuracy supports a more competitive product lineup for a diverse range of members to help credit unions attract business.

Product eligibility and pricing has become exceptionally complex over the past decade, as investors have sought to price risk more accurately. Additionally, there has been a growing proliferation of specialized products for niche markets. This has made matching borrowers with the right loan programs increasingly complicated and error prone.

Identifying applicable products from a broad range of options and performing best execution analysis in real time requires automation with advanced



product matching capabilities.

When loans are sold to secondary market investors during or immediately following the origination process, there are a series of activities required, including investor selection, loan pricing, lock desk management, pipeline risk management and committing. These intricate processes are resource intensive, but they do create an opportunity for credit unions to deploy technology that improves operational efficiencies, decisioning and competitive viability.

### EIGHT BENEFITS OF AUTOMATION

Because secondary marketing processes have become increasingly complex, automating these functions can deliver a broad range of benefits to credit

unions, including the ability to:

#### 1. Quote accurately, fairly and consistently.

Today's members have the power to explore and compare mortgage rates with multiple lenders directly from their computer or mobile device—intensifying competition to win their mortgage business.

Credit unions can more effectively compete for members' business by instantly providing mortgage rates that are competitive and accurate. The most advanced Product, Pricing and Eligibility (PPE) engines leverage artificial intelligence to assess the members' information and enable the credit union to deliver the best products at the best rates, all in real time.

The PPE will not only expedite the

mortgage loan process, it also removes human bias and provides consistent decisioning to support fair lending practices from rate inception.

#### 2. Expand product offerings to meet diverse member needs.

Comprehensive product and pricing technology will enable credit unions to create and maintain an extremely competitive product offering, giving them the ability to choose from thousands of the leading conforming, non-conforming, jumbo, and government products—even supporting their own in-house portfolio products.

Further, credit unions can leverage this advanced automation to competitively expand their mortgage lending strategies with confidence and better serve a diverse member base. Through integrated technologies, credit unions can offer a more comprehensive range of loan products to their members, including under-served populations.

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### AUTOMATION PIVOT

“We have witnessed a shift, with credit unions pivoting toward automation to remain competitive, effectively manage risk, maximize profitability and enhance the member experience across the mortgage lifecycle.”

“We work with credit unions across the country to automate their entire secondary marketing operation—from content through commitment—to not only accelerate the mortgage process, but make the lending experience a win-win for both the credit union and its members.”

—John Dumonsau  
Solutions Specialist,  
Secondary Marketing Technologies,  
Black Knight

### 3. Seamlessly connect with third-party technology providers.

Precise product eligibility and pricing data are vital to power a wide range of applications across the mortgage lifecycle. A credit union's price data and lock desk functionality must connect seamlessly to a broad network of third-party technology providers in order to deliver the convenience, consistency and transparency today's members demand.

### 4. Leverage "lights-out" lock desk capabilities.

The lock desk serves as a vital component in secondary marketing operations and has a major impact on profitability. Every lock desk must deal with myriad changes, from switching products to price concessions and complicated policies governing investor modifications. Staff must also quickly adjust to unexpected fluctuations in volume that may result from rising and falling interest rates.

Lock desk automation presents a significant opportunity for credit unions to gain workflow and process efficiencies.

Imagine auto-accepting lock requests, price concessions, lock extensions, profile and product changes and relocks. The most advanced technology enables credit unions to configure auto-accept policies for locking and relocking products with characteristics that do not require a manual touch, thereby reducing lock desk involvement in scenarios where automated policies can do the work.

### 5. Manage risk in real time.

Credit unions can automate the management of interest rate risk associated with rate locks as loans funnel through the manufacturing process. Secondary marketing automation enables credit unions



*Credit unions can more effectively compete for members' business by instantly providing mortgage rates that are competitive and accurate.*



to leverage real-time information through seamless, two-way integrations with PPE engines, loan trading solutions, GSEs, market aggregators, loan origination systems and other sources.

Live modeling, pull-through optimization and shock analysis tools enable credit union lenders to quickly compare current hedge positions to modeled positions. This can help an organization determine the most effective hedge position to reduce risk, minimize operational leakage and capture maximum available revenue.

### 6. Maximize gain on every sale.

When it is time to sell a mortgage loan, credit unions can achieve optimal results by automating execution analysis to generate more profit on each sale. Higher profits mean more funds to support member programs and increase community outreach.

Margin strategies must balance competitive pricing with profitability goals—and be ready for change at a moment's notice. Margin maintenance can become complex because these strategies typically vary by geography, loan type, investor, and business channel. That complexity increases the benefit of automating the margin management process.

### 7. Automate accounting and reconciliation.

Automating accounting and reconciliation processes can help credit unions receive early warning of loan-level issues that impact investor eligibility, enabling them to automatically commit only those loans that are eligible for execution. Exceptions can be highlighted in real time to focus efforts and increase staff productivity.

### 8. Measure performance and gauge competitiveness.

Is your pricing high or low? Is

that pricing gap different by product or by market? How do your margins compare to your competition, and are there new markets you should enter?

Only when credit unions have the right data, can they make the most informed decisions. The most advanced secondary marketing automation solutions provide access to unprecedented data and comprehensive analytics, enabling credit unions to gain operational transparency, better strategize and make the most profitable decisions.

To fully optimize secondary marketing operations, credit unions need real-time data on locks, change requests, lock extensions, re-locks, and concessions. Further, they should be able to analyze activity at the product, branch or loan officer level.

Access to competitive analytics that can be run for specific loan scenarios would also help credit unions to compete better for mortgage business by knowing exactly where they stand in every market.

In conclusion, automating secondary marketing functions affords credit unions a significant competitive edge in any market, no matter how diverse. In fact, the most sophisticated technology is equipped to provide workflow efficiencies based on the unique needs of a credit union and their member base, empowering the organization to deliver accurate content—anytime and anywhere it's needed. ▲

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*John Dumonsau, Solutions Specialist for the Secondary Marketing Technologies division of Black Knight, is an advocate for mortgage automation and how it can effectively enhance and evolve the credit union member experience.*



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