

# Mortgage Data Strategies Can Help 'Do More with Less'

By Chris Gassel  
LBA Ware

In response to last year's record-breaking refinance volume, the average independent mortgage banker increased loan originator (LO) head count by more than 30%. But that kind of aggressive hiring (and firing) is less typical for credit unions, where sustainable staffing growth is a cultural tenet.

To meet members' housing finance needs during high-volume mortgage cycles, credit unions must work not just harder, but smarter. And a mortgage data strategy lets you do just that.

Simply put, a data strategy aligns organizational performance with high-level objectives. This is done by developing clear goals, identifying processes critical to achieving those goals, and regularly measuring the performance of those processes.

It's likely that your credit union already has a data strategy in place for member services such as banking and auto lending. That's because establishing concrete goals and adjusting processes based on key performance indicators (KPIs) is a solid managerial strategy for reaching departmental objectives.

But for many reasons, credit unions may find it challenging to develop and implement an effective data strategy for their mortgage division. Lack of resources is an oft-cited issue, but also common is not knowing where to start.

From application to underwriting, there are thousands of KPIs one could measure in the mortgage loan production process. This may be especially overwhelming for an organization where mortgage lending is not a core service.

The good news is to "do more with less" and run a more efficient mortgage department, you don't need to evalu-



ate every data point, just a few of the right ones. Here are the three areas credit unions should look to (and their associated KPIs) to run more efficiently and deliver a superior member experience while fielding high volume.

## PIPELINE PERFORMANCE

During high volume cycles, increased member demand for mortgage services can gum up the pipeline, resulting in turn times of 60 days or more. This causes many loyal members who would greatly benefit from the lower interest rates offered by credit unions instead to source their mortgage from a faster-moving independent mortgage bank. After all, in today's hyper-competitive housing market, working with a lender who has a reputation for drawn-out closings can result in your member's offer being rejected.

Monitoring pipeline KPIs that help you run a tighter ship can help you focus on expediting loans and providing members with the service they need. To do this, develop milestone-based KPIs that clearly define the targets of when a loan should move to the next milestone. By setting KPIs for how long a loan sits in a particular status, you can quickly identify bottlenecks in your pipeline and proactively remedy them.

Pipeline data points to monitor and KPIs to measure:

- How long it takes loans to move from application to clear-to-close.
- Compare contract expiration date against clear-to-close milestones.
- How many loans are scheduled to close this month.
- Which applications have been submitted to processing.
- Which loans have been approved with conditions and resubmitted to underwriting.

## LOAN PROFITABILITY PERFORMANCE

Just because credit unions are not driven by profit does not mean that

“  
To 'do more with less' and run a more efficient mortgage department, you don't need to evaluate every data point, just a few of the right ones..



a better member experience. Creating KPIs around the effectiveness of advertising campaigns, the number of days it takes for investors to purchase loans after they have been funded (assuming you sell loans on the secondary market) and regularly evaluating if portfolio opportunities meet the markets you serve can all contribute to a more profitable mortgage lending program.

Profitability data points to monitor and KPIs to measure:

- Which leads came from marketing campaigns.
- What the lead-to-fund pull-through rate is for marketing-generated leads.
- Pull-through percentage from application-to-fund, lock-to-fund, and fund-to-sold.
- Number of days until investor purchase after funding.
- Number of units repurchased per month by LO.

## PRODUCTION PERFORMANCE

Even though it would have been impossible to predict the surge of mortgage demand prompted by Covid-19, past performance data can be a great indicator of what to expect. For instance, with interest rates relatively unchanged, you may be able to anticipate a similar ratio of refi-to-purchase volume as you ex-

earnings are of no importance. Earnings from high-performing divisions help keep interest rates substantially lower than credit unions' for-profit depository and independent mortgage bank counterparts. Also, as member-owned cooperative organizations, credit unions can reinvest division earnings to improve member services.

Monitoring these areas can help you run a leaner ship, keep interest rates low and reinvest in initiatives that yield

“  
As your organization measures performance over time, it is crucial to remain inquisitive, ask new questions and drill down into the data to reveal more opportunities for improved efficiency.



perienced the previous month. To help clear the path in advance, there are important production KPIs to track.

Production data points to monitor and KPIs to measure:

- How pipeline volume compares to the same time the previous week, month, quarter or year.
- How volume per loan product is shifting over time.
- Units and volume originated per month by role.
- Units and volume funded per month by role.
- Fall-out numbers.

These KPIs are just a starting point. As your organization measures performance over time, it is crucial to remain inquisitive, ask new questions and drill down into the data to reveal more opportunities for improved efficiency.

Empower your team with the knowledge they need to improve mortgage division operations as you introduce initiatives and processes to achieve your goals. You'll see greater results if you are transparent with your team about your objectives and your findings.



Chris Gassel is a sales consultant at LBA Ware, an ACUMA affiliate member and leading provider of incentive compensation management (ICM) and business intelligence (BI) software solutions for mortgage lenders. Gassel spent time as a real estate agent, later worked for a builder and then served as a loan officer for Paramount Bank and USA Mortgage. These experiences allow him to understand mortgage technology from the end-user's perspective. He can be reached at [chris.gassel@lbaware.com](mailto:chris.gassel@lbaware.com).



Chris Gassel