4 Essentials to Build Your Mortgage Business

By: Michelle Burke, Vice President of Mortgage Lending, Westerra Credit Union

For smaller credit unions, establishing a successful mortgage operation can be a primary avenue for growth. In the year after I joined Westerra Credit Union, our mortgage loan volume soared from $192 million to $620 million (2019 to 2020). That's why I sometimes refer to Westerra – which began as a Denver teachers' cooperative in 1934 – as an "87-year-old startup." Our rapid growth can serve as a case study for smaller credit unions looking to build their mortgage business from the ground up.

We achieved this by focusing on four essential tasks:

1. Review product and pricing strategy. To position your credit union as a mortgage market leader, you first need to make sure you're selling the right products at the right price. We evaluated Westerra's current products, fine-tuned our overlays, and reassessed the secondary market providers we worked with to provide those products, opting for a mix of outlets such as the Federal Home Loan Banks' Mortgage Partnership Finance® (MPF®) Program.

Pricing presents a relatively simple way for smaller mortgage operations to attract a larger share of the market. Since 2019, we've met on a weekly basis with our finance, senior leadership, sales, and lock teams to identify opportunities to offer more competitive rates.

2. Build a stellar reputation. To catch the attention of local realtors, builders, and current and prospective members, we focused not just on competitive pricing and products, but also on offerings that help buyers cope with rising home prices, like low-down-payment programs and assistance with bridge loans.

We also established a reputation for service by ensuring the best possible experience for members and other partners. Everyone on our team plays a role in this, whether they're in sales or operations. For example, I'm a firm believer in proactive communication; we never take more than three days to follow up with a member or realtor, and we've even built triggers into our LOS to help enforce that rule.

3. Invest in a strong, efficient team. To give our mortgage team the tools they needed to succeed, we made product guidelines clearer and more accessible, and focused on establishing and optimizing consistent processes and workflow – almost like an assembly line. This not only keeps our pipeline running smoothly, but also strengthens team relationships as employees learn to rely on one another. During COVID-related staffing shortages, these strategies helped us adapt and keep our cycle times as close to normal as possible.

4. Tailor your secondary market strategy. Your choice of secondary market outlets may change as you grow, based on loan volume, the local market, and the importance of retaining servicing to maintain member relationships. While outsourcing through aggregators may make sense for the smallest lenders, as mortgage volume increases, partners like the MPF Program (which allows the flexibility of mandatory or best-efforts commitment, as well as servicing-retained or servicing-released execution) may present better opportunities to sustain that growth.