

Facing mortgage market uncertainty

Lenders need leadership to navigate a more volatile future



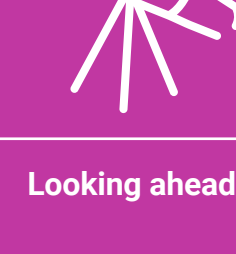
Half of mortgage lenders believe the economy is on the wrong trackⁱ

- U.S. economic growth rate is predicted to settle above the long-term growth rate of 2 percent through 2024ⁱ. But will prosperity prevail?



Mortgage market volatility is increasing:

- Origination volumes fell 3% Q-o-Q to end the 2nd quarter of 2021ⁱⁱⁱ
- Origination volumes then fell 8% in Q3 2021
- HPSI 'good time to buy' sentiment dropped 30 percentage points to close out 2021^{iv}



Looking ahead

- Interest rates are predicted to climb to 4% in 2022^v
- While spiking COVID cases could inspire temporary declines^{vi}

What should lenders do to weather market volatility?

Put customers and members first

Challenges



Borrowers prefer to perform early mortgage tasks online, such as filling out applications^{vii}

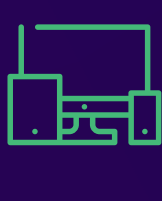


70% of borrowers prefer to upload documents digitally^{viii}



In-person communication is preferred for comprehensive tasks where human expertise adds value^{ix}

Solution



Adopt mortgage technology and capability that supports a true omni-channel environment

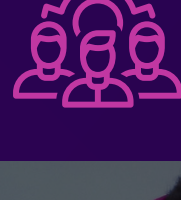
Focus on employee development

Challenges



The biggest leadership issue credit union and bank leaders face is retaining and growing talent^x

Solution



Create employee development pathways

“Some processors might want to become loan originators or underwriters. So, we’re focused on creating employee development pathways for every single position.”

Matt Sweetanos
Director of Mortgage Services at Member Options,
a subsidiary of UVA Community Credit Union

Update communication strategies

Challenges

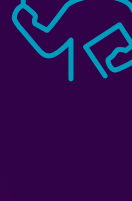


3 in 10 Americans now prefer to listen to e-books over reading



The number of podcast listeners grew 17% Y-o-Y in 2021

Solution

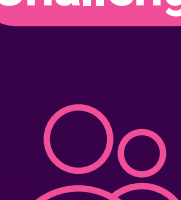


Act on emerging preferences to better engage both employees and customers or members

- Audio training materials and how-to podcasts are a few great examples of quick-wins

Encourage internal commitment to overall goals

Challenges



Friction between internal teams reduces organizational effectiveness and the borrower experience

“I’ve been part of organizations where the sales and operations team look like they’re at war, and it doesn’t make any sense. We’re all trying to move in the same direction.”

Matt Sweetanos
Director of Mortgage Services at Member Options,
a subsidiary of UA Community Credit Union

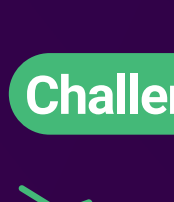
Solution



Utilize advancements in technology to make it easy for teams to share information

Use technology to drive down costs and improve margins

Challenges



Mortgage profitability continues to decline across 2021^{xiii}



65% of banking leaders expect further declines in 2022^{xiv}

Solution



Shave costs through technology adoption

- Digitize end-to-end processes with cloud-based solutions and APIs
- Streamline operations with bolt-on capabilities
- Identify opportunities with data analytics

“Technology is the single biggest area that lenders turn to when it comes to improving margins.”

David Lykken
President and Founder of Transformational Mortgage Solutions



To learn more about the tactics and strategies employed by progressive financial institution leaders, we’re sharing a wealth of information from leading experts in our webinar **“Leadership and Technology Strategies to Be Successful in the Mortgage Market.”**

Footnotes:

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5. Natalie Campisi. “Mortgage Interest Rates Forecast: How High Will Rates Go in 2022?” Forbes. Forbes Advisor, Jan. 3, 2022. Web.
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7. Tim McCallum and Jenney Shen. “The Pandemic’s Impact on Mortgage Digitization and Homebuyer Satisfaction.” Fannie Mae, Jul. 15, 2021. Web.
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12. “The Infinite Dial: The Infinite Dials 2021.” Edison Research, Mar. 11, 2021. Web.
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