



BEST PRACTICES

A Collection of Best Practices for:

Mortgage Lending

Includes Detailed Best Practices for:

- Mortgage Sales & Origination
- Mortgage Loan Servicing
- Secondary/Wholesale Mortgage Sales



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Mortgage Sales

Mortgage Lending

Mortgage Sales & Origination

Mortgage Sales

- Application Processing
- Closing
- Portfolio/Credit Risk
- Post-Closing
- Underwriting

Mortgage Loan Servicing

Secondary/Wholesale Mortgage Sales

The Mortgage Sales function works to generate sales leads, educate potential borrowers on loan options, and move borrowers through the loan origination process. Mortgage Loan Officers, or Sales Representatives, are tasked with performing all of the front office, customer facing tasks related to mortgage loan origination, including collecting customer information (pay stubs, tax returns, credit reports, etc.), communicating with borrowers throughout the origination process and reaching out to potential new borrowers to grow their book of business.

Mortgage Sales

Mortgage Lending Best Practices


Best Practice 1-A

Develop “Buyer Personas” to Improve Customer Communications and Product Offer Relevancy

Develop “buyer personas,” or “customer profiles,” to describe, in detail, all known information (includes data relating to recent mortgage loans issued/applied for, demographic information, contact information, mortgage loan payment history, the needs of the borrower, etc.) concerning current or potential high-value customers. Use in-depth interviews, social network research and purchasing data to ensure clear understanding of the customer’s needs, expectations, perceptions and buying behavior.

Typical Practice (the Status Quo): Use a standardized checklist to document all related information concerning the customers of the Mortgage Lending Group. Ensure that all necessary information (customer name, mortgage loan issued or applied for, a direct phone number, etc.) is recorded in the checklist in clear, concise language to ensure that account managers and loan officers are able to use future customer contacts to cross-sell products and services.

Benefits of this Best Practice: “Buyer personas,” or “customer profiles,” helps to focus account managers, sales representatives and marketing representatives on the individual, as opposed to an opportunity, and motivates everyone involved into actually helping the customer find a mortgage loan that fits their needs, instead of just trying to sell them something (i.e., “consultative” sales). As a result, a strong persona or profile produces stronger, more effective communications and offers which increases overall customer satisfaction, the likelihood that the customer’s application will be pulled through to close and the likelihood that they will purchase numerous other products or services from the group throughout their lifetime.

 **Related KPIs:** Average Mortgage Loan Value, Mortgage Application Approval Rate, Mortgage Production Mix: Purchases, Total Volume: Mortgage Loans Originated, Percentage of Mortgage Applications Originated Through the Internet, Calls Handled per Mortgage, Mortgage Loans Closed per Originator

Mortgage Sales

Mortgage Lending Best Practices

Best Practice 1-B

Use Prospecting and Sales Teams to Improve Customer Conversion Rates

Organize and use a prospecting team and sales force to contact both potential customers and customers who have expressed interest in the bank's mortgage lending services in an attempt to convert them to borrowers. Ensure that these teams use a cloud Customer Relationship Management (CRM) software solution, such as Salesforce, to manage and track contacts, as well as capture and document calls, web chat conversations and e-mails. Use captured conversations to enrich existing lead records, provide the Mortgage Lending Group with vital customer information (customer's interests, needs, financial situation, etc.) and provide other sales representatives with opportunities to learn from previous interactions.

Typical Practice (the Status Quo): Only follow up with prospects who submit inquiries and sales interviews to the Mortgage Lending Group with the purpose of having them submit loan applications with the bank's Mortgage Lending Group. Use standardized checklists to keep track of and document customer interactions (whether they are made by phone, e-mail, in person, etc.). Ensure that all conversations and interaction-related documentation is provided to relevant sales teams, loan officers and branch managers (typically provided through e-mail).

Benefits of this Best Practice: A dedicated prospecting and sales team increases the bank's ability to reach out and bring in customers who weren't already interested in the bank's mortgage lending services. Furthermore, using a cloud-based CRM

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