KPI ENCYCLOPEDIA

A Comprehensive Collection of KPI Definitions for

MORTGAGE LENDING

opsdog®

Mortgage Lending Metric Definitions

Mortgage Loan Operations

Mortgage Lending

— **Mortgage Sales & Origination***

— • Mortgage Sales

• **Mortgage Loan Operations** - - - - - -

— Application Processing*

— Closing*

— Portfolio & Credit Risk

— Post-Closing*

— Underwriting*

— **Mortgage Loan Servicing**

— **Secondary/Wholesale Mortgage Sales**

* This section is not included in this document

The Mortgage Loan Operations function is responsible for all tasks between the submission of a mortgage application and the final funding (pending approval) of a mortgage loan. The steps between include application processing, underwriting (approval or denial of loan application), closing, and post-closing. The main purpose of this step is to evaluate the prospective borrower's credit-worthiness (i.e., risk level) to determine if the bank should lend to them, and if so, what the terms of the loan should be. After the loan has been processed, approved and funded, the borrowers work with the Mortgage Loan Servicing function to process payments, update account information and answer any questions related to the terms of the mortgage. In many cases, mortgage originators sell loans to a third party to be serviced.

Mortgage Loan Operations

KPI Encyclopedia

Cost

- **Unit Cost: Mortgage Loan Origination** – The total cost of mortgage loan origination (sales/business development, application processing, underwriting, closing, etc.) divided by the number of mortgage loans originated over a certain period of time.

- **Production Labor Expense per Mortgage Originated** – The total loan production personnel expense (salary, commissions, benefits) divided by the total number of loans originated over the same period of time.

- **Unit Cost: Mortgage Loan Application** – The total cost of processing mortgage loan applications divided by the total number of mortgage loan applications processed over a certain period of time.

Productivity

- **Mortgage Loan Pull-Through Rate** – The number of mortgage loans that are approved, closed and funded divided by the total number of mortgage loans applied for over the same period of time, as a percentage.

- **Production Volume ($) per Originator** – The value of loans originated over a certain period of time divided by the total number of loan originators, or loan officers.

- **Cycle Time: Mortgage Loan Decision** – The total number of business days required to approve or deny a mortgage loan application, from the time the underwriter receives the mortgage loan documentation until when the mortgage loan is formally approved or denied.

- **Mortgage Loans Closed per Originator** – The number of mortgage loans originated over a certain period of time divided by the total number of mortgage originators, or loan officers.

- **Mortgage Loan Applications per Processor** – The total number of mortgage loan applications submitted over a certain period of time divided by the total number of mortgage application processing employees.

- **Mortgage Loans Closed per Closer** – The number of mortgage loans closed over a certain period of time divided by the total number of mortgage loan closing employees.

Productivity (Cont.)

- **Mortgage Loans Closed per Post-Closing Employee** – The number of mortgage loans closed over a certain period of time divided by the total number of post-closing employees.

- **Mortgage Loan Applications per Underwriter** – The total number of mortgage loan applications submitted over a certain period of time divided by the total number of mortgage underwriting employees.

Quality

- **Average Mortgage Loan Value** – The average value (in dollars) of a mortgage in the bank's loan portfolio over a certain period of time.

- **Cycle Time: Mortgage Loan Closing** – The number of business days required to process a mortgage loan, from the start of loan origination until the end of the post-closing process.

- **First Mortgages Originated: FICO 600-650** – The total number of first mortgages originated by the bank with a FICO credit score between 600 and 650 divided by the total number of first mortgages originated over the same period of time, as a percentage.

- **First Mortgages Originated: FICO 651-700** – The total number of first mortgages originated by the bank with a FICO credit score between 651 and 700 divided by the total number of first mortgages originated over the same period of time, as a percentage.

- **First Mortgages Originated: FICO 701-750** – The total number of first mortgages originated by the bank with a FICO credit score between 701 and 750 divided by the total number of first mortgages originated over the same period of time, as a percentage.

- **First Mortgages Originated: FICO > 750** – The total number of first mortgages originated by the bank with a FICO credit score greater than 750 divided by the total number of first mortgages originated over the same period of time, as a percentage.

- **First Mortgages Originated: FICO < 600** – The total number of first mortgages originated by the bank with a FICO credit score less than or equal to 600 divided by the total number of first mortgages originated over the same period of time, as a percentage.

Mortgage Loan Operations (Cont.)

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Quality (Cont.)

- **Mortgages Originated with LTV < 80%** – The total number of mortgages originated by the bank with a Loan-to-Value (LTV) Ratio of less than 80% divided by the total number of mortgages originated over the same period of time, as a percentage.

- **Complete Mortgage Loan Package Submission Rate** – The total number of mortgage loan packages submitted to the Credit Operations and/or Underwriting departments with all required documentation in good order (i.e., "complete" submission) divided by the total number of mortgage loan packages submitted over the same period of time, as a percentage.

- **Mortgage Loan Auto-Decision Rate (Conditional)** – The number of mortgage loan applications submitted by borrowers over a certain period of time that are run through an automated underwriting platform to receive a conditional approval/denial, requiring little or no manual work, divided by the total number of mortgage loan applications submitted over the same period of time, as a percentage.

- **Number of Touchpoints: Mortgage Loan Processing** – The number of times that mortgage loan officers or processors must request information or

Quality (Cont.)

- **Percentage of Recently Boarded Loans with FICO Over 699** – The total number of boarded loans with a FICO credit score greater than 699 divided by the total number of boarded loans over a certain time period, as a percentage.

- **Loan Portfolio Composition: LTV Below 80%** – The total number of loans in the bank's servicing portfolio with a Loan-to-Value (LTV) Ratio of less than 80% divided by the total number of loans in the bank's servicing portfolio, as a percentage.

Revenue

- **Loan Production Revenue per Loan** – The total amount of loan production fee revenue earned divided by the number of loans originated over a certain period of time.

- **Profit per Loan Originated** – The total amount of profit generated through loan originations divided by the total number of loans originated over the same period of time.

- **Total Revenue: Mortgage Lending** – Total revenue generated by the Mortgage Lending function over a certain period of time. Includes revenue from both

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