



## TruHome Solutions Transforms Service Offering with Optimal Blue's Enterprise Secondary Marketing Solution

### OVERVIEW

TruHome Solutions, LLC, utilizes Optimal Blue's Enterprise Secondary Marketing Solution, including its product and pricing, pipeline risk management and hedging services to:

- + Enable 30 credit unions to build, offer and enhance their customized mortgage loan programs to meet member needs
- + Gain efficiencies through the automation of manual mortgage origination and secondary marketing processes
- + Provide loan officers with eligible loan programs and real-time loan pricing in just 30-seconds, a time savings of over 98 percent compared to prior manual processes
- + Automatically lock a rate in seconds compared to a prior 10-minute manual process
- + Reduce the time required for daily hedging by 50 percent

- + Reduce the daily best-execution analysis time by 50 percent
- + Reduce hedging costs to under 7 basis points and improve gain-on-sale margins by more than 10 basis points
- + Establish a more scalable platform to support significant growth
- + Achieve TruHome's mission of providing affordable solutions to credit union partners that enable the delivery of real value to their members

### LENDER PROFILE

TruHome Solutions, LLC, headquartered in Lenexa, Kansas, is a Credit Union Service Organization (CUSO) that delivers a full suite of flexible, private-label mortgage origination, secondary market, and servicing solutions to its credit union partners. Founded in 2004, the award-winning company is completely owned by credit unions. TruHome operates nationally with a primary focus

on the middle one-third of the country. It serves 30 origination and secondary market clients and 45 servicing clients. In 2016, the CUSO originated \$1.3 billion in mortgage loans on behalf of its clients. TruHome enables its credit union partners to originate and service mortgages for their members, including unique portfolio loan programs.

TruHome's mission is to enable credit unions to expand their mortgage loan programs and provide exceptional service to members. Greg Spurgeon, Senior Vice President of Secondary Marketing for TruHome, explains the synergy between TruHome's mission and Optimal Blue's invaluable technology. "TruHome helps credit unions build their mortgage program by bringing expertise and technology to the table in one package. As the premier mortgage pricing and secondary marketing solution in the industry, Optimal Blue is a critical element in enabling TruHome to fulfill its mission."

**"Optimal Blue automatically calculates and displays eligible portfolio and conforming products and rate quotes in under 30 seconds, representing an incredible 98 percent time savings."**

TruHome's model is based upon a sophisticated technology platform designed to deliver private-labeled mortgage services. Its CUSO origination and secondary marketing business model is complex because of its multi-lender environment. Each credit union partner establishes its own pricing and offers its own loan products, including unique portfolio products. Operationally, TruHome loan officers must be positioned to take loan applications daily for up to 20 credit union clients. This requires a loan officer to have immediate access to a highly sophisticated, flexible, fast and nimble technology solution that presents a credit union's eligible loan products and real-time pricing at the moment the loan officer is accepting the phone application from a member.

## CHALLENGES AND PAIN POINTS BEFORE OPTIMAL BLUE

Before implementing Optimal Blue, TruHome faced many challenges and limitations which were complicated by its multi-lender environment. The lack of robust technology resulted in process inefficiencies and prevented the scalability needed for future growth.

### Daily Rate Sheets

Daily pricing sheets were manually created for each credit union by copying and pasting investor pricing into multiple spreadsheets and applying each credit union's applicable margins. Each credit union website was updated daily by uploading spreadsheets. Investor pricing was not updated during the day. This all contributed to a very inefficient process.

### Product Eligibility and Rate Quotes

Loan officers, when talking to members of its many credit union clients, relied on a time-consuming process of reviewing automated underwriting system (AUS) findings and paper-based product guidelines to determine product eligibility. Loan officers also used a manual, paper-based process to quote rates. The vast majority of loan officers contacted TruHome's secondary marketing personnel to obtain rate quotes for each loan, which, on average, required 30 minutes and led to periodic errors.

### Rate Lock Requests

Locking rates was another manual process that required loan officer and lock desk communication. This lengthy process required 10 minutes per loan. Loan officers manually entered rates and prices into the loan origination system, and rate lock desk specialists recalculated figures to ensure accuracy. Rate lock changes required a similar manual process.

### Best Execution, Hedging and Loan Sales

TruHome's secondary market technology platform did not support a loan-level, best-execution, loan sales strategy for each loan. Because of its technology limitation, TruHome was only able to sell loans to one investor. Loan sales to the investor required the use of multiple, non-integrated, computer systems and the manual reconciliation of the systems to detect and correct errors.

TruHome also lacked access to investor data throughout the day which limited its hedging analysis, consumed valuable time, and prevented hedging transparency.

### CHOOSING OPTIMAL BLUE AS ITS ENTERPRISE SECONDARY MARKETING SOLUTION

A major reason that TruHome selected Optimal Blue was its product and pricing engine (PPE), which allowed TruHome to cost-effectively and easily build and maintain unique portfolio products for each credit union client in a self-managed environment. Competitors did not offer TruHome a comparable, cost-effective and easy-to-use tool to build and maintain unique portfolio products in a self-managed environment.

### THE GAINS

With Optimal Blue, loan officer product eligibility and pricing processes are fully automated and dramatically faster. Optimal Blue automatically calculates and displays eligible portfolio and conforming products and rate quotes in under 30 seconds, representing an incredible 98 percent time savings.

Optimal Blue has also simplified and streamlined the daily rate setting process for TruHome's credit union clients. Automation has replaced manual, labor-intensive processes. "With Optimal Blue, TruHome has automated daily price sheet generation for our credit union partners, using real-time investor data. And, we have the ability to

customize pricing to each credit union's unique business objectives," Spurgeon stated.

Product eligibility is automated with Optimal Blue and includes every credit union's unique portfolio loan programs. Spurgeon explains, "Credit unions often develop unique portfolio mortgage products for their membership. We have built these tailored products in Optimal Blue, which electronically populate into our loan origination system. This enables loan officers to quickly evaluate all options to arrive at the best decision for the member."

**"The Optimal Blue integration with FNMA's trading system has made it so much faster and simpler for us to execute trades. We no longer have to use and reconcile multiple systems. This has cut our daily hedging time by 50 percent."**

Initial rate lock and rate lock change request processes for most loans are completely automated with Optimal Blue. The elimination of manual processes and unnecessary internal communications has transformed a process that was once 10 minutes into seconds. The Optimal Blue process is fast and accurate and saves time. Historical pricing is easily accessible for auditors and regulators – a significant compliance enhancement for TruHome.

With Optimal Blue, TruHome has also achieved impressive gains in hedging and trading activity. Spurgeon reports, "The Optimal Blue integration with FNMA's trading system has made it so much faster and simpler for us to execute trades. This seamless integration allows us to take commitments directly from Optimal Blue, so we no longer use and reconcile multiple systems. This has cut our daily hedging time by 50 percent.

We consistently achieve more timely executions of hedges and carry less interest-rate risk.”

Hedging costs have dropped to under 7 basis points with Optimal Blue’s powerful reporting and analytics. Rate locks and trades are now better coordinated, while pull-through projections are more accurate. The reduction in hedging costs has resulted in improved financial performance. Spurgeon points out, “Hedging a mortgage pipeline can be complicated. With Optimal Blue’s real-time market and lock data, we can efficiently make informed hedging decisions throughout the day. By optimizing our sale execution, we maximize revenue.”

**“Our results have been impressive. Daily best execution analysis time is more than 50 percent faster. Gain-on-sale margins have increased by more than 10 bps!”**

A consistent best execution strategy, once impossible, is now a reality. “We have leveraged Optimal Blue’s technology and trading platform to achieve best execution on each loan we sell,” Spurgeon explains. “Optimal Blue technology identifies the eligible investor with the best execution for each funded loan. We no longer use multiple trading systems to gather the required data. Our results have been impressive. Daily best execution analysis time is more than 50 percent faster. Gain-on-sale margins have increased by more than 10 bps!” Spurgeon points out that the resulting benefits for TruHome’s credit union clients and their members is more competitive loan pricing and improved service.

## SUMMARY

TruHome leveraged Optimal Blue’s Enterprise Secondary Marketing Solution to transform processes for daily rate setting, product eligibility and pricing, rate locks, hedging, best execution and loan sales. Optimal Blue’s enterprise technology, real-time data and loan origination system and loan sales systems integration has streamlined TruHome’s processes, while providing critical scalability for future growth. Processes are much quicker and easier. Errors are dramatically reduced. Data is real-time. Gains on sales have increased. Hedging costs are reduced and best-execution is possible for each sold loan.

TruHome has benefited financially, operationally, and technologically from its decision to convert to Optimal Blue’s Enterprise Secondary Marketing Solution. This single vendor “end-to-end” secondary marketing solution has transformed TruHome’s secondary marketing operations and has the CUSO well positioned for future growth.

## ABOUT THE AUTHOR

Optimal Blue engaged award winning, professional services firm First Wellesley Consulting Group, Inc. to conduct detailed research and gauge client success. Founded in 1991, First Wellesley delivers consulting, strategic planning, speaking, polling and industry research-specializing in the financial services and mortgage industries. Optimal Blue operates the mortgage industry’s digital marketplace, connecting originators, investors, and providers with comprehensive secondary marketing solutions, market-leading capabilities and value-added services that deliver results. For more information, visit [www.optimalblue.com](http://www.optimalblue.com).