

# OPTIMAL BLUE KEY TO ALLIANT CREDIT UNION'S MORTGAGE BUSINESS TRANSFORMATION

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## ALLIANT

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### OVERVIEW

Alliant Credit Union (ACU) selected Optimal Blue as a technology partner as part of its comprehensive mortgage transformation initiative, which focused on a complete overhaul and re-platforming of the residential lending business. After a seamless implementation and less than a year using the Optimal Blue PPE, Alliant increased production, recruited top loan officers, and experienced many other positive outcomes. The credit union plans to further fuel its growth and profitability with Optimal Blue's hedging and analytics technology, with implementation actively underway.

### THE CHALLENGE

ACU is Illinois' largest credit union and one of the largest credit unions in the nation, offering a range of financial services, including home loans and HELOCs. ACU has an 85-year history, a staff of 850, and serves 900,000 members nationwide. The \$20 billion Chicago-based credit union is fully digital, fully virtual, and a disruptor in its use of technology to improve the member experience and operations.

On the mortgage side, ACU traditionally outsourced loan origination and purchased loans to service in-house. It also sold loans to Fannie Mae and Freddie Mac through its Investor Services Group.

Outsourcing originations and working with the correspondent channel worked for many years, including during the pandemic when the market experienced a boom in refinances. However, Alliant's leadership team knew they wanted to take the bold step of re-platforming the credit union's mortgage business with a strong focus on direct lending. This bold mortgage business transformation consisted of multiple workstreams, including tech stack enhancements, insourcing operations, product overhaul and development, and talent acquisition.

Optimal Blue's innovative technology would prove integral to this transformation.

### THE SOLUTION

Alliant brought in Daniel Bauer as head of residential lending to lead the transformation initiatives in 2022.

"Alliant is an organization that's laser-focused on its values – and the top one is 'wow-ing' our members," said Bauer. "The radical transformation of our mortgage business was centered around this value. We wanted to provide more lending options to our members to support their pursuit of homeownership."

Under Bauer's leadership, Chris Spaude and Mike Harms – Alliant's secondary marketing leaders – began evaluating leading technologies that would provide savings in loan origination through selling. They selected the Optimal Blue PPE and Optimal Blue's hedging analytics platform with the intention to ramp up secondary market business and open new sales channels, with plans to position ACU to transition from an investor to a seller of first mortgage services. This would serve as ACU's first step toward greater operational efficiency and profitability so the credit union could do even more to serve its members.

In just a few weeks with Optimal Blue as a technology partner, ACU gained even more value by way of the company's open-network approach, which allowed for a seamless integration of the Optimal Blue

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PPE with other platforms the credit union was using. This included the ICE Mortgage Technology Encompass loan origination system (LOS) and Consumer Connect point of sale (POS).

The Optimal Blue PPE allows ACU to auto-accept locks, issue disclosures immediately, and reprice loans as their characteristics change throughout the loan manufacturing process. While these changes required increasing staff on the origination side, ACU has maintained the same number of secondary staff. Additionally, advanced reporting functionality enables ACU to make a more predictable model and generate reports for the CFO, eliminating the need for manual spreadsheet work.

API connections to direct channels were a big part of ACU's transformation, allowing it to get rates in front of online shoppers and leads from aggregators like Zillow and LendingTree. The credit union is actively implementing Optimal Blue's hedging and analytics platform, with plans to transition to GSEs when selling at least \$1B servicing released.

"Really leaning into Optimal Blue's automation allowed us to scale and implement pieces of our initiative," says Spaude. "We started a lock desk, introduced servicing-released and government-insured loan programs, and changed our execution from a best efforts model to a mandatory model. The Optimal Blue framework gives us a lot of levers to pull as we look at a long-term secondary strategy."

Moving from a best-efforts business model to mandatory delivery will position the credit union to earn better margins on each loan, savings they can pass to members through more competitive front-end pricing. ACU plans to use Optimal Blue's hedging and trading capabilities to support mandatory delivery, which will make lock desk processes more efficient so the credit union can refocus saved time on serving its members.

## RESULTS

### + An all-digital mortgage ecosystem

At the point of sale, the Optimal Blue PPE's Quick Quote feature allows

borrowers to plug in loan scenario information for direct pricing. Once a loan application flows into the LOS, the PPE auto-accepts rate locks and disclosures are sent immediately.

"This makes it really easy for members to view pricing. Profile changes, like a change in FICO score or LTV, are noted by the system so loans are constantly repriced throughout the manufacturing process," Spaude says. "It helps us stay proactive rather than reactive and doesn't require us to make separate updates each time the pricing changes."

"A fully digital mindset has been our goal all along," continues Spaude. "We know that's how our members shop now, and Optimal Blue is allowing us to work with them entirely online for pricing utilizing integrations with aggregators like Bankrate, Zillow, and LendingTree to get our pricing out there and increase volume."

### + Increased production and profitability

Optimal Blue enabled ACU to restart its correspondent channel to purchase loans as needed for the balance sheet. Additionally, ACU can now originate, process, underwrite, and close its own mortgages to hold or sell to investors. During the first six months of 2024, ACU already surpassed its volume from the previous year and anticipates doubling 2023's volume by year-end. The margin system in Optimal Blue has given the credit union more control over its income and allowed it to prioritize MSR sales to the investors for higher fee income via APIs.

### + One system of record

Everything about residential mortgage pricing is managed by ACU through Optimal Blue, including correspondent locks and retail channels.

"The system touches many business areas, but it's all centralized. It's one system of record, updating changes to products or margins and having those automatically updated in 15-20 different systems," says Harms. "Having everything centralized has eased execution and been a major win for us."

**“The Optimal Blue framework gives us a lot of levers to pull as we look at a long-term secondary strategy.”**

**CHRIS SPAUDE**

Director of secondary markets and loan administration

**+ Growing secondary volume without increasing staff**

Instead of taking out individual locks, which is very labor intensive, Optimal Blue automates the lock desk and other secondary functions, freeing the staff to focus on other tasks. While staffing was increased for originations, the secondary team has remained at its current level.

“Given the changes in execution and loan-level workload, we were pleased to be able to keep our headcount in secondary static,” says Harms.

**+ Recruiting and retaining top producers**

ACU is in the enviable position of growing, even as other competitors are downsizing their workforces. Top loan officers are looking for a strong tech stack, and ACU's use of Optimal Blue technology is helping the credit union attract and retain top talent. ACU has recruited 35 heavy-hitting loan officers, more than doubling its staffing levels.

“Having Optimal Blue and its integrations to leading industry products and investors, in addition to the GSEs, has been vital to our recruiting, making us an industry disruptor,” says Spaude. “Introducing the direct channel, which is purely digital, is crucial - loan officers want to compete for

online rate shoppers, and we're allowing them to do that.”

“We can make a great case for why it's a good time for top loan officers to join ACU. We have a world-class mortgage shop here, and with Optimal Blue, we're building a world-class secondary operation,” adds Harms.

**+ Fast, seamless implementation and full compliance**

“With the Optimal Blue PPE, we stood up the system and were ready to test loans in a few weeks instead of the usual 60-90 days,” says Harms. “That allowed our secondary team to start demoing the site and make some changes before going live. While we were fairly self-sufficient in implementing the technology, the Optimal Blue team was very engaged and responsive when we had questions. We look forward to the same level of service when we implement Optimal Blue's hedging system.”

In addition, industry rules and regulations are built into the Optimal Blue PPE so compliance is tracked and reportable to examiners. “This protects the credit union because we can show regulators we're doing the right thing,” says Harms.



**Ready to maximize profitability in your lending operations?  
Contact Optimal Blue today to optimize your competitive advantage.**

**ABOUT OPTIMAL BLUE**

Optimal Blue effectively bridges the primary and secondary mortgage markets to deliver the industry's only end-to-end capital markets platform. The company helps lenders of all sizes and scopes maximize profitability and operate efficiently so they can help American borrowers achieve the dream of homeownership. Through innovative technology, a network of interconnectivity, rich data insights, and expertise gathered over more than 20 years, Optimal Blue is an experienced partner that, in any market environment, allows lenders to optimize their advantage from pricing accuracy to margin protection, and every step in between. To learn more, visit [OptimalBlue.com](https://OptimalBlue.com).

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