

Waterstone Mortgage launches innovative business intelligence initiatives with Data Connect

Profile

- Waterstone Mortgage Corporation
- Pewaukee, Wisconsin
- \$3B annual loan volume

Challenge

Easily extract a variety of data from Encompass to develop a dynamic, proprietary, real-time Fair Lending Reporting and Pricing Exceptions dashboard.

Results

- Saves time
- Speeds data accessibility
- Improves visibility
- Reduces regulatory risk
- Improves loan quality

The challenge

Since its founding in 2000, Waterstone Mortgage Corporation has been focused on purchase business in the 48 states it serves.

Although this leading lender has always placed a strong emphasis on Fair Lending practices and reporting, getting this information wasn't always easy. Data for quarterly Fair Lending reports was drawn from the Encompass Smart Client report function and numerous third-party sources.

It was a time-consuming data extraction process that put a significant load on Encompass®.

Even with all that effort, the report only provided historic information, and offered no easy way to drill down to see more detail.

When 2018 brought expanded HMDA data points for demographic information, Waterstone leaders decided to make a change. The goal: develop a next-generation Fair Lending Reporting and Pricing Exceptions dashboard with real-time tracking.

The key was finding an easier way to extract the volume of information this undertaking required from Encompass. That enabler was Encompass Data Connect.

The solution

"Data is the foundation of almost every project we take on, and our key source of trusted data is Encompass," explained Tom Knapp, Senior Vice President, Chief Information Officer for Waterstone Mortgage. "Encompass Data Connect enables us to get to that intricate system data more efficiently, without impacting performance."

That easier extraction of current information opened up all kinds of opportunities, including the ability to provide real-time reporting within the organization's business intelligence tool.

"We can now provide up-to-date details by pricing exception, reason, geography, branch, and loan originator," explained Olga Rosales, Business Intelligence Manager for Waterstone Mortgage. "We can benchmark our branches, and stay on top of exceptions in real time. Just as important, we can drill down to make control group comparisons at the MSA (Metropolitan Statistical Area) level—none of which we could do before."

While the Fair Lending dashboard was Waterstone Mortgage's first major business intelligence project utilizing Data Connect in its modern data structure, it is far from the last.

"We're working on a project now where we're looking at loan defects—missing documentation, a bad underwriting decision—any of the things that require us to buy the loan back or incur a penalty," Knapp said. "We're tying all the data associated with those loans together into one dashboard. This will enable us to better look for, and mitigate, the root cause of any defects, and better understand the financial impact of those buy backs."

According to Knapp, this requires mining small pockets of data where people are measuring various aspects of defects throughout the company, and making this collective information available to a broader community of stakeholders.

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Tom Knapp
SVP and CIO
Waterstone Mortgage

“Ultimately, we’re gathering the data that’s important to the organization and presenting it to people in real time, so they can make better decisions, and have a better overall view of how we’re performing as a company,” Knapp said.

The results

Since using Encompass Data Connect, Waterstone Mortgage has achieved some significant results.

Saves time

“Two years ago, when I first got the request to pull the Fair Lending dashboard information together, it took me nearly six months of manual work, between writing reports and going back and forth, requesting the data I needed,” Rosales said. “With Data Connect, I don’t even have to put in a request for data any longer. It’s just there.”

Increases visibility and actionable insight

Unlike the quarterly reports, the Fair Lending dashboard enables leaders to drill down into the data to identify root cause.

“If our branches have pricing exceptions, we can identify why. Is our pricing out of line? Or does that branch need to put more controls in place?” Knapp said. “We have clear insights into pricing exceptions that we didn’t have previously.”

Reduces risk

Instead of viewing reports every quarter and taking action after the fact, Waterstone leaders have a continual feed of up-to-date

information around pricing exceptions and Fair Lending practices, to reduce risk and ensure compliance.

“Our risk committee has the data they need to quickly identify if we have a branch or a loan officer that’s out of the norm, like giving pricing exceptions at a particular rate, or to a particular demographic. So, we can quickly take action—be that provide more training, have a discussion or some other measure,” Knapp said.

Improves loan quality

Although the Loan Defect dashboard is still in its infancy, it’s easy to see the potential.

“Having a tool that lets us measure how we’re doing on various defects, finding the root cause, and managing the financial aspects of the defect will definitely make a difference,” Knapp said. “The dashboard is very new, so we haven’t seen a reduction in defects as of today, but I’m positive we will, based on some of the actions we’ve already identified.”

At the time of this writing, the Waterstone team is expanding the use of Data Connect to their various branch and operational managers, so they can fully utilize Encompass data to find areas of improvement, gain efficiencies, and make better business decisions.

“Having consistent data definitions, making the data available, and having everyone in the organization fully utilize these tools—that’s my dream,” Rosales said. “That’s where we want to be.”

Fueled by the power of data.