Chemical Bank Improves Operations, Enhances Borrower Satisfaction, and Grows Business

**The challenge**

Although the name “Chemical Bank” has been around for 100 years, this Michigan-based organization was reborn in 2016 through a merger with Talmer Bank. The first challenge? The staff had to migrate Chemical Bank’s existing mortgage team to Talmer’s Encompass platform in just nine months.

“Encompass was the obvious choice because it offered the features and flexibility that our legacy system just didn’t have,” explained Marcy Lindhout, CMB, 1st senior vice president & director of mortgage banking for Chemical Bank. “To grow, we knew we needed a relentless focus on operations to support our people,” Lindhout said.

“Encompass gave us the system transparency to see where the slowdowns were occurring, then drill down into the root cause of the issues. That capability, along with daily conversations with our staff and recommendations from an earlier Encompass Health Check, became the starting point for operational change.”

**The solution**

A number of problems were slowing down Chemical Bank’s mortgage turn time. “We didn’t have a good process for online applications, e-sign, or e-delivery, and appraisal delivery was a very manual, paper-based process, as well,” explained Tracey Grose, 1st vice president & director of strategic initiatives, underwriting, & construction lending, for Chemical Bank. “By expanding our percentage of e-packages, and electronically delivering appraisals, we knew we could shave days off of our process.”

The Chemical Bank team started issuing closing disclosures earlier in the loan cycle, which cut down on delays later on. They didn’t have that option before Encompass.

“Encompass also allows us to order a drive report at the time of application, so our loan officers can scrub the application and validate appraisers earlier in the process, which improves loan quality,” Grose said.

In addition, Chemical is getting e-signatures on all 4506-T forms (to access tax returns), so underwriters get more complete information upfront, which results in fewer conditions. Ultimately, it gets the borrower to the closing table faster.

“Reputation and service are everything in this business,” Grose said. “We always remember that there’s a human being on the other end of every loan, waiting. Whatever we can do to improve their experience, we’re going to try to do it.”

This borrower-centric mission is one of the reasons that Chemical Bank leadership invests in Ellie Mae consulting services, from ROI studies to periodic Encompass Health Checks. “We are in a constant state of improvement,” Lindhout said.

The Chemical Bank team is also fully utilizing the data housed in Encompass to stay one step ahead in a very competitive market.
“We are now attracting top-producing loan officers because we have the right operating system with Encompass.”

Marcy Lindhout, CMB
1st Senior Vice President &
Director of Mortgage Banking
Chemical Bank

“We’ve improved our time-to-close by a full 10 days—with improved loan quality.”

Tracey Grose
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Director, Strategic Initiatives,
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Chemical Bank

“We’re segmenting our more basic loans, and pulling these through the system faster,” Grose explained. “Being able to look at milestones and identify how many days it should take to accomplish certain tasks enables us to think creatively. Before, if I wanted to look at milestones or extract data like that, I literally had to have someone build me a report.”

The results

The fact that Chemical Bank was able to improve ROI while increasing its purchase business, just one year after the merger, earned the company a 2018 Ellie Mae Hall of Fame award for Business Growth Excellence.

Increased Purchase Business

Just 9 months into 2017, closed loan production reached $1.25b, with 70% of those loans being purchase and new construction. Chemical Bank went from being ranked eighth in Purchase Market Share in the state of Michigan to ranked third.

“Although analysts are predicting a market downturn, we still see the opportunity to capture more market share out there,” Lindhout said.

Faster Time to Close

Moving from a manual to an automated appraisal delivery process allowed Chemical Bank to cut three days off of its process alone.

“When you combine these three days with the efficiencies we’ve gained by expanding our use of e-packages, e-signatures, and a more streamlined workflow for online applications, as well as moving our closing disclosures earlier in the process, we’ve improved our time-to-close by a full 10 days—with improved loan quality,” Grose said.

Improved Borrower Satisfaction Drives Revenue Organization-wide

As service improved, customer satisfaction survey results shot up as well. A full 95% of respondents were not only pleased with their borrowing experience, but said they would refer family and friends.

While those recommendations will help the bank’s mortgage business continue to grow, the Chemical team also decided to cross-sell these happy customers, turning borrowers into loyal bank customers.

“Of the 7,585 mortgage loans we wrote, we generated 1,988 new checking and savings customers, and 255 private banking relationships. That cross-sell effort resulted in $23M aggregate revenue,” Lindhout said. “So, our mortgage operation is not only growing on its own, but our strong customer relationships are contributing to the bank’s overall success.”

Although, by anyone’s standards, the Chemical Bank team has pulled off a myriad of impossible feats over the past two years, it’s the impact of all the changes that makes Lindhout most proud.

“We’ve improved our borrower experience, we’ve made a positive impact on the lives of our employees, and we’ve supported Chemical Bank’s growth,” Lindhout said. “Now, with Encompass, we have the technology in place to keep improving, attracting top talent, and growing our market share.”