How Academy Mortgage Supercharged Compliance Efficiency in Less than Three Weeks

The challenge
Continuous process improvement is part of Academy Mortgage Corporation’s DNA. Since its rapid-fire, six-month implementation of Encompass® in early 2016, the company has had a designated delivery team in place, fully focused on making small tweaks to maximize the value of the system.

“We’ve seen how those smaller changes can add up to big efficiency gains. So, we’ve put a team in place that’s 100 percent focused on looking at our processes, seeing where we’re pulling information out of Encompass, manually manipulating it, and putting it back into the system; then, finding a way to optimize or automate that workflow,” explained Rusty Hansen, executive vice president of Academy Mortgage Corporation. “We look at all the needs, and with our executives, create a ‘top 10’ list for the team to work on. Then, we record the tangible value each change brings to the company. It’s a continuous cycle of improvement.”

In 2018, that list included an initiative to streamline the manual processes in Academy’s Home Mortgage Disclosure Act (HMDA) and Equal Credit Opportunity Act (ECOA) departments—specifically in the areas of reporting, and sending out Statements of Credit Denial (SOCD) and Notice of Loan Approval (NOLA) letters.

The solution
After mapping existing processes, the delivery team sprang into action.

Using field triggers and data templates in Encompass, they were able to data-default several critical fields for HMDA reporting, which reduced the amount of manual entry. They also put new business rules in place that automatically collected information for the HMDA demographic requirements upfront. This not only sped up the process, but also eliminated the possibility of error from manual entry of these critical fields.

As part of the ECOA process, the team utilized SDK tools to automatically review and pull data from the last-run credit report and compare this information to current loan data. It also automatically updated the underwriting summary and loan transmittal fields with the latest data from the automated underwriting system (AUS).

To streamline the generation and documentation of SOCD and NOLA letters, the team set up the system to run two separate reports in Encompass for each process; one each for conventional and non-conventional loan programs. Then, after automatically excluding loans with acceptable credit scores, the system runs Encompass reports to identify the loans requiring SOCD or NOLA letters.

A mail merge is run on this same population of loans, outside of Encompass, and the addresses verified.

Company profile
• Academy Mortgage Corporation
• Company headquarters: Draper, Utah
• $8B annual closed loan volume
• 276 branches

Challenge
Automate manual processes in its HMDA and ECOA departments to add efficiency, reduce costs, and ensure compliance.

Benefits
• Increased efficiency
• Improved accuracy
• Reduced overhead costs
• Decreased manual processes
• Reduced FTE requirements
Then, this list is overlaid with the appropriate Encompass reports to ensure that the two data sets match.

Letters are then generated and mailed, all with minimal human intervention.

**The results**

Although Academy Mortgage’s dedicated team was able to create, test, and go live with this initiative in less than three weeks, it made an immediate, measurable impact. This initiative also earned Academy a 2019 Ellie Mae Hall of Fame award for Excellence in Compliance Automation.

**Increased efficiency**

In the eight months since the automation has been live, Academy sent out 11,855 SOCD letters. In the past, that would have required a total of 16 hours per day, with two analysts working eight hours a day. Now, that same process takes one analyst only two hours per day to handle the same volume.

The 45,098 NOLA letters sent during that same eight-month period used to take one analyst eight hours per day to complete. Now, the entire process takes between two and three hours.

“We have been able to allocate people who were handling those letters to other functions in the company,” Hansen said. “The automation has also reduced the skill level of the people performing the SOCD and NOLA functions. All they have to do now is monitor the process, and review the logs and reports.”

**Enhanced accuracy**

Although accuracy was high before, the triggers, templates, and business rules added to HMDA reporting eliminated the potential for human error. So, Academy can deliver high-quality loans to investors, state regulators, and federal regulators, in less time and with fewer manual touches.

**Decreased overhead costs**

Because fewer people are needed to do the same volume of work, overhead costs have decreased by $100,000 per year.

This may seem like a small number at the onset, but when you consider that this initiative is only one on the company’s top 10 list, it’s easy to see how these small changes add up to big cumulative benefits in terms of efficiency and cost savings.

“The way I look at it, it’s like running track. When you start running, you go fast and hard. But, the more experienced you become, the more you see that the small tweaks you’re making—like keeping your head low and swinging your arms—are actually the things that win the race,” Hansen said. “Encompass gives us the speed and agility to compete in the race, and the flexibility to optimize and win it. If you are taking advantage of all the system offers and making those adjustments to get those smaller, incremental gains, you’re going to cross the finish line first. If you’re not constantly improving, you’re going to end up losing by seconds.”

Winning advice from an Ellie Mae Hall of Fame champion.

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Executive Vice President
Academy Mortgage Corporation