Alcova Mortgage Doubles Its Loan Volume without Substantially Increasing Staff

The challenge

Since its founding in 2003, Alcova Mortgage has been known for its “passion to serve.” The strength of this independent mortgage banker is its agility, and its ability to respond to market needs. The company started using Encompass in 2006 to automate what was then a very manual loan process. But, in 2014, with TRID on the horizon, Alcova Founder Bobby Nicely wanted to take that efficiency to the next level.

“We put together a business solution team within our company, tasked with maximizing operational efficiency in our loan process cycle, using the tools and customization options within Encompass,” Nicely said. “We believed that companies that adapted well to TRID would have an opportunity to gain market share. Our goal was to find a way to comply with this very complex regulation without negatively impacting our service levels.”

In short, Nicely wanted Alcova to maintain or improve the company’s origination-to-close cycle at a time when most of the industry was planning on adding days.

The solution

The team’s goal was to use Encompass to take “very confusing” regulations and simplify the process for each department as much as possible. “We were able to create a custom page for our closers that captured several different fields in their workflow in one place, so they didn’t have to click off into other forms to complete a TRID loan,” Nicely explained.

The team also created a custom page that made it easier for the processing department to submit requests for initial closing disclosure. Then, they set up underwriter and closer dashboards driven off of these new custom pages, all of which improved transparency and efficiency.

Automation was also a big part of the initiative, including workflows that funneled approved loans from quality control directly to the final docs area. At the same time, Alcova wrote specific business rules to ensure closing disclosures were sent only after the loan included all of the required compliance information.

“By taking advantage of the custom fields, custom forms, and business rules we could build within Encompass, we created a TRID process that was transparent to our clients, reduced our potential for error, and moved loans through the workflow more efficiently,” Nicely said.
The results

When the Alcova team was charged with using the tools in Encompass to build out a more streamlined loan process, they had high hopes. By combining their ingenuity with Encompass’ capabilities and flexibility, they produced a long list of very impressive results.

Increased Efficiency

Between 2014 and 2016, Alcova literally doubled its loan volume, going from just under $300M to $600M. The impressive part is that the company handled this massive jump in volume with only a 15% increase in its operations staff.

“Not only did we increase our loan volume by $300 million without greatly increasing the size of our operations staff or sales force, but we did it while dealing with one of the biggest regulatory changes in the history of the mortgage industry,” Nicely said. “A lot of credit has to go to Ellie Mae and Encompass for helping us be more efficient and effective, and developing a better loan process.”

Reduced Underwriter Turn Time

By automating processes, and creating dashboards and other tools for its underwriters, Alcova was able to reduce the average turn time for underwriting from 4 business days (in 2015) to 2.5 business days (in 2016), despite closing more than 20% more loans.

Managed Regulatory Changes without Decreasing Service Levels

When Alcova began its optimization initiative, the goal was to keep its post-TRID loan processing time at the company’s pre-TRID levels.

“By using the tools and customization in Encompass, we were able to create a TRID process that was practically invisible to our customers,” Nicely said. “Just as important, we continue to close loans in 30 days or less. We actually closed our first TRID loan at 14 business days, which is pretty remarkable.”

Solid Return on Investment

No question, Nicely is sold on Encompass, and for good reason.

“Encompass has given us a solid return on investment,” he said. “With all of the systems that are integrated into Encompass, we have no doubt that we are saving several hundred dollars per loan over other similar systems. But, we also have the opportunity to put our own stamp on the loan process, so we can continue to increase efficiencies and keep service levels high.”