CMC Funding Achieves Significant Cost Savings and Productivity Gains with Encompass

The Background
CMC has been in the mortgage business for more than nine years, providing various mortgage solutions for its patrons, including hedging, pricing, investor and vendor incentives.

Essentially an outsourcing solution for capital markets, the company has 90 customers with a combined annual mortgage production of more than $110 billion.

In 2011, CMC acquired the former Cunningham & Company, a retail mortgage lender, and has spent the last couple of years integrating the companies and opening up a correspondent channel and a loan servicing acquisition channel. The resulting correspondent and loan servicing business provides an alternative funding source for CMC’s customers as well as other Agency direct sellers.

When CMC decided to launch a retail platform, compliance was definitely a big concern. “Our strategy was to put together a common funding platform for our Cooperative members,” said William Lisnerski, executive vice president of Correspondent Lending and Loan Servicing for Capital Markets Cooperative, CMC Funding.

According to Lisnerski, acquiring the retail platform was the first piece of the puzzle. “We needed licenses and approvals from the lending authorities and the various agencies,” he said. “From there, we looked at how we could leverage certain technologies to grow not only the retail channel, but to move into this correspondent space.”

The Solution
Ellie Mae’s Encompass® is an all-in-one solution that serves as the core operating system for mortgage originators and automates customer relationship management, loan origination and business management. The solution helps lenders automate the entire mortgage process to achieve maximum efficiency, loan quality and compliance.

“We saw and appreciated the flexibility of Encompass,” said Lisnerski. “It was a pre-packaged solution for both the retail and wholesale channels. And, we also saw the capabilities of what we could do with it.”

When CMC made the decision to implement Encompass in October of 2012, interest rates were still as low as 3.25 percent, and volume was very high. “Even through that high volume, we were able to go live by January 1 and actually get loans on the system rather quickly,” said Lisnerski. “That was a great team effort, but it was because of the simplicity of the application itself and the processes around it that made it happen.”
According to Lisnerski, the biggest challenge in correspondent lending loan acquisition is data. “As we launched our retail channel, it became a big problem for us,” he said. CMC leveraged the Encompass Software Development Kit (SDK) to develop a data interface that uploads into Encompass. “Now we are all on a single platform, and we can balance resources between our retail center in North Carolina and our correspondent center in Florida,” he said.

CMC also makes extensive use of controls in Encompass. “We’ve built in various controls so the platform will reject loans if the loan doesn’t have required data points,” said Lisnerski. “And, we created additional interfaces to push alerts out to our sellers reminding them to provide the data. Putting controls in place made the process go smoother and enabled us to drive quality within our loan acquisition process.”

For Lisnerski and his team, it’s critical to have an all-in-one solution like Encompass to provide all parties to the loan the visibility they need into the process. Additionally, because CMC serves various channels, being able to use web portals for different audiences is extremely valuable. “We can deliver a portal for correspondent lenders only, for example, so we can expose only the relevant information to them,” he said.

And, setting up separate portals was easy to do in the Encompass platform, according to Lisnerski. “Encompass WebCenter is totally integrated with the platform,” he said. “You can build in controls that guide users through the process of delivering the necessary documents or clearing conditions. It enables the process to move smoothly from milestone to milestone, with appropriate quality control points to ensure we’re getting the right data in order to service and acquire that loan.”

The Results

Using Encompass, CMC was able to build a solution that leverages a custom tool, bulk file uploads, forms and processes. The scalable solution reduced costs by 20 percent and enabled CMC to expand production rapidly from $150 million of MRs acquired per month to more than $500 million per month with the same staff.

“After deploying Encompass, we brought down our technology costs almost 70 percent in the retail channel.”

Lisnerski projects similar savings and efficiencies in the correspondent channel. “We’re going to go from approximately $150 million to more than $500 million of production per month on the Mortgage Servicing Acquisition (Co-Issue) side, using the same staff,” he said.

“The added focus on compliance and loan quality will reduce any potential loan errors, which would offset potential loan repurchases,” said Lisnerski. “This leads to huge savings, and preserves our brand and our reputation.”