Encompass Product & Pricing Service Delivers Greater Data Integrity and Reliability

The challenge
Gold Star Mortgage Financial Group is one of the nation’s premier mortgage companies, doing business in 33 states with more than 47 branches nationwide. Early on, company leaders recognized that effective technology was critical to efficiency and keeping service levels high. That’s why the company moved to Encompass in 2009.

“At the time we were growing and hadn’t transitioned into a full correspondent lender, so we kept our original pricing engine,” explained A.J. Franchi, COO of Gold Star Mortgage Financial Group.

But when the company moved to full mandatory delivery, the incumbent pricing solution just couldn’t deliver the precision and accuracy their new model required.

“We focus on the pricing engine is key. You have to be able to leverage data quickly, and know that data is accurate, every time. We just didn’t have that level of reliability with our previous pricing engine,” Franchi said.

For a correspondent lender, one mistake is one too many.

“If you hedge at 4.25% due to inaccurate data, and the market goes to 4.75%, you’re not going to sell the loan and you’re going to lose money,” Franchi said. “We needed a more efficient way to pull accurate rates and pricing, without slowing down our operation.

So we moved to Encompass Product & Pricing Service™ in 2014.”

Franchi and the Gold Star Mortgage team have been advocates of Encompass Product & Pricing Service ever since.

The solution
“Encompass Product & Pricing Service gave us better data and included a broader array of investors. The pricing was more accurate and conclusive,” Franchi said. “You can’t operate in our business model and wonder if the information you see is up to date. You also don’t want the inefficiencies that go along with having to manually check the data you see, just to be sure. With Encompass Product & Pricing Service we can be confident that what we see is accurate and complete.”

Because Encompass Product & Pricing Service is seamlessly integrated with Encompass, workflow is more efficient. Everything happens within one system of record.

“Our staff can move directly from the loan file to the product and pricing guidelines,” Franchi said. “We actually built some custom forms to help our underwriting team determine eligibility among multiple investors. As a result, we can execute on the first try. At the same time, we took the potential for human error out of the equation.”

The solution also gave Gold Star leadership more insights into margins and profitability.
We could look at the margins on each loan and write rules around the process. If a loan comes in at a lower-than-expected margin, or if something falls below the threshold, we get a notification,” Franchi said.

Most importantly, Encompass Product & Pricing Service gives Gold Star Mortgage the tools it needs to succeed.

“Encompass Product & Pricing Service has better data, better technology, and all the workflow benefits that an integrated product inherently delivers,” Franchi said. “As a company that’s funding $1.3B in mortgage loans every year, we need that level of quality. We have to be on top of our game every day.”

The results

Since moving to Encompass Product & Pricing Service Gold Star Mortgage has seen some significant results.

Economies of Scale

Gold Star Mortgage's previous pricing solution charged by the user, which meant the company paid the same thing every month, whether they used the service or not.

“We’ve seen a big volume fluctuation in our market over the years,” Franchi said. “With Encompass Product & Pricing Service, instead of paying by the user we pay by the quote, which means we’re paying for the service when we use it. In an industry like ours, it makes sense to go with a provider that offers a pricing model like that.”

Improved Data Integrity

In the mandatory delivery model, data integrity is everything.

“The hedging on the wrong information could cost our company millions of dollars—data is that critical to our success,” Franchi said. “With Encompass Product & Pricing Service we have access to information from a broader group of investors, along with the assurance that Ellie Mae is keeping the data up to date.”

Reduced costs

Gold Star Mortgage participated in an ROI study that chronicled the impact of each Ellie Mae product and service they use.

Encompass Product & Pricing Service and secondary market functionality saved the company 7 basis points, which comes out to $140 per loan—a significant savings, by anyone’s standards. The fact that Encompass Product & Pricing Service streamlines processes and makes life a little easier for Gold Star users is an extra bonus.

But, according to Franchi, his relationship with Ellie Mae is as important as the technology itself to ongoing success.

“A pricing engine is critical to mandatory delivery. You have to work with a partner who will keep the solution up-to-date and be there when you need support or service,” he said. “Ellie Mae has been that kind of partner for us. We get accuracy, speed, and the level of service we give to our own customers.”