LeaderOne Financial Improves Efficiency and Compliance Management With a Significant Increase in Loan Volume

The challenge

LeaderOne Financial started out as a small Midwest-based banker in 1992, known for its integrity, honesty, and personal customer service. Although the company has grown exponentially since the beginning, in the past six years that trajectory has gone into hyper-drive. Supporting that growth is one of the reasons that LeaderOne moved to Encompass back in 2011.

“At the time, we were using multiple platforms for origination, processing, underwriting, closing, and funding. We thought moving to an end-to-end, all-in-one platform would allow us to consolidate and become more efficient,” explained Michael Brady, chief information officer and executive vice president for LeaderOne Financial.

In 2014, the company formalized an initiative to use the tools within Encompass to automate manual processes, ensure compliance, and reduce the number of “touches” per loan file. The more efficient the company could become as it grew, the more nimble it could be.

“If you’re in the mortgage industry, you have to be prepared to manage change,” Brady said. “The best way to grow in an environment ripe with regulatory change is to accept those changes, adapt to them, and continually look for ways to make your processes as efficient as possible. That way, your customer experience can help close more loans for you.”

The solution

After pulling the numbers the LeaderOne team realized that, on average, 26% of its mortgage loans actually close. That left its pipeline management and branch teams to ensure that the other 74% of loan applications were handled correctly to meet compliance requirements. The team spent a lot of time analyzing reports, opening files to review credit reports, and then completing denial information—all of which took away time they could have spent generating new business.

To combat the problem, the LeaderOne team set up custom fields and business rules within Encompass that automatically denied loans that did not meet specific credit criteria. Pipeline views were used as queues for the denied applications in order to ensure Statements of Denial were sent within three days, negating the need to send disclosures.

By implementing these system changes, as well as automatically archiving prequalified prospects after 90 days, they significantly reduced the amount of time its staff spent on files that weren’t going anywhere, which improved productivity and compliance management.

The next step was streamlining the onboarding process for new locations and employees to make this a more seamless process. Instead of setting up individual branch templates (which were hard to manage), the team developed
six standard templates that could be used companywide. They used business rules to populate any logic-based data points at the branch level for data integrity. Then, by setting up Milestone Completion business rules, they ensured that data points and documents were required throughout the loan lifecycle, which made it easy for new employees to work consistently within the Encompass system.

**The results**

By taking advantage of the tools and customization options within Encompass, LeaderOne Financial has achieved outstanding results at a time of massive growth and equally massive regulatory changes.

**Higher Volumes. Greater Efficiency.**

“In the past several years we’ve increased our production significantly, with loan volumes up by 32%, and production values at $150 million per month,” Brady said. “We’ve reduced our touches from an underwriting standpoint, now averaging 2.5 to 2.6 touches per loan.”

By using custom fields and business rules in Encompass to automatically deny loans that don’t meet credit criteria, LeaderOne significantly reduced the time branch personnel spent on manual tasks. In the first two months of implementing the automation alone, 12% of the company’s total loan applications were automatically denied. That’s 44% of LeaderOne’s total denied files—all of which used to be dealt with manually. So, branch staff can now focus on helping customers and growing the business.

**Fewer Loan Suspensions**

Suspended loan files delay purchases and add time to the loan lifecycle—neither of which any mortgage lender wants.

“The enhancements we’ve built into the system have resulted in fewer suspensions. We’ve gone from a monthly average of 12 to 13 down to seven,” Brady said. “That reduction means our files can be reviewed and purchased off of our warehouse lines more quickly. We’ve actually seen our purchase rate increase by almost 22%.”

**Adaptability to New Regulatory Requirements**

With all the growth and the efficiencies LeaderOne has gained, Brady believes the organization’s biggest accomplishment to date is the effectiveness of its TRID rollout.

“We started early and spent a lot of time on training,” he said. “We had zero issues with rollout and actually reduced our suspense rates on the LE. The time our Encompass team spent with our compliance and operations department really paid off, as our production staff clearly understood the changes that were coming.”

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“They’ve always had a very strong partnership with Ellie Mae, and often participate in their beta programs,” he said. “We appreciate their feedback and insight as we constantly strive to become more efficient as we grow.”

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