Company Profile

- Primary Residential Mortgage, Inc.
- Salt Lake City, Utah
- 250 branches
- Licensed in 49 states
- $6B annual residential loan volume

Challenge

Needed a plug-and-play way to adapt to new regulatory, investor, and loan program requirements (and improve loan quality) without slowing down staff efficiency.

Benefits

- Improved loan quality
- Fewer suspense conditions
- Fewer post-funding penalties
- Improved regulatory compliance
- Faster investor turn times

The challenge

Ask anyone at Primary Residential Mortgage, Inc. (PRMI) about the company, and you’ll hear the same thing: “We’re the people who get things done.”

So, it comes as no surprise that in just 10 years, this can-do company has grown from a local lender into a multi-billion-dollar 250-branch organization, licensed in 49 states. It’s also not surprising that when this mortgage powerhouse made the decision to move to Encompass in 2014, it went live with the system in only 90 days.

Although the system worked well, the company soon discovered that the initial set up wasn’t what they needed for the long run.

“Originally, we set up an extensive set of business rules built with the standard, out-of-the-box design, which would be fine for a typical lender. But, as a company that lends in 49 states and offers unusual products with different guidelines, that probably wasn’t the best approach for us,” explained Corban Wells, manager of business technology for PRMI. “We ended up with about 800 different rules in the system.”

While these rules did prevent users from making big mistakes, they also presented a lot of challenges. “Changes to housing programs and investors—as well as new regulations—are fast and furious. We needed a more agile, ‘plug-and-play’ way to adapt to these changes, and bring on new investors faster,” Wells explained.

By default, each rule only checked for one specific condition. That meant even if there were five reasons that a loan officer got an error message when trying to print a loan estimate, for example, he or she wouldn’t see all five issues at once, they came in consecutive succession after each correction.

As a result, the PRMI team started looking for ways to reduce the complexity without negatively impacting compliance.

The solution

“Once we realized the flexibility that Encompass’s open architecture allowed us, and the power of the custom calculations engine, we started thinking creatively—more like software product managers than Encompass administrators,” Wells said. “Using a combination of custom forms, code, and calculated fields, we were able to create a solution that gave us the agility and the loan quality we needed.”

First, the team created a custom form that displayed all of the loan restrictions simultaneously, informing users exactly why they were blocked from performing certain tasks. Issues triggered by business rules were marked with a red button, enabling users to find and correct these issues more quickly.

“It didn’t take long for our users to see how much easier the form made their jobs,” explained Kevin Glad, product manager for PRMI. “It’s actually now our most used form, which is a huge win for us.”
The PRMI team also created another custom form for exceptions, enabling management to prevent a rule from triggering on a specific loan without impacting the other loans going through the workflow.

The most impressive part? Both of these forms were created through Encompass configurations; no software developer kit required. “We simplified our business logic and moved it into the calculated field engine, which not only makes compliance management easier, but also allows us to apply new restrictions or changes without adding new business rules,” Wells said. “Our users are happy, our loan quality has improved, and we’ve improved system performance.”

The results

PRMI found a way to manage the complexities of its expansive business model, automate compliance, and speed investor onboarding—all by stepping back and looking at the possibilities within Encompass. For this innovation, the company was named the 2018 Ellie Mae Hall of Fame award winner for Compliance Automation.

Faster Investor Turn Times

Since implementing its custom loan quality form, PRMI’s average turn times with investors has gone from nearly 20 days to a little more than 8 days, from shipping to purchase. “Our investors have actually complimented us on our loan quality. One of our larger investors that tracks performance told us that our industry peers take 22% longer to get a file purchased than we do at PRMI,” Glad said.

Fewer Post-Funding Penalties and CD Reissues

With a more streamlined approach to loan quality and compliance, PRMI has reduced the number of loans with post-funding penalties from 15% to 5%. The amount spent on penalties has been reduced by 58% from 6 bps per loan to 2.54 bps per loan as well.

Fewer Suspense Conditions

The incidence of suspense conditions dropped from .40 conditions per loan to .29 per loan, a 28% improvement. “Our suspense conditions have remained low. In fact, a compliance review with a large investor showed that 95% of our loans had no compliance-related suspense at all,” Glad said.

Less Time on the Warehouse Line

The ability to add new conditions has reduced the amount of time PRMI loans spend on the warehouse line from 25 days to 20 days. But, don’t think for a minute that the PRMI team is done finding innovative ways to support its business with Encompass, it’s obvious that they’re just getting started.

“Winning, for us, was the feedback that showed us that we’re setting the pace, that we’re raising the bar. That motivates us to do more,” Glad said. “Luckily, with the power and flexibility of Encompass, a limited imagination is our only restriction. So, expect to see us in the Hall of Fame again.”

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