

Gold Star Mortgage Achieves Off-the-Charts Operational Efficiency with Ellie Mae Products

Bank Profile

- Gold Star Mortgage Financial Group
- Ann Arbor, Michigan
- \$1 billion in loans closed in 2014

Challenge

Needed a single, all-in-one loan origination platform to improve efficiencies, security and data integrity.

Benefits

- Saved time on total life of loan
- Streamlined loan delivery and execution
- Gained a complete, end-to-end view of loan process
- Improved data integrity
- Cut funding time by six days
- Combination of efficiencies saves \$500 per loan

THE CHALLENGE

Since its founding in 2000, Michigan-based Gold Star Mortgage Financial Group has been committed to delivering unsurpassed customer service to every borrower, corporate client and real estate professional. To accomplish that goal, this rapidly growing multi-state direct mortgage lender has to work as efficiently as possible.

That quest for improved efficiency is the reason Gold Star Mortgage leaders replaced a legacy LOS with Encompass back in 2009—and have been adding Ellie Mae® products ever since.

“We wanted to move to one system of record to improve efficiencies, security and data integrity,” explained A.J. Franchi, CIO of Gold Star Mortgage Financial Group. “We integrated Encompass into our business, and then started adding services. What we discovered was, every time we added an Ellie Mae service, we gained an additional efficiency pick-up.”

THE SOLUTION

In the beginning, Gold Star chose to self-host Encompass, and then transitioned to the hosted, SaaS version in 2010.

“What we discovered that first year we self-hosted is that it is expensive and time-consuming to maintain the system, the database and to get the level of sophistication required to manage security,” Franchi said. “Once we moved to a hosted platform, it really freed us up to focus more on the business end of things and worry less about the technology end of things.”

At the time of implementation, Gold Star was using an external docs provider.

“Encompass® has an internal docs engine as part of the system, so it only made sense to transition our docs early on,” Franchi said. “It was a minor change that had a major impact. We saved about \$25 per loan by simply using a feature already built into the system.”

The company also quickly added the built in Encompass Compliance Service™, powered by Mavent®, which instantly checks loan files against the appropriate federal and state residential mortgage lending regulations.

“Encompass Compliance Service improved efficiency by automating a previously manual process, and also enabled us to reduce our post-close issues by catching potential problems early on,” Franchi said.

Gold Star added the Ellie Mae Total Quality Loan™ (TQL) program in October of 2012, which integrates automated quality checks throughout the loan process. It also ensures a consistent service ordering process throughout the organization.

“We use TQL to run all compliance and fraud services through Encompass, so there’s no mismatching of data between systems. By running these quality checks upfront, we make sure nothing slips through the cracks,” Franchi said.

According to Franchi, Gold Star saw a \$20 to \$30 pick-up per loan just by gaining visibility into what people were ordering utilizing TQL and using existing staff more efficiently.

“The biggest impact was underwriter turnaround time. They’re your most expensive employee carrying cost, so anytime you can increase their productivity, you reduce expense,” Franchi said.

“With margins being squeezed, everything is about process improvement—getting to the closing table faster by working more efficiently along the way.”

A.J. FRANCHI
CIO

GOLD STAR MORTGAGE
FINANCIAL GROUP

In 2014, Gold Star transitioned from its existing pricing engine to Encompass Product and Pricing Service™ (EPPS) to increase efficiency and visibility and continue the transition to a single system of record.

“We wanted better insight into our margins and profitability, and to break everything out by cost center so we could see how each department was performing,” Franchi said. “We could look at the margins on each loan, write rules around the process, and have the system notify us if a loan came in at a lower-than-expected margin, or if something fell below the threshold.”

Franchi and team also built custom forms for underwriting, within the system, to help determine eligibility among multiple investors.

“Instead of relying on the underwriter to remember the loan criteria of more than 10 investors, the system automates that process, so we can execute on the first try. We basically took the potential for human error out of the equation,” Franchi said.

THE RESULTS

With every additional product, Gold Star gained an incremental benefit, improving service, saving time and reducing expense.

Reduced Processing Time

“I think the biggest time savings that we got from Ellie Mae was our total life of loan process. We’ve improved five days on Warehouse line because of the system and the visibility we have into our pipeline,” Franchi said. “We now have a good end-to-end view of the loan process, without having to reconcile systems or lose any time in between that data transfer. ”

Funding times have decreased as well, cut by a full six days with Encompass.

Increased Visibility

One system of record gives Gold Star better data integrity, and full visibility into the lending pipeline. Gold Star management can spot trends, gauge volume and reduce delays.

“We have good exception reporting, so if something gets outside of our system of work, we can push it right back and have it flow through,” Franchi said. “Our delivery and execution has really become streamlined because we’re operating within Encompass.”

Lower Costs

Every additional product or service has reduced expense:

- Transitioning to the doc system saved \$25 per loan.
- Better use of personnel saved \$20 – \$30 per loan.
- Decreased funding time due to system automation saved \$155 per loan.
- Product and pricing and secondary marketing functionality saved 7 basis points, or \$140 per loan.
- Fewer errors, increased productivity and other factors save hundreds more.

“When you total all of the incremental savings we’ve achieved through Ellie Mae, it adds up to a savings of about \$500 per loan,” Franchi said. “We’re also positioned to scale up more profitably, as opposed to simply adding volume. ”

As impressive as these numbers are, Franchi believes that Encompass’ benefits extend beyond the metrics alone.

“We sell a commodity, so we have to do things better,” Franchi said. “Technology is our competitive advantage. Encompass is our catalyst for success.”