

A world-class correspondent system delivers 50% ROI in year one: The AmeriHome Mortgage Story

Profile

- AmeriHome Mortgage Company, LLC
- Company headquarters: Thousand Oaks, California
- Funds \$40B in loans annually
- Services and purchases loans in 49 states

Challenge

Create a highly scalable correspondent lending solution that improved performance, reduced costs, and enhanced customer satisfaction by increasing the speed with which the company could buy and sell loans.

Results

- Increased production by 14 percent overall; as high as 33 percent in some areas
- Improved customer satisfaction
- Increased loan purchase speed
- Enhanced loan quality
- ROI of more than 50 percent, year one

The challenge

AmeriHome Mortgage Company was founded in 2013 by an accomplished group of mortgage executives, each with a solid industry reputation and track record of success. They built their staff by bringing on the best and brightest individuals they had worked with in the past, which not only eliminated learning curves and the potential for hiring mistakes, but positioned AmeriHome to start its growth trajectory as soon as it opened its doors.

“We knew we needed to grow quickly to get our costs down and to make our overhead make sense, because that’s how the correspondent business works. So, everything we designed, we designed to do with scale,” explained John Hedlund, Managing Director, Chief operating Officer and one of the original founders of AmeriHome Mortgage Company.

Although the original loan origination system (LOS) worked well, once the company hit the \$3B mark, it could no longer provide the flexibility and agility the rapidly expanding company required.

“We also felt like we weren’t getting the partnership we expected out of a critical vendor like that,” Hedlund said. “We needed newer technology, as well as a technology partner that was more responsive to our needs.”

AmeriHome found the solution and the partnership it was seeking with the ICE Mortgage Technology Platform.

“We brought the correspondent expertise; ICE Mortgage Technology brought the technical expertise, and together we agreed to build a world-class correspondent system—the first instance of Encompass Correspondent Lending,” Hedlund said.

The solution

A system migration at a company with volumes of 12,000 to 15,000 units a month is like “changing the tires on an 18-wheeler moving at full speed,” said Hedlund. However, with ICE Mortgage Technology’s help, AmeriHome was able to implement the solution in just six months, despite all the customizations and new configurations required.

“When we called for extra support, we got it. If something wasn’t working, everyone worked together to figure things out quickly, and get the project back on track—which is exactly what you want from a partner,” Hedlund said.

The resulting solution utilizes a variety of ICE Mortgage Technology products, enhanced by work done both by AmeriHome internally and in partnership with ICE Mortgage Technology, to maximize their value in a correspondent environment.

For example, AmeriHome uses Encompass® to house all purchase process review tasks, as well as its entire loan review workflow. The Encompass Product & Pricing Service is used to electronically post live pricing and check loan-level eligibility, while Mavent Compliance Service™ performs a continual compliance check to validate LE/CD fees and tolerance cures.

“Not only is our productivity up, but we’ve also increased the speed at which we purchase client loans by 25 to 30 percent.”

John Hedlund
Managing Director and COO
AmeriHome Mortgage Company, LLC

Its customers (sellers) use Encompass TPO Connect™ to lock loans, upload documents, and review conditions, all of which seamlessly flow back into Encompass.

At the time of this writing, the company is also preparing to implement Encompass Investor Connect™. This system-to-system connection between lenders and correspondent investors will streamline its already efficient process even further.

“Investor Connect is going to save our clients time and money, and is another example of how ICE Mortgage Technology continues to develop accretive products that ensure Encompass maintains its currency, relevance, and state-of-the-art status,” Hedlund said.

The results

The results AmeriHome Mortgage achieved with Encompass were so significant that the company was recognized as the 2019 Ellie Mae Hall of Fame award winner for Improvement in Efficiency and ROI.

Increased efficiency and throughput

AmeriHome gained a 14 percent weighted average increase in production by using Encompass’ business rules functionality to automate multiple parts of the review process. Some individual departments within that group increased output by as much as 33 percent.

Accelerated loan purchases

“Not only is our productivity up, but we’ve also increased the speed at which we purchase clients’ loans by 25 to 30 percent, going from seven to five days, which is dramatic. We’ve also seen our loan quality improve, which is critical to selling the loans we buy to other investors,” Hedlund said. “We’re easier to work with, our clients’ back offices like working with us better, and Encompass is a big part of that.”

Rapid return on investment

In the first year alone, after comparing expense to the resulting cost savings with Encompass, AmeriHome realized a return on investment of more than 50 percent.

A foundation for ongoing improvement

As impressive as these results are, Hedlund believes this is just the beginning of the value AmeriHome will derive from Encompass.

“Encompass is a foundation on which we’re driving a lot more change to process and systems that will continue to reduce costs per loan, improve efficiency, and make it easier for clients to sell loans to AmeriHome—and get paid faster.”

That’s an approach that’s winning over customers, as well as earning the company Hall of Fame honors.