

Today's Recipe For SUCCESS

Today's mortgage executive knows that to be effective, you need to be in the business of making technology work.

By A.R. Smith

If you are working in the mortgage industry, then you are in the business of helping people. Mortgage originators are empathetic communicators, focused on service and sharing in the dreams of the homebuyers they are assisting.

If you are an operations manager, you know that providing great customer service only scratches the surface of a successful mortgage business. In fact, running a profitable operation takes a lot more than good service, it takes the right infrastructure and technology. Today's mortgage executive knows that to be effective, you need to be in the business of making technology work.

Mortgage COOs and CIOs and their accompanying operations and technology departments are typically responsible for the systems and platforms that make the funding process go smoothly. Responsibilities usually also involve meeting compliance requirements, gathering and disseminating information for new business, and providing detailed data to in-house financial personnel, stakeholders and regulators. In short, they are in the business of providing and overseeing the infrastructure that allows employees to deliver on their promises to customers.



I am a strong believer in both tenets of the mortgage business. There's no doubt that the mortgage industry is all about helping people, but I can also assure you that you can't succeed without

a due diligence process to discover an end-to-end solution. My goal was to have an integrated workflow that would streamline processes in conjunction with making desired platform changes.

performance, higher morale in overall operations, and a seamless approach to accessing customer information for sales and operations. The new ease of access to information, reductions in

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My experience in residential finance goes back to 1988, when I was CIO of a bank. I was responsible for the organization's operations and technology systems. I carried that first experience with me throughout my banking career, as I continued to play key roles in establishing and managing other financial institutions. The seeds of my latest endeavor, TVMA, Inc. (TeraVerde Management Advisors), can be traced back to 2006, when I was COO of a nationally chartered bank, which I co-founded. In that role I had accountability for operations, technology and servicing for its mortgage banking division.

At that time, the bank was originating \$1.5 billion annually in mortgage loans and looking for ways to be more productive and efficient. I challenged my team to find new ways to streamline the workflow and put loans through the system more quickly and efficiently. It soon became apparent that if they wanted to reach the next level in production, the organization would need to move away from the self-hosted mortgage platform that it purchased when the bank was established.

In analyzing the in-house databases, the team realized that one impediment to productivity was the intensive number of people "touches" that each file experienced. We needed a more efficient workflow, a platform that would allow visibility of the loan customer from end-to-end.

The company needed to make a radical transformation of its internal database and so the team embarked on

At that time, finding a platform for a mid-sized mortgage originator was not an easy task.

As the search progressed, the team was introduced to Encompass360, a new product offered by Ellie Mae. Encompass360 was an end-to-end solution for operations and the costs were appropriate for our organization. It was a platform that intuitively solved issues for which we had done multiple customizations to accomplish our goals in operations.

Once the decision to go with Encompass360 had been made, my team and I searched for a consultant that understood the new platform, mortgage banking, and project management. Our search was unproductive. We knew the project would be a radical undertaking for our team, so we searched for a consultant who could be our partner in integration, training and customization.

Due to the unique nature of our operation, we soon realized that we would have to put a team together in-house to customize and launch the initiative. The in-house team developed the "vision" of the platform requirements and the project was kicked off in the summer of 2006. The bank successfully converted to the new platform in December of that year.

Within 2 years, the bank's mortgage operations had more than doubled its production and the technology team morphed from department employees and supervisors to an internal team of business analysts and system managers.

Benefits of the enhanced workflow and third-party integrations included an increase in loan officer recruiting and

turn time and greater "one touch" accuracy, led to enhanced profitability and resulted in higher sales and performance from the entire team.

In 2010, the bank's parent company was sold, with most of the key technology team being released. Motivated by my enthusiasm for mortgage operations and accompanied by an outstanding technology team, I founded a consulting company that could deliver the expertise that we had sought back in 2006. I knew we had something really special – a team that not only understood the technology aspects of mortgage loan operation platforms, but also knew first-hand how to develop and deliver project management and



business advisory solutions that would make users even more successful.

In the fall of 2011, we launched TVMA with its first client, Potomac Mortgage Group. Ed Dean, CEO, of Potomac Mortgage Group, (now

known as MVB Mortgage), based in Fairfax, VA, was seeking management insights to enhance workflow processes, compliance and efficiencies as it implemented its loan origination systems platform.

Now with over 75 clients in 20 states, TVMA, approaches each client with a desire to listen and learn. I like to say that we “get into our clients’ hearts and minds.” Sometimes we serve as more of a translator, listening to what our clients want and then “translating it” into a plan of action that involves technology and operations. Many times, a

data from multiple sources and give them the real-time reports and analytics to run a more efficient, effective operation. It’s pretty thrilling to deliver a service or apply a “plug-in” for a client that provides the same answers with a “click,” that previously took several people days and multiple spreadsheets to gather and assimilate.

Over the last couple of years, I’ve spoken to many mortgage executives who are in the same boat that I was in seven or eight years ago. I encourage anyone looking to hire a consultant for mortgage operations to do so after

is not asking you the right questions and probing for information, you may not have found the ideal consultant.

- Check references and be sure that you are dealing with a consultant who is highly recommended in the mortgage industry. Make sure your consultant can deliver based on what he or she has accomplished with other clients. The right consultant should be invested in your success and be motivated by your challenges and accomplishments. Consultants who have ongoing cli-

ABOUT THE AUTHOR

A.R. Smith co founded TeraVerde Management Advisors/TVMA, Inc., which is a company that provides consulting, training and implementation of mortgage loan technology platform for best practices in the mortgage banking industry to banks and independent mortgage bankers. Previously, Smith was co-founder and EVP of American Home Bank from 2001-2005 and named President and COO of American Home Bank N.A. in 2005 and remained in that position until 2010.



client can’t quite verbalize what they need, so we ask the questions to define their situation, and then come up

conducting research on the company or person, talking to references and having frank discussions about what is

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with a business solution to solve their dilemma or make them more efficient.

In addition to working with loan origination systems providers, we assist with other third party vendors, including appraisal, compliance, warehouse and data mining companies. There is a plethora of information involved in the mortgage origination process. It is exciting to be able to help clients marry

expected throughout the process. Some helpful tips I have shared include:

- Establish your goals or define your problem before your start the search process. Find candidates who have the specific industry and platform experience that you need.
- The consultant should always ask questions prior to performing the work. If the prospective consultant

ent relationships are typically ones that know how to create value and become more like a partner than an outside advisor.

- Don’t make a decision based on fees or costs only. Determine what you are getting for your investment. Be wary of fixed rate projects that are not well defined in a project plan or with specific outcomes. Ask for a Statement of Work or Functional Specs that provides details and deliverable timeframes.
- Determine how accessible your consultant will be to you and to your organization. Define expectations for onsite and remote work. Establish a standard for ongoing contact and communication.
- After you have hired your consultant, insist upon billing statements that are descriptive and detailed.

Finally, I encourage anyone looking for a consultant in the mortgage business to choose one who embraces mortgage banking. Don’t settle for a generalist – our industry is changing too quickly and the requirements are too great. Find someone who will invest the time to live in your world. ❖