



Digital Mortgage. Delivered.

Case Study

Mortgage 1



**We digitize mortgage
manufacturing to
improve profitability
and scalability.**



186

LOAN OFFICERS

\$2.3B

2020 LOAN VOLUME

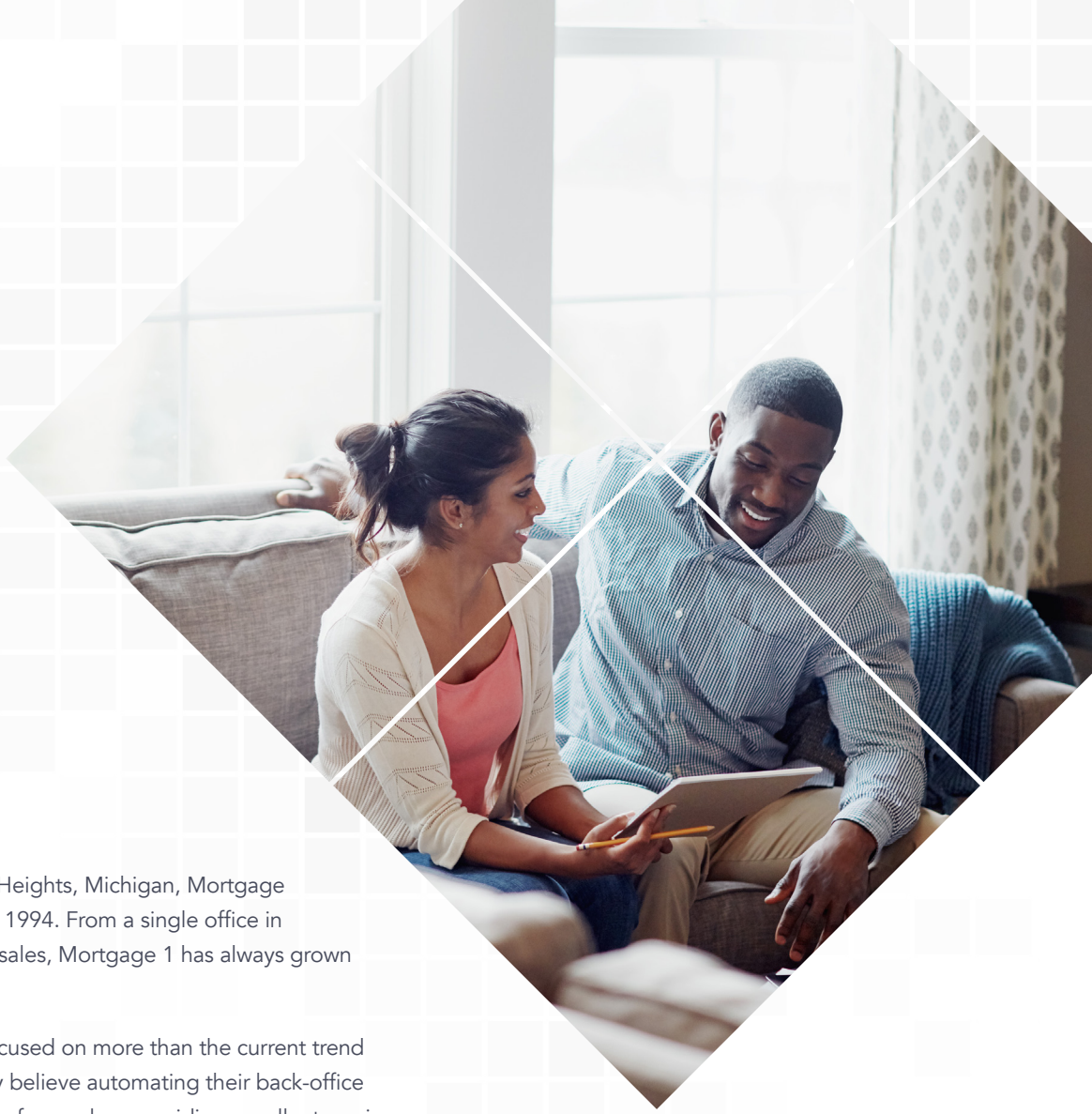
Founded: 1994

Headquarters:
Sterling Heights, MI

"LenderToolkit's Digital Mortgage solutions have fundamentally transformed how we do business. Our profitability has skyrocketed and our employees have never been happier."

MARK WORKENS

CEO, Mortgage 1



Headquartered in Sterling Heights, Michigan, Mortgage 1 was originally founded in 1994. From a single office in 1994 to over \$11 billion in sales, Mortgage 1 has always grown through relationships.

At Mortgage 1, they are focused on more than the current trend in online applications. They believe automating their back-office operations keeps their team focused on providing excellent service to the client. The leadership at Mortgage 1 knows automation will never replace people, but it can provide individuals more time to cultivate deeper, more meaningful relationships. As automation reduces tedious tasks, the most valuable team members will be the ones that can cultivate those long-lasting relationships.



A New View of Digital Mortgage

"Quicken Loans Rockets into American Homes with the Company's First Super Bowl Commercial" is the headline of Rocket Mortgage's first press release on January 27th, 2016. The following day, *Forbes* had an article entitled "8 Minutes to Mortgage Approval". *PC magazine's* article on the same day was entitled "You can now get a Mortgage while in line at Starbucks. No, really". To those of us in the mortgage industry, a hard eye roll follows after reading these now five-year-old articles.

With headlines like these, it's no wonder software companies who mirrored Rocket Mortgage's online application rocketed (pun fully intended) to stardom. Rocket Mortgage created an exciting new category of technology called Digital Mortgage.

"We were early adopters of the new point of sale (POS) software. We took our first digital mortgage application in Q4 2016. Many of our loan officers were exceptionally excited but we also had detractors. We spent countless hours helping loan officers understand the value of providing a self-service mortgage application. We also incorporated a vision of a fully digitized mortgage process that would free up more time and money to invest in marketing," said Mark Workens, CEO of Mortgage 1.

"What I didn't realize then was automating the application process was one small step in our digital mortgage transformation. To achieve unlimited scalability and high profitability, we would have to automate the manufacturing process."

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One year after launching their point of sale system, they realized the promise of a consumer "getting a mortgage while standing in line at Starbucks" was not going to happen without automating their back office. It was then that Workens set on a course to digitize and automate the entire mortgage process. From application to disclosures, underwriting to closing, and post-closing to delivery, the entire manufacturing process required an overhaul.

MARK WORKENS

CEO, Mortgage 1



Where There's a Process, Automate It

Though Mortgage 1 had invested heavily in optimizing their loan origination software, their business processes still relied too much on redundancy and manual labor. Several departments were checking information from their respective view points. A loan officer and processor gathering documents would each review the information. Then a disclosure desk would manually review the same information to ensure accurate disclosures. Subsequently, an underwriter would check to make sure the file met the requirements for a particular product, which would then require a manual triple-check before new disclosures were sent. The mortgage concept of the checkers checking the checkers is an inside (but not so funny) joke to mortgage executives. Workens decided there had to be another way. The first step was to take a deep dive into all of their business processes. "Our mantra was 'where there's a process, automate it,'" says Workens.

The Mortgage 1 team spent several months interviewing stakeholders in various departments. Business processes were documented and scrutinized. User touches were calculated. Human resource costs were evaluated. Cost-to-cure analysis was completed. Delivery commitment periods were considered due to the direct impact on margins. "We evaluated everything and much to my dismay we had so many redundancies and manual processes I felt completely overwhelmed. I was resolved to fix these issues one way or another. The prospect of building solutions was raised but I felt strongly that we needed a technology partner instead," said Workens.



"Our mantra, 'where there's
a process, automate it.' "

MARK WORKENS

CEO, Mortgage 1



Begin with the End in Mind

Lender Toolkit viewed the Rocket Mortgage and POS phenomenon from afar. As a leading provider of tools to optimize loan origination software and a deep bench of technical mortgage experts, it was perplexing to see so much time and treasure invested in originations when the real opportunities were in the manufacturing process. At the end of the day, point-of-sale solutions were not impacting lender's head counts or profit margins in the way one would expect for a rich investment of time and money.



"We became obsessed with automating the manufacturing process. Our mission to serve the mortgage industry had renewed purpose. Digital Mortgage would be a fundamental transformation of a lender's mortgage operation. In the end, our goal is to produce a virtually flawless mortgage loan with minimal human intervention," said Brett Brumley, CEO of Lender Toolkit.

"With my background in secondary marketing, I decided we would start building a suite of automation products focused on the end of the origination life-cycle. The question we asked ourselves was **how can we help lenders sell their loans faster and with more profitably on the secondary market?**"

The opportunities to achieve its mission were never more obvious than when Lender Toolkit asked their customers about the human resources in their post-closing departments. Serendipitously, Mortgage 1 and Lender Toolkit had come to the same conclusion: a bloated post-closing department was a glaring illustration of an inefficient manufacturing process. If a lender has invested so deeply in people and processes to manufacture a loan, why would it be necessary to have an entire department double-checking what has already been double- or triple-checked?

And thus, a mortgage lender searching for answers met a mortgage technology vendor with a transformative mission.

"Digital Mortgage would be a fundamental transformation of a lender's mortgage operation."

BRETT BRUMLEY

CEO, Lender Toolkit



End-to-End Digital Mortgage Automation

For Mortgage 1, it was important to find a technology partner who had developed an end-to-end solution. Since each of the functional areas of the business worked in concert, it was important an automation solution was able to accommodate the interconnected processes.

"POS, the core LOS, and automation solutions have to work together seamlessly," said Workens. "Your POS enables originations, your LOS manages compliance and your automation solutions leverage both to produce the mortgage package. We will always need our great originators to develop markets and relationships. Similarly, we will always need our highly-skilled mortgage professionals to manage the exceptions. Lender Toolkit's solution cannot automatically evaluate appraisal pictures to see if there's a hot tub in the living room. Our underwriters are now focused on their highest and best use. We've eliminated the tedium of stare and compare. Our underwriters are raving fans of Lender Toolkit's software. It's improved the work experience immeasurably, nearly as much as my bottom line," said Workens.

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MARK WORKENS

CEO, Mortgage 1

Astounding Results

Last year was a banner year for the mortgage industry in general. Every lender experienced a massive spike in applications. Except unlike other lenders, Mortgage 1 was prepared to handle the volume without increasing its operational staff. In fact, Mortgage 1 was able to double volume from \$1.13B in 2019 to \$2.27B in 2020 with the same staff.

"I've been through plenty of peaks and valleys in the mortgage industry. In the past, the erratic nature of business has caused a lot of angst for the leadership at Mortgage 1. We would have to go on hiring sprees to accommodate volume increases and then as the industry naturally receded for one reason or another we would have to deal with over-staffing," said Workens. "2020 was remarkably different. After implementing Lender Toolkit's solutions, we were ready to handle the spike in volume with the same staff as we had the previous year. When I looked at our revenue per employee year over year metric, I was astounded."

Based on doubling the production volume with the same staff, Workens states, "The efficiency of our operational staff more than doubled." The gains didn't stop there for Mortgage 1 though.

Human Resource Hours Saved

57,600 hours

Disclosure Desk + Underwriting + Post-Closing



Combining all of the automation solutions created a waterfall of positive results. Starting with significant improvements in disclosure accuracy meant the foundation of the manufacturing process was sound. "Our cures dropped by 65% with twice the volume. That would have seemed impossible to me," said Workens. Subsequently, the AI Underwriter solution provided consistent conditions being applied to the loan. By combining Disclosure Automation with AI Underwriter, the loan quality improved so much the post closing department was reduced by 75%.

"Since our loans are highly automated, we're able to deliver a nearly perfect loan. We can do this without having a post-closing department triple-checking upstream manufacturing steps. Instead of having a bloated post-closing department we simply ship the loans and let the investors tell us what the E&Os are. Our E&Os are less than 5% and continue to decline every day," said Workens.

"Last year we closed \$2,272,345,383 and picked up three basis points moving from a 10-day commitment to a 4-day commitment. That's \$681,703.61 that we picked up. This automation also allowed me to go from having four post closers to one, so we also had the pick up there for less salaries and benefits. With automation running around the clock, when we allocate on Monday and Thursdays, my whole allocation is delivered by the time I get in the next morning. Honestly, with the craziness of last year, I don't know that we would have been as prepared as we were to deal with all the twists and turns the industry took last year without the automation," said Nicole Nahodil, AVP at Mortgage 1.

Implementing Lender Toolit's automation software has had a cascading affect for Mortgage 1. Combining the improvements offered by a modern point-of-sale experience with a modern manufacturing process has reduced friction in every area of the business. Company executives are ecstatic with the increased profitability while the production staff and their customers love the responsiveness, transparency, and accuracy.

\$2,272,345,383

Loan Volume

+3 bps / 10-day to a 4-day commitment

\$681,703

Increase in Profit

"I have never been so excited to be at the helm of Mortgage 1. The sky is the limit."

MARK WORKENS

CEO, Mortgage 1



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NICOLE NAHODIL

Assistant Vice President,
Mortgage 1



Our Digital Mortgage Automation Solutions

Digital Mortgage. Delivered.



DISCLOSURE AUTOMATION

Get Accurate Disclosures Fast

Empower your production staff to easily send accurate disclosures at scale with Disclosure Automation.



AI UNDERWRITER

Transform Your Underwriting

Get one-touch loan decisions with AI Underwriter™.



ELIGIBILITY ENGINE

Visualize Eligibility

Use an Encompass® integrated engine to rapidly determine investor eligibility.



POST CLOSE

Automate Post-Closing

Use Encompass® integrated workflows to automatically deliver essential post-close information.



INVESTOR DELIVERY

Gain BPS with Investor Delivery

Improve delivery commitment periods and your bottom line.



Let's get started.

Learn how the suite of Lender Toolkit automation tools can improve the speed and efficiency of your mortgage business while dramatically reducing costs today.

Schedule a demo today.

Visit lendertoolkit.com, call (801) 784-6514, or email sales@lendertoolkit.com today!



www.lendertoolkit.com

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