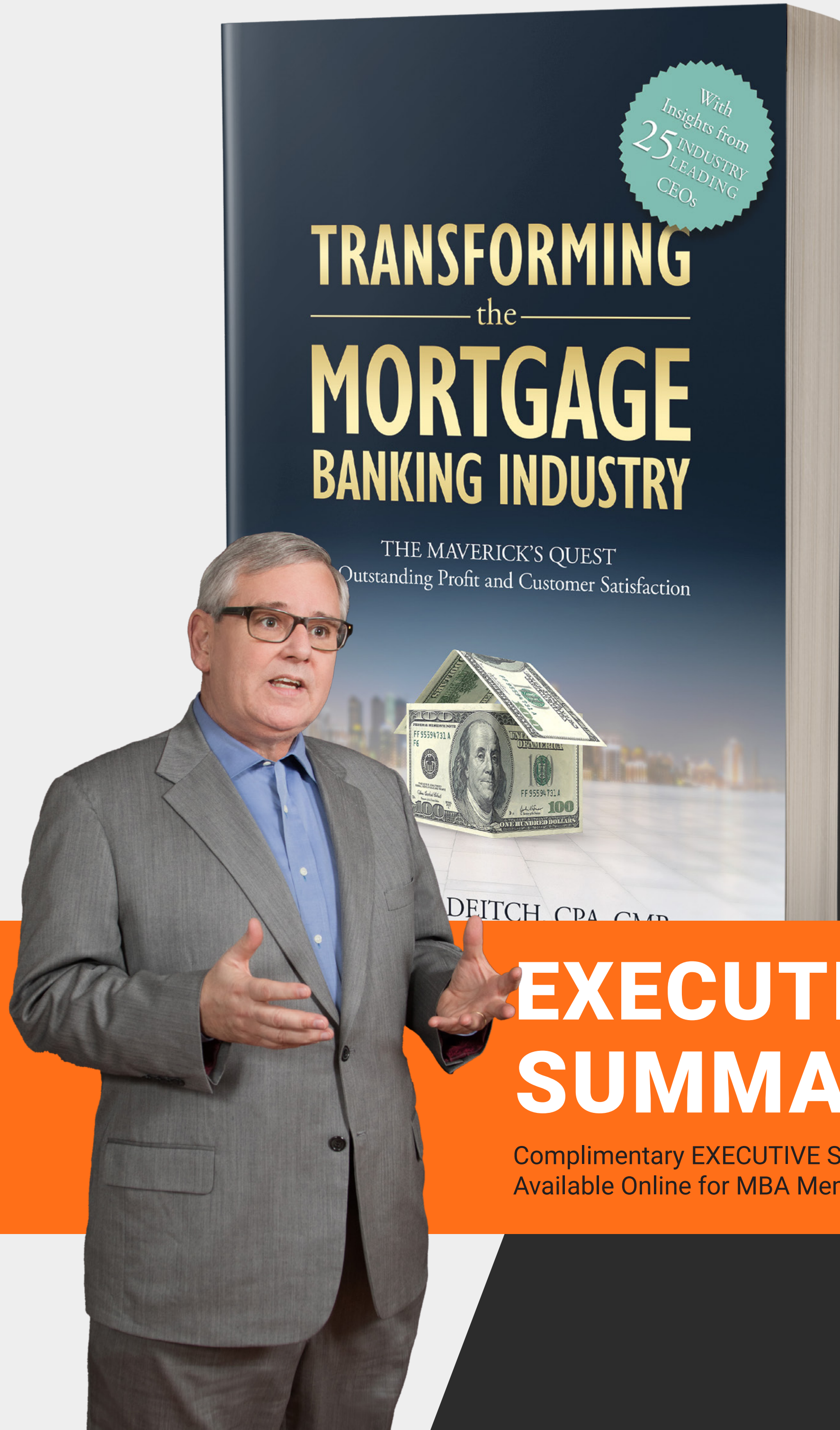

EXECUTIVE SUMMARY

Complimentary EXECUTIVE SUMMARY
Available Online for MBA Members

The Executive Summary distills the insights 25 mavericks into about 20 pages. The transformative executive is a 'maverick'. Not in the sense of the Tom Cruise character in Top Gun. Rather, my definition of a maverick is a groundbreaker. A maverick is a transformational executive who creates a high customer satisfaction, high profit, low cost, high employee retention business model for mortgage lending. Note that throughout this book, the term "high profit" means 100 basis points or more in pretax profit on loan origination activities.

How does a transformational executive create a high customer satisfaction, high profit, low cost, high employee retention business model? From speaking with 25 or so maverick CEOs, it starts with a vision which shapes a culture that shapes the desired customer experience, which shapes process and workflow, which shapes technology choices, which then delivers profitable financial results.

Let's summarize each item:

> *The book uses powerful examples from the industry thought leaders on transforming the mortgage banking business to a high profit, high customer satisfaction model.*
>
> – Kevin Pearson, President of CalAtlantic Mortgage

Vision and Culture

How does the lender want to be viewed by the customer? How will the customer be treated? What can the customer expect from you? How does one convey that vision to potential customers, employees, third parties? Mavericks call this 'Vision'[1], with a resulting Culture. A few examples of Vision: New American Funding: "Your Mortgage, Your Terms." Freedom Mortgage: "Mortgage is our Specialty. Freedom to Dream the American Dream Your Way." Quicken Loans is "Mortgage Confidently". Fifth Third Mortgage: "Open the Door to Your Dream Home". Cascade Financial: "Serving the American Dream through Home Ownership". Corridor mortgage: "Opening Doors to Your Future". HomeStreet Bank: "Your HomeStreet Loan". And a few non-lenders:

[1] *This definition of 'vision' may not be the traditional business school definition, but this is ow 'vision' is used herein.*

Amazon: "Focused on the Customer". Southwest Airlines: "Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit". These statements define vision, and help form the culture that delivers that vision.

The vision should communicate what your customer can expect. If the vision is not part of the fabric of your company's culture and public face, you are missing an opportunity to communicate your vision and set the table for your customer's expectation of their experience.

You also need to consider every link in the chain, and the personal investment of everyone involved. As Jerry Rader put it in my discussion with him for this book, "People matter." He went on to elaborate that anyone—be they a customer, an employee, or a referral partner—has a story. "Every one of them has hopes and dreams, every one of them has a family." One must respect and honor their story.

You'd be surprised how many lenders do not communicate their vision (and the culture of how employees deliver that vision) to set the customer's expectations of the upcoming customer experience. If you get nothing else from this book, go straight to your website, marketing materials, employee manual, whatever else your customers and employees might be exposed to. How well is your company's vision and culture communicated? One company, as an example, takes its vision to virtually everything.

Part of my research for this book took me to Southwest Airlines National Training Center in Dallas, TX. While visiting the facility for two days, I noted that the Southwest Culture: Warrior Spirit, Servant's Heart, and 'FunLUVing' Attitude was posted just about everywhere. Meeting rooms, engine repair training shop, the 'dunk tank' simulator for water evacuation training. I even read about Southwest's "Warrior Experience" while using the urinal in Southwest's new training facility in Dallas. The Southwest culture was literally everywhere, including the tri-color 'heart' logo painted on the bottom of their Boeing 737 fleet. Their customer service focus is legendary. And Southwest communicates it constantly, virtually everywhere – even in the restrooms.

"Vision" is not just customer experience. There needs to be an expectation regarding profitability, growth, quality, and employee retention. The maverick leader's vision should encompass all of these items, and can be both quantitative and qualitative when defining the vision.

> ***Jim Deitch takes readers through the challenges that customers and lenders are facing in the Mortgage Banking Industry.***
>
> – Patrick Sinks, CEO of MGIC Investment Corporation

Safe Harbors' & Served Markets

Served Markets include products, target borrowers, geographical market selection and channel selection. Since the financial crisis, very little product outside of conventional, government and jumbo fixed rate has been offered. Hybrid 5/1, 7/1, and 10/1 adjustable rate mortgages have been offered, but constitute a small segment of the market. The private label securitization market is just beginning to show increased activity. The non-QM market has not evolved to any material extent.

In 2010, I attended a meeting with Richard Cordray, Director of the Consumer Financial Protection Bureau with a number of mortgage bankers at a session arranged by Dave Stevens, CEO of the Mortgage Bankers Association of America. The topic at hand was proposed Qualified Mortgage regulations and the then lack of 'safe harbor'[2] provisions. During the meeting, a Cordray deputy stated that lenders didn't need a safe harbor. The mortgage bankers pushed back, stating that regulatory certainty and bright lines regarding supervision and enforcement were very important. Mr. Cordray asked for a show of hands of lenders that though safe harbor was not necessary for QM lending. No hands went up. The lenders the need for certainty from litigation and enforcement provided by a safe harbor provision given the reputation risks and punitive enforcement that was underway. Mr. Cordray[3] appeared skeptical, but progress was made to create a 'safe harbor' for QM lending.

If it was necessary to fight for a Qualified Mortgage lending safe harbor, lenders intuitively knew non-QM lending would be slow to come. Certainly, reputation risk combined with regulation has kept products to primarily fixed rate and hybrid products, with industry caution preventing product development much beyond the Qualified Mortgage box.

The "Qualified Mortgage" provides a "safe harbor" against private rights of action by borrowers. This apparent legal protection may be considered as protecting banks and investors in mortgages against frivolous litigation. But safe harbor has a perverse impact. It has a major dampening effect on product innovation. As Patrick Sinks commented on the 'shell shock' in the Boardroom over litigation, there are few executives that would seek to innovate when the question from compliance or a Board member might sound like this: "Let me get this straight: you want to forego safe harbor, expose us to litigation and make loans that are out of the box. Why?" So much for innovation in all but the most confident board rooms.

[2] *'Safe Harbor' provides substantially reduced potential litigation risk for loans that fall into the 'safe harbor' provisions of Qualified Mortgage Lending.*

[3] *Recently Mr. Cordray announced his resignation from the CFPB in November 2017.*

Qualified Mortgage and Ability to Repay

Perhaps the biggest opportunity in mortgage product innovation lies in expanding credit access to non-traditional borrowers. Credit scoring models may exclude applicants that do not fit the traditional FICO scoring model. A competitive product suggests it can score several million qualified applicants that are excluded by the traditional FICO model, but the GSEs have not moved to adopt such a model.

Computation and documentation of income from borrowers working in the 'gig' economy, millennials with a high level of student debt, immigrants that work in family owned business, employees and contractors paid mostly in cash, employees with frequent job changes or multiple part-time jobs all present challenges to traditional mortgage banking processes.

The cost of housing in certain geographies also presents some mortgage banking challenges, causing high loan to value, and high debt to income ratios and challenges at qualification under the 'ATR' regulations. Slim inventories of homes for sale put upward pressure on both housing prices and monthly rents. The multi-million-dollar price of entry level housing in some markets excludes a large segment of the population that could otherwise buy a home in a less expensive geography. High rents make it challenging for families seeking shelter to have a viable alternative to buying a home.

> *A comprehensive survey of industry thought leaders presented in a clear and concise manner.*
>
> – Steve Shank, **President & CEO of Flinchbaugh Engineering, Inc.**

Customer Experience as a Transformational Strategy

Customer experience is how a lender builds the confidence and trust of the borrower. Customer experience varies by consumer channel selection, consumer preference as well as consumer demographics. It's critically important to factor in the other non-mortgage experiences a customer may have when considering the customer's experience in buying a mortgage.

In the online world, the standard of excellence may be the Amazon experience. The Amazon experience is tightly integrated, from initial shopping, exploring needs, receiving suggestions of what other customers purchased to ease of purchase and ease of shipping. Take a look at the business model of Amazon set out below. Think back to the lending process model from a few pages ago. Which model is clearer?

AMAZON'S BUSINESS MODEL CANVAS

KEY PARTNERS

- Logistics Partner
- Affiliates
- Authors and Publishers
- Network of Sellers

KEY ACTIVITIES

- Merchandising
- Production and Design

KEY RESOURCES

- Physical Warehouses
- Human, Web Application & Development

VALUE PROPOSITION

- Convenience
- Price
- Instant Fulfillment with eReader
- Vast Selection

CUSTOMER RELATIONSHIP

- Self-Service
- Automated Services

DISTRIBUTION CHANNELS

- Affiliates
- Application Interfaces
- Amazon.com
- Sale of Assets

CUSTOMER SEGMENT

- Individual Leverage
- Group Leverage
- Global Consumer Market

COST STRUCTURE

- Low Cost Structure
- IT and Fulfillment Infrastructure
- Economies of Scale

REVENUE STREAMS

- E-books and Content
- Acquisitions and Investments
- Commission on Reseller Sales

Amazon offers a 'one-click' buying experience where a customer finds what they want and—with a click-- it's on its way. What's more, this experience keeps the customer informed of when the product will be shipped, and follows up with status updates to and through receipt of the product by the consumer. Whether the product is flawless or flawed, the consumer also has the ability to review the product, the seller, and the customer experience in an instant. The customer, too, has an easy way to return products that don't fit his or her needs. All of this comes in one place, and in a familiar user interface.

With Amazon setting the customer experience expectation, lenders have a tall order of business when it comes to defining the digital mortgage retail experience, in addition to the traditional retail experience and the direct to consumer experience. How far does the experience extend into the process, and how will a lender provide a simple, fast and easy buying experience? There are also product selection and speed to approval and time to closing to consider in the mix. If the experience is face to face, how will all interactions after the initial face to face take place? How will follow-up, loan status, additional information, appraisal results, third party management take place? How will the realtor or builder stay informed of progress?

Some lenders, too, need to consider how to define the third-party originator ("TPO") experience (if the lender serves this channel). How will the lender serve technically able TPOs? How about less technically able TPOs, especially smaller mortgage brokers? How will document management be accomplished? Exception management?

A clear definition of customer experience, by channel, will lead to process and workflow decisions. One doesn't fly on an airplane without having issues such as destination, travel purpose, travel class, travel objectives, travel budget and timing in mind. Like trip planning, the lending destination definition should include quantitative metrics such as customer satisfaction, service level times, profitability, defect-free loan files, as well as qualitative factors such as a pleasing customer experience, fast closing and establishment of a good customer relationship.

Optimizing Process and Workflow

The mortgage banking process is very complicated and highly regulated. The process used by a lender describes what has to be accomplished to move from the very beginning of the customer's interest in your company, all the way through taking the application, closing the loan, establishing the loan servicing experience, and serving that customer's financing needs for life, all in a manner that meets the customer's expectation for their experience.

Workflow is how the lender's process is translated into the individual tasks necessary to complete the loan. Workflow extends to lowest common denominator of each task within the process. Many lender workflows appear to have a large amount of variability in what and how each task is to be accomplished. Most loan origination systems support milestones as a form of workflow management, but the tasks within each milestone are generally not planned and executed as they would be in a typical manufacturing operation.

The result may be a large variation in how, when, and how long it takes to execute each task. If a loan processor has been processing for twenty years, the processor pretty much knows what to do and when to do it. If a processor is new to mortgage banking, the how, what and when of doing things can be a trial and error process. We have studied combinations of loan originator/loan processor/underwriter/closer combinations. Some combinations are remarkably effective. The remarkably effective combinations result when expectation of each party is well known to each participant, are agreed to, and are followed reliably. But, not surprisingly, most combinations are not remarkably effective.

Why? The workflow is not well known and agreed to by all parties. This strikes me as unusual, since workflow is a key element to the desired customer experience. Why leave that to chance? How does a lender claim to 'manufacture' loans when the lending workflow has not been reduced to a standard set of tasks, service levels, and monitoring protocols? If your workflow cannot be documented and standardized, you are leaving much to chance and, what's more, leaving much to the individual decisions of employees… including some employees that may be very new and inexperienced.

Workflow seems most difficult in traditional retail environments. The individuality of the branch manager and loan officer often put pressure on adapting the branch's view of how the process and workflow should work. If a lender allows diversity in branch practice, the corresponding control has to be definitive and non-negotiable service levels at both the borrower and support team level supporting the branch. One cannot run an efficient and compliant process if the branch demands diversity and practice, but refuses to be held accountable to service levels – both internal and external.

Future Technology

Bitcoin keeps making the news. Bitcoin is a secure, anonymized store of value. Bitcoin uses a technology called Blockchain as an element of the technical platform that enables Bitcoin. Blockchain is a shared unchangeable ledger for recording the history of transactions. In mortgage banking, these transactions could include the receipt of trusted borrower information, such as bank account data, income data and related qualifying information. The data comes from a trusted source (such as a bank, IRS, or payroll service) and never needs to be re-verified. The source data for a borrower mortgage file could all be available from independent trusted sources. No more copies of bank statements, W-2, etc.

The consumer's record could also be appended in real time. Meaning once the basic customer information at loan inception is created, the ongoing transactional history could be built in real time. The transaction history (upon consent of the customer) could be continued past closing and through the entire servicing life of the loan. One may say, 'we can do that now with credit reports'. True, but what could be very valuable is the combination of real-time, up-to-date banking, income, tax and payment history all in one place. Combine it with information on the homeowner's collateral value, comparable transaction records and imagine having an authenticated complete history of a consumer's finances available for an instant credit decision since all of the information has been assembled from trusted parties! No checkers checking the checkers. No robotics. Just authentic real-time data.

This blockchain record of authenticated up-to-the-minute data could change the landscape of loan origination. This means the party owning the servicing could essentially offer a refinance or additional credit or wealth management services if the consumer grants permission. Servicing could finally reach its highest value not as a series of cash flows but as a relationship bond with the customer.

Dave Stevens of the MBA believes there is a need for a "Bright Line" between primary originations and secondary market agencies. The GSEs will likely be one of the sponsors of authenticated data, and the step from buying loans to making loans could be a very small step indeed.

Uniform data sets required by the GSEs provide data standardization and uniformity, and the ability for GSEs to acquire borrower data from trusted independent sources. The GSEs offer lenders representation and warranty relief on key data components plus more speed and simplicity. Lenders may receive partial relief from representations and warranties on the appraised property value on eligible that pass collateral evaluation tools from the GSEs.

As Andrew Bon Salle of Fannie Mae states, "Electronic validation of income, assets, and employment lets lenders and borrowers benefit by moving away from the manual processes prevalent in the industry today."[4] FannieMae in particular sees the potential in creating a comprehensive and ongoing data repository of an extended dataset regarding mortgage customers. Both GSEs have monthly feeds on borrower payment performance, and both are working on building an extensive database regarding collateral values and local market conditions among other things. Perhaps one or both of the GSEs will emerge as a host of a blockchain enable repository of data.

This could be very healthy for the industry, given the majority of loans flow through the GSEs or their AUS engines. It will require prompt action on the "Bright Line" to ensure GSEs stay on their secondary market role and steer clear of the primary origination market.

[4] *http://www.fanniemae.com/portal/research-insights/perspectives/day-1-certainty-bon-salle-030217.html*

TECHNOLOGY

So, when asking lender CEOs how satisfied they are with their technology (CRM and lead management, loan origination system, pricing engine, secondary marketing systems, servicing system, among others), the answers ran from pretty satisfied to not satisfied at all. The answers I received from lenders parallel the survey results from Stratmor and other market participants.

But in considering technology, one must think about the rapid evolution of trusted, independent, first-generation data available regarding bank accounts, employment and earnings, IRS data etc. This data is available from FormFree, Avantus, CoreLogic, DataVerify, Equifax, (including The Work Number®), Finicity, First American Mortgage Solutions, PointServ, Taxdoor, Veri-Tax, among others. When thinking about the future of mortgage banking, and how to speed the process and reduce the cost of origination, one must consider how the direct access to trusted data can change the mortgage banking landscape for various lenders.

> ***Jim Deitch takes you inside the back offices, strategy and industry leaders prospective of the top mortgage banking firms in America. A must read for the industry and consumers.***
>
> – Bill Cosgrove, **President & CEO of Union Home Mortgage Corp.**

I have noted a correlation between satisfaction with technology and coherence of vision, culture, desired customer experience, process and workflow. Lenders with well-defined vision, culture and desired customer experience, process and workflow are generally much happier with their technology systems than those lenders that have not linked each of these elements of the value chain. Technology providers confide that the better defined and documented the elements discussed above are, the better able the lender is to obtain results from the technology.

The CEOs of some of the most successful and technologically satisfied lenders stated that their teams designed the process from the back end (Servicing in the case of many lenders) moving forward to customer contact. Steven Covey explained the basis of this approach in his Seven Habits of Highly Effective People[5]: His second habit is "Begin with the End in Mind". According to Covey, [This Habit] "is based on imagination--the ability to envision in your mind what you cannot at present see with your eyes. It is based on the principle that all things are created twice. There

[5] *Steven R. Covey, Seven Habits of Highly Effective People, Chapter 2, Franklin Covey Co., 1990.[3] Recently Mr. Cordray announced his resignation from the CFPB in November 2017.*

is a mental (first) creation, and a physical (second) creation. The physical creation follows the mental, just as a building follows a blueprint. If you don't make a conscious effort to visualize who you are and what you want in life, then you empower other people and circumstances to shape you and your life by default."

Defining the back-end or destination helps shape the process moving forward to the beginning of the process as a conscious choice, not as something that is left to circumstances. Customer satisfaction, service level timeframes, defect free loan file. No rework or investor stipulations prior to secondary market sale and superior profitability are all influenced by the process. It's much more difficult to correct an error or exception downstream as opposed to correcting it early in the process. If one designs from the backend forward, it forces each process and workflow to be standardized and optimized to deliver the desired result.

This means employees aren't trying to fix issues in post-closing that should have been detected and corrected much earlier in the process. In speaking with one CEO, he mentioned that he found that the difficulty and cost of correcting an error increased significantly by the number of milestones between the error and its detection and correction. An example: one lender had a systemic issue in determining the need for flood insurance. When detected by the correspondent lender prior to funding the loan to be purchased from the mortgage banker, the dislocation and customer service nightmares were orders of magnitude higher than if the flood determination and follow-through would have occurred very early in the loan process. This is a basic systemic error and is easily prevented, yet the frequency of this error suggests little thought was given to the back-end destination of loan files with no errors within the file.

A reader might say, "That's not happening in my company." Well, take a look at prefunding QC reports, post-close exception reports, correspondent funding stipulations, trailing document defects, post-closing quality assurance, investor delivery exceptions, internal audits, compliance findings, etc. Few exceptions? That's the evidence of a well-defined and coherent process. Many exceptions? Maybe one needs to consider a re-think of the process starting at the back-end forward.

I once showed my loan exception lists to a CEO of a high-quality manufacturer of industrial products. He was shocked to see so many exceptions compared to the number of loans. He was thinking a few defects per thousand loans, not multiple defects per loan. His conclusion: poor definition of customer experience, process, and workflow.

My bruised ego recovered, and I worked hard on better definitions of expectations, process, workflow, service levels and defect rates. The concentration on these elements served us really well, boosting profitability and customer satisfaction, and lowering risk of repurchase. We focused on earning high customer satisfaction, 100 basis points or more of pre-tax profit, low cost and high employee retention metrics.

Another way to think about process and workflow is to consider a similar industry that is highly regulated, consumer facing with a highly volume of transaction. One such industry is the airline industry. I thought about comments by Southwest Airlines CEO Gary Kelly, paraphrased here: We must get the thousands of mechanical parts in a 737 to work in concert with pilots, ground personnel, air traffic control and others. There must be perfect execution. Southwest consistently lands a 200,000 pound aircraft moving about 130 miles per hour at touchdown in all types of weather with up to 180 people on board, over a thousand times a day. Southwest uses only one aircraft type (Boeing 737-xxx) in its fleet so all pilots and mechanics are certified to fly and maintain all aircraft.

> ***Detailed, Powerful, and Concise. Read it and share it with your executives. Jim describes the future landscape of lending, and how to prosper in the coming Digital Mortgage revolution.***
>
> \- Nathan Burch, CEO of Vellum Mortgage LLC

Airline transport procedures begins each flight with the end in mind. What is the weather forecast at the destination airport? Alternate airports in case the destination is unavailable for any reason. Fuel needed? Special requirements of passengers and special cargo? The list goes on with weight and aircraft balance computations, wind speeds at various altitudes, etc.

The process of actually flying a 737 after flight planning is rigorously documented, and pilots train regularly to demonstrate proficiency. The process is so well defined that any Southwest pilot can fly every Southwest aircraft. The pilot's responsibilities and process flow are well documented through all phases of aircraft operation. The following is a Boeing 737 checklist, from start-up to shut down.. Note that the process is the same for every flight. The workflow proceeds smoothly from start to finish, and documentation exists for each underlying task within the workflow. Note that emergency situations such as cabin pressurization loss, engine fire, or engine loss resulting in drift down are covered, as well as the mundane workflow items such as when to turn on the seatbelt sign. The checklist covers key aspects of every phase of flight, but does not replace pilot experience and judgement in unusual situations.

BEFORE LANDING	
ENGINE START	Both CONT
SPEED BRAKE	ARMED
MCP **ARM →** **ARM →**	When on localizer intercept heading: Verify the ILS is tuned and identified Verify the LOC and G/S pointers are shown VOR/LOC Verify the localizer is captured Set runway HDG CAT3 both A/P CMD
LANDING GEAR FLAPS	At glide slope alive set DOWN (3 green) At glide slope alive set 15
MCP **ARM →**	At glide slope alive set missed app ALT APP
CAT1 - G/S CAPTURED	Disconnect A/P & A/T
CAT2 - MINIMUMS	Disconnect A/P & A/T
CAT3 - AUTOLAND	At 50 ft FLARE, At 27 ft RETARD Disconnect A/P & A/T
MISSED APPROACH **ARM →**	Push TO/GA switch Set FLAPS 15 Rotate to 15° go–around pitch attitude Verify that the thrust increases Verify a positive rate of climb Set LND GEAR UP At 400 ft radio altitude set a roll mode Above 1000ft RA set A/P CMD After flap retraction to the planned flap setting select FLCH or VNAV as needed

Deviation from standard procedures can have bad results. According to the National Safety Transportation Board crash investigation report[6] :

> *"On July 22, 2013 Southwest Airlines flight 345, landed hard, nose-first, on runway 4 at New York's LaGuardia Airport. Of the 144 passengers and five crewmembers on board, eight sustained minor injuries and the airplane was substantially damaged.*

[6] *https://www.ntsb.gov/_layouts/ntsb.aviation/brief.aspx?ev_id=20130723X13256&key=1*

> *Contributing to the accident was the captain's failure to comply with standard operating procedures during the approach. National Transportation Safety Board [found that the first officer was conducting the approach, and the captain took control away from the first officer, but not until the plane was 27 feet above the ground. This late transfer of control from the first officer to the captain resulted in neither pilot being able to effectively monitor the airplane's altitude and pitch attitude. According to the Southwest Airlines Flight Operations Manual, the captain should have called for a go-around well before this point in the approach instead of trying to salvage the landing.*
>
> *For example, Southwest's stabilized approach criteria require an immediate go-around if the airplane flaps are not in the final landing configuration by 1,000 feet above the ground. In this case, the flaps were not correctly set until the airplane was 500 feet above the ground.*
>
> *The National Transportation Safety Board determines the probable cause(s) of this accident were the captain's attempt to recover from an unstabilized approach by transferring airplane control at low altitude instead of performing a go-around. Contributing to the accident was the captain's failure to comply with standard operating procedures.*

The crash of Southwest flight 345 was a tragic result of multiple failures to follow establish safety procedures. The crash is instructive in that the captain was experienced and the aircraft was equipped with the latest technology. The captain committed very serious operational procedure deviations. Yet over 8,000 flights occur daily in the U.S., all ending with a safe landing. The process works except when blatantly ignored.

Making loans does not have the safety consequences of flying an aircraft, and no parallel in this regard should be drawn. But the need for standardized process and workflow in the lending process are still required. There are economic consequences for a failure to follow standardized process and workflow. Deviations can carry significant economic, legal and regulatory consequences. It is not advisable to have a very loose lending process where much is left to the individual skills of the loan production and operational staff.

"Jim picked 25 'maverick CEOs' for interviews. These mavericks collectively have a great vision for the future of Mortgage Banking and the transformation necessary in the lending business model. Very valuable insights."

- Cody Pearce, President of Cascade Financial Services, LLC

RESULTS

At the end of the day, the measurable results of a well-defined process, workflow and technology plan are customer satisfaction, profitability, cost, loan defects and employee retention. A few examples:

- *One lender CEO produced outstanding results with a traditional retail focus on FHA/VA loans, with a very pronounced effort for loans to be closed on time. His team catered to realtors that needed purchase business, particularly Federal Housing Administration ("FHA"), and closed quickly and 'without drama'. The reward was profitability of four times the MBA average pretax profit-- consistently. He stayed focused to that strategy, and measured the appropriate items, set rigid service level standards and expected his team to deliver. This lender used 'out of the box' technology set up for his process. The lender's vision was simply the borrower 'home on time'. A straightforward promise, executed exceedingly well and with a clear strategic vision.*
- *Another CEO lender produced outstanding customer service quality, attaining the number one position in a national survey for multiple years in a row…using a pure direct to consumer strategy, using self-designed software, and earning outstanding financial returns.*
- *Poor results are likely when ignoring a well-defined process and workflow. The CEO of one bank-owned mortgage bank literally catered to branch managers, allowing the branch managers to dictate many operational aspects of the lending process. She paid them far beyond fair compensation. Poor process, poor controls and excessive compensation cause the bank economic losses, as well as reputational risks. This CEO appeared to have little regard for process, workflow, or structure. The bank endured substantial economic damage, reputational damage, poor customer service, high costs and high turnover resulting from a very public issue regarding fair lending matters and regulatory and business process matters in general.*

The longer I am in the mortgage banking business, the more I am convinced that the elements of success-- vision, culture, customer experience, process, workflow, technology and expected results-- are directly linked. The successful CEOs interviewed for this book confirmed that sentiment. Keep this model (pictured below) in mind as you work through the book.

Remember that "Results" can be whatever one defines them. For this book, "Results" are measured in customer satisfaction, superior profitability, cost, and employee retention, among other things.

“Jim has written a must-read primer, anyone serious about understanding this industry, especially in the wake of the changes in recent years.

– David Stevens, CEO and President of the Mortgage Banking Association”

“Success in today’s mortgage industry depends on the combination of intelligent process and advanced technology. A must-read for executives seeking to understand the future of mortgage banking.

- Jerry Schiano, President & CEO of New Penn Financial, LLC”

“Jim did a great job of gathering information across a broad array of executives. Woven this into a comprehensive chart of history and current reflections about where we’ve been and where we are as an industry.

- Stanley Middleman, CEO of Freedom Mortgage”

“The book builds a conceptual model to digest the rapid advance of technology and how to apply it as a “C” level executive. A clear road map to customer satisfaction excellence and outstanding profitability.

- Susan Stewart, CEO of SWBC Mortgage Corporation”

“The book is written from the eyes of an industry CEO, for industry CEOs and their teams.

- Debra Still, President/CEO of Pulte Mortgage”

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