

Case Study

From US-based origination operations to flexible offshore production with seven-figure savings

We transitioned a nationwide lender's origination operation offshore, then followed that with post-closing, title, and closing support, delivering nearly \$24 Mn in annual savings

Solution Overview

Highly componentized micro-processing, digital-first approach, life-of-loan expertise, automation enablement, best practices orientation

Results



1.8Mn

in monthly savings to operations



Acceleration in digital transformation



60%

reduction in onshore headcount

Challenges

- Eliminate backlog of more than 20,000 loans in post-closing
- Support high-volume origination activity in 50 states
- Rapid ramp-up in offshore operations to deliver cost savings
- Manage large swings in monthly capacity utilizing fungible roles
- Improve turn-times while reducing costs
- Extend time and cost-savings to title and post-closing
- Maintain quality and service levels during transition

Business challenges

The client is a leading US lender that operates in 50 states and supports multi-channel lending.

The client sought a technology and services provider that could assume control of loan origination for multiple loan types across all channels, improving efficiency while reducing the cost per loan originated. A combination of people and technology was seen as an orderly point of departure for the transition.

In addition, the client had a backlog of more than 20,000 loans awaiting issuance of post-consummation CDs and TRID review by the CFPB and state auditors, posing significant regulatory risk for the client. This backlog had to be quickly eliminated.

The client reallocated hundreds of FTEs employed onshore to support their growth. Meeting the cost savings objectives required a rapid expansion of offshore labor, primarily to support loan origination in a heated market

The transition occurred during the start of the COVID-19 pandemic, and during a refinance boom driven by falling interest rates. In addition to adding capacity, Sourcepoint had to enable efficiencies to deal with rising loan volumes.

Applying decades of mortgage experience

Sourcepoint was selected by the client for our ability to rapidly resolve the post-closing loan backlog and provide loan origination support offshore, and our capability to provide end-to-end support in mortgage operations. In particular, the client valued Sourcepoint's loan origination capacity—the largest and most critical of the outsourced activities—combined with the experience of members of the operations team assembled to support the processes.

Applying decades of experience and a can-do mentality honed by supporting some of the nation's largest financial services companies, we set out to meet the client's aggressive timelines while managing the pandemic risk at our own enterprise.

Solution Synopsis

- Origination operation created offshore
- Post-closing backlog quickly resolved using offshore labor
- Rapidly expanded offshore staff: from 218 to 634 FTEs over 11 months
- Increase capacity using automation and best practices
- Position the client for continued digital transformation

Forming the offshore operation

The project launched in the fall of 2019, and by April 2020 Sourcepoint had established core offshore operations for origination, title, and post-closing. The combined offshore labor force totaled 243 FTEs.

Sourcepoint assembled a team of post-closing experts to resolve the more-than-20,000 loan backlog in post-closing, which included loans funded in 2019.

The origination team was assembled, trained, and qualified in the client's underwriting practices and the underlying technology used in loan origination.

The title team was formed using technology and practices that created efficiencies, contributing to the cost reduction imperative established by the client.

Increasing capacity, lowering compliance risk and creating business leverage

The arbitrage produced by offshoring combined with the capacity enabled by the growth in headcount and new efficiencies enabled using automation allowed the client to capitalize on rising mortgage demand during the pandemic.

Perhaps more significantly, Sourcepoint's rapid resolution of the post-closing backlog—effected in 120 days—eliminated a major burden on the client's operations and its compliance efforts.

Expanding offshore operations to drive down costs

From April 2020 to February 2021, offshore operations supporting loan origination grew to 634 FTEs, or 51%. The title operation expanded headcount to meet rising loan volumes, doubling in size to 30 FTEs. The onshore post-closing team grew to 130 FTEs, and the offshore team by 400 FTEs for a total headcount associated with post-closing of 530; this from a staffing level of 12 in April 2020.

This ramp-up of labor was remarkable in that it was managed amid a pandemic and during a period of robust loan origination.

Beating expectations

Outsourcing loan origination, title and post-closing has resulted in significant cost savings for the client. At the time of this writing, annual cost savings is nearing \$24 million, and growing.

The post-closing backlog was completed offshore in 120 days. The client saved \$1.7 million using offshore labor. Additionally, because Sourcepoint was staffed to meet the backlog volume, the client circumvented the need to hire and train onshore labor in post-closing, reducing the project turn-time.

Today, the client, aided by Sourcepoint, is positioned to enjoy per-loan cost reductions as a result of Sourcepoint's digital first approach to process automation and optimization. In addition, the automation employed by Sourcepoint in the post-closing phase is producing loan documentation that exceeds historical benchmarks, leading to faster shipping times and turn-around of mortgage capital.

The client is meeting regulatory requirements for timely post-closing documentation and reporting.

Sourcepoint is now preparing plans to expand the use of digital solutions for more component processes and to help the client insource mortgage servicing.

What's your challenge?
Let's work together to solve
it. To speak to our experts
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Providing customer-centric transformation solutions across the mortgage value chain

Sourcepoint is a premier provider of expertly crafted products and services to the US mortgage industry. For more than 25 years, we have helped leading mortgage companies sharpen their competitive edge. Our technology-based business process solutions, together with our right shore delivery model, help mortgage companies improve agility, cycle time and the borrower experience.

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