

Client Testimonial:

Crescent Mortgage

Crescent Mortgage Unifies, Streamlines In-House Quality Control Using ACES Audit Technology™

Company

Atlanta-based Crescent Mortgage, a wholly owned subsidiary of Myrtle Beach, S.C.-based CresCom Bank (NASDAQ: CARO), was founded in 1993. As a mid-sized national wholesale mortgage lender, Crescent Mortgage executed more than \$1 billion in origination volume in 2015. The firm covers 43 states, in addition to partnering with more than 2,000 community banks, credit unions and mortgage brokers.

Challenge

Initially Crescent Mortgage performed QC in-house on spreadsheets and Word documents with the assistance of company IT staff. This manual process proved to be inefficient and cumbersome. The sample selection took days, defect communication and rebuttal involved multiple manual entries and reporting was a tremendous undertaking. Crescent therefore decided to outsource its post-closing QC audits while retaining pre-funding QC in-house.

Unfortunately, outsourcing posed its own set of challenges. "Completion of the audits when we outsourced did not happen in a timely manner, and we were not happy with the quality" said



"It's so great to have a level of transparency using ACES and easily audit our auditors. I couldn't do my job without ACES!"

Deborah Hunt
*Quality Control Manager at
Crescent Mortgage*

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Deborah Hunt, quality control manager at Crescent Mortgage. Inefficiencies and manual intensity was still present in the process. "Reports and management responses were still being handled on multiple spreadsheets, and I was responsible for consolidating all QC data into a master report. Identifying defects and obtaining percentages of defects was also challenging."

Disappointed with the results of its QC outsourcing, Crescent began searching for a reliable automated QC system to house its entire QC functions under the same roof.

Solution

After a review of various solutions, Crescent Mortgage chose to implement ACES Audit Technology. According to Hunt, "everything" about ACES was attractive to Crescent including:

- Reporting capabilities with Business Objects
- Standardized QC questionnaires for auditors
- Portal for tracking and recording communication on loan defects with AORs

Being able to drill down on exceptions was also a huge benefit for Crescent's QC team.

"Management is provided with a 3 month statistical report during our monthly meeting that includes detailed exceptions trending," Hunt explained. "The results from these reports are priceless and allow us to make data-driven decisions."

Because Crescent had previously relied on its internal IT department to support the QC team,

ARMCO provided in-depth, on-site training on the ACES platform to ensure the team could self-manage the system, which, according to Hunt, was invaluable.

Results

Since implementing ACES, Crescent has experienced significant time savings. For example, the loan selection process, which used to take three to four days, is now completed in a matter of hours.

"The ability to easily drill down to credit/compliance defects and other areas of concern saves us so much time and decreases overall risk to the organization," Hunt said.

In addition, Crescent has been able to provide executive management more transparency and accountability on loan defect reporting. By using ACES reporting, the QC team is able to quickly and easily gather all QC data and create executive reports tailored to Crescent's needs.

Overall, Hunt noted, it has also been more cost effective for Crescent to implement and use ACES than to outsource. By streamlining the QC audit process, Crescent is able to increase the pace at which it audits loans.

"ACES has given us the ability to find defects and take corrective action. As such, we have reduced our target net defect ratio in the past year since implementing ACES," Hunt added.

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