

## Case Study – Toll Brothers Mortgage Company

LoanLogics Loan Quality Audit Services for Pre and Post Close

Toll Brothers Mortgage Company achieved flexibility and scale for its QC processes supporting its business growth in the unique area of new construction lending.

### **Toll Brothers** MORTGAGE COMPANY

#### Toll Brothers Mortgage Company Profile

- Founded in 1967
- Fortune 500 company
- Builds in 24 states nationwide
- Offers new construction lending
- For the eighth year, named World's Most Admired Homebuilder in Fortune magazine's 2023 survey \*

*Toll Brothers Mortgage Company provides fully underwritten mortgage loan approvals and up to 345 days LockSolid® rate protection early in the home building process to ensure clients are approved for financing before building starts. Because a lot can change from application to close while a home is being built, quality control is tricky, must be flexible, needs to align tests with the unique product attributes of a new construction loan, and must meet specified service level agreements for pre-close and monthly QC projects.*

#### The Challenge

Back in 2010, Toll Brothers Mortgage Company found itself growing and needing a more dependable way to complete pre and post close quality control (QC) reviews. With only three people in their compliance team, and just one doing all the audits using a proprietary system, it was time to find a better way to enable scale.

They had no desire to add staff to their compliance team, so they began to evaluate outsourcing to a loan quality audit company who could provide expertise and scale with them as their business continued to grow.

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They also prioritized flexibility as a requirement. Their mortgage process is not quite the same as a conventional lender. Their loan products support luxury homes, high net worth clients, a higher percentage are self-employed, and income sources tend to be more complex. The timeline for lending is also extended through the build, thus documentation can age. They needed a company that would be willing to consider their unique requirements and adapt to better address their needs.

That year the company contracted with LoanLogics, whose audit services team was well trained and technology-enabled by its IDEA® document processing services and LoanHD® quality control audit technology.

### The Solution

The LoanLogics combination of IDEA document processing and LoanHD technology-enabled audit services allowed Toll Brothers Mortgage Company to increase their loan quality management controls and scale with the growth they have continued to experience since implementing this solution in 2010.

The solution was configured to meet the unique process of a new construction

lender. To start, a fully underwritten loan is completed early in the process to allow the borrower to budget for extra options they want to include in the home of their dreams. The timeline is a lengthy one, securing a rate for up to 345 days on a conventional or adjustable-rate mortgage.

Two months prior to close, processing and underwriting give the final approval. Then, as a critical step in the process, a pre-close audit is completed one week prior on 10% of their loans. The window is short to ensure any builder delays have already been accounted for and the loan is ready to close. Documentation and loan file issues are caught, and trending of the findings can point to where additional training or process changes might be needed.

Audit review tests were also able to be configured to meet the unique aspects of new construction lending. The LoanHD platform proved to be very flexible and the audit services team very willing to accommodate adjustments. For example, in a post close file review some tests that might normally flag as a collateral eligibility issue for an existing home, could be downgraded to moderate or informational because it would not apply to new home construction.

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“With the Report Builder capability in LoanHD, I can really report on almost anything, from individuals such as new processors, underwriters or loan officers, to audit components such as credit, income or collateral. For example, through reporting we identified a training issue with Processing regarding the completion of the VOE. We were able to quickly address and correct the issue.”

*Dee Scannelli, Senior Compliance Coordinator, CMCP II  
Toll Brothers Mortgage Company*

In 2014 Dee Scannelli joined the Toll Brothers Mortgage Company team as a Senior Compliance Coordinator, CMCP II. She wanted to leverage even more of the capabilities of the LoanHD platform and revamp the company’s quality control program.

Her first priority was to increase the breadth of reporting that could be provided to senior management using the system’s standard reporting and its Report Builder capability.

Post close summary reports, rebuttal reporting and loan level reports allow multi-level inspection of monthly post close projects. Dee can drill down to specific findings where links to applicable regulations are included for reference and all related documentation can be easily accessed. She can also review a user-friendly bookmarked pdf with collapsible trees and a logical order that

makes navigating through documentation a breeze.

On a monthly basis, custom reporting created using Report Builder can be rerun by any date range for the examination of defect statistics and trends by senior management.

According to Chris Pierson, Toll Brothers’ Compliance Officer, “the reports are very insightful, delivering both high level and individual loan details that identify the root cause of each defect and offer supporting commentary to explain the issues clearly. The reports are also dynamic and can be revised to show additional data and defect trends as needed.”

### The Result

Toll Brothers Mortgage Company is continuing to reap the benefits of LoanLogics technology-enabled pre and post close audit review services. After

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implementing this solution, there were no more worries about meeting GSE requirements for timeliness. Post close reviews are now completed within 30 days, and more often than not, in less time. The rebuttal process then begins and LoanLogics clears submitted rebuttals usually much quicker than the 15-day SLA (service level agreement) requirement.

This consistency and predictability provides confidence that the new Fannie Mae requirement, effective September 1, 2023, shortening the post close review cycle from 120 days to 90 days will not be an issue and will be seamlessly addressed by LoanLogics' audit services team. Dee said, "LoanLogics acts like the 90-day rule is already in effect!"

In July 2020, Toll Brothers gained even more efficiencies through an integration with their loan origination system. It used to take Dee weeks of time to manually pull documents from Encompass and create complete pdfs for each loan file that could be uploaded to LoanLogics SFTP portal for post close reviews.

Now, an Encompass report is generated so that the LoanHD sampling tool can make loan selections for audit review. Dee can add random or discretionary reviews into the mix as well. Then, the extraction of all data attributes and documents is

automatic, seamless and as Dee puts it, "the integration works like a charm." This saves a huge amount of time on a monthly basis.

Dee has also taken advantage of LoanHD's audit the auditor reporting. She performs analysis monthly, selecting a sampling of loans in a project for review. The reporting shows any variances internal staff have noted from what the LoanLogics audit team provided. Dee has found that variances are rare and LoanLogics is always very responsive to address any identified. Conveniently, a GSE-ready report logs and displays the results of any of these reviews.

As the relationship between Toll Brothers Mortgage Company and LoanLogics continues, the people aspect of the relationship can't be overlooked. LoanLogics' Quality Control Managers are so appreciated by Dee and the continuity of their support has been invaluable. The winning combination of people, process and technology is one we hope to deliver to Toll Brothers Mortgage Company for years to come.

Schedule a demo today to see how LoanBeam® can work for you. Call us at 866.557.6959 or learn more at [loanlogics.com](https://loanlogics.com).

*The game has changed.  
Play different.*

