

CASE STUDY

AMEC Home Loans Saves Valuable Time in Vendor Management

THE COMPANY

American Mortgage and Equity Consultants, Inc. (AMEC Home Loans), a family owned company founded in 2007, prides itself on providing the best experience in the industry. Spanning 18 states and headquartered in Edina, Minnesota, AMEC Home Loans is a correspondent lender and direct seller & servicer.

AMEC Home Loans is one of the fastest growing mortgage companies in the country and is committed to investing in what really matters: PEOPLE. Since opening their doors, they have experienced immense success in best meeting the needs of each client and have seen significant growth; growing from six to over 500 employees.

“ *The biggest takeaway is the time savings. I appreciate being able to add a company and look at their financial viability usually within 30-seconds. The easy-to-read Dashboard helps me monitor my vendors daily, mitigate risk and alerts me to any red flags on companies I need to further investigate.* ”

Matthew Jensen, Specialty Programs Manager - AMEC Home Loans

THE CHALLENGE

Time Consuming Vendor Due Diligence

Prior to the Argos Risk AR Surveillance™ solution, AMEC Home Loans provided mortgage services but did not have a foothold in the residential construction market. Clients were referred to a community bank who pre-approved the builder and provided the interim construction financing. The due diligence and vendor approval was outsourced to the community bank and the end loan permanent financing would be completed by AMEC Home Loans. "Vendor management was definitely a big part in our success. To our investors, it was extremely important to vet and work with builders who weren't too risky," said Matthew Jensen, AMEC Home Loans Specialty Programs Manager.

Typically, AMEC Home Loans works with strong buyers in their construction program. Conversely, there is a unique challenge in working with a smaller builder; very limited financial information may be available. To mitigate the risk and stay on top of a builder "walking" off the project, the community bank would have to dig in and conduct even greater due diligence to protect themselves from the possibility of a bad debt. "That labor-intensive process may have included phoning the builder for financials, tracking down bank and trade references and pulling and reviewing cumbersome, lengthy, and pricey credit reports. Whether it was the community bank completing the process or our staff, we struggled with the due diligence required; it was mostly manual and extremely time consuming," said Jensen.

In 2016, AMEC Home Loans made the switch to AR Surveillance and established their own new internal construction program to provide the best experience in the industry.

THE SOLUTION

AR Surveillance™

"Vendor management is paramount to long-term success when the average loan size exceeds \$500,000," said Jensen who oversees the construction lending program at AMEC Home Loans. In addition to checking if licenses and insurance are up to date, Jensen now adds each new builder to the AR Surveillance Dashboard and reviews the financial performance and viability of the company.

"The Dashboard is the central hub for our companies being monitored. It acts almost like a barometer. It helps us gauge how much due diligence we need to do for a specific builder," said Jensen.

AMEC Home Loans has approved and monitors approximately 100 home builders on AR Surveillance. "We may initially approve a builder and potentially not work with them for another 6-12 months. The time savings realized with the ongoing monitoring on AR Surveillance has made it so we don't have to constantly update these builders," said Jensen.

When a loan comes through, AMEC Home Loans checks the AR Surveillance Dashboard to verify there aren't any red flags. Jensen said, "It is imperative the builder is making payments and in good standing from a financial perspective. We optimize our Dashboard and can be proactive and conduct a quality evaluation based on current data versus being reactive to point-in-time data."

AR Surveillance provides enhanced third-party due diligence, automated risk intelligence and continuous monitoring of the financial viability of commercial third-parties. "We monitor the financial stability of our builders daily. The Dashboard provides a quick overview so we don't have to invest a ton of time and vet the builder again," said Jensen. "Not having to re-approve that builder from scratch every time can be a significant time savings. And fortunately, we haven't had many real issues partially because the way we vet and track builders who are 'all green' and display strong financials."

The Dashboard provides easy-to-understand color-coded risk scores and utilizes a 0 to 100 scale to display the business and financial health to better manage and mitigate risk in third-party commercial relationships. It also provides daily alerts regarding material events from the previous day. "Primarily, the alerts are my responsibility. If I receive an alert on a builder previously approved and now the company profile shows more color-coded 'red scores,' it is a trigger for me to reach out," said Jensen.

In closing, "the biggest takeaway in using AR Surveillance is the time savings. Prior to AR Surveillance, we would have to check and recheck builders. Vetting, follow up, and auditing takes time and time is valuable. You realize how valuable having a tool for vendor management like AR Surveillance is for assessing and managing the viability of our builders," said Jensen. "It allows me to do due diligence when I need to and avoid it when I don't have to."

Contact us for more information at
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American Mortgage & Equity, Inc., founded in 2007, is a family owned company specializing in residential mortgage financing.

AMEC Home Loans serves the lending needs of individual homeowners, home buyers, the real estate community and builders. They have access to a full range of mortgage loan products and are dedicated to finding the right mortgage loan program, rate, terms, and fees to best meet the clients' needs.

Committed to building strong Realtor relationships, AMEC Home Loans provides top-notch customer service and meets the demands of the industry. By working with and marketing to real estate agents and builders daily, AMEC Home Loans continues to cross-promote its brand and become a full-service lender and referral source. Their closing and post-closing teams are highly experienced and can underwrite Conventional, FHA, VA, USDA, MHFA, and WHEDA loans.

AMEC Home Loans is a correspondent lender and direct seller & servicer headquartered in Edina, MN. Built to provide the best experience in the industry, they are committed to investing in what really matters: PEOPLE. Since opening their doors, they have grown from six employees to over 500. As of 2019, they are licensed in 18 states and are one of the fastest growing mortgage companies in the country.

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