

# National network of

# INDEPENDENTS



VERICO. John Kelly COO; Karla Dreyer, associate vice president; Colin Dreyer, president and CEO

**V**erico Financial Group Inc (VERICO) officially arrived on the Canadian mortgage scene last summer, and now boasts impressive volumes among its more than 50 member companies which employ more than 450 agents from coast to coast

The company offers collective clout that enables smaller brokers to compete on a level playing field with super brokers and other larger firms, says COO John Kelly.

But VERICO isn't recruiting just any brokerage firm to join its ranks. An originator must meet certain requirements and go through a thorough application process and reference check before being approved as a member. VERICO is seeking mortgage originators with higher volumes that have established credentials of professional and ethical conduct within the industry.

All VERICO originators affiliate with the VERICO brand as part of a co-branding scenario. Their card will have their own logo and corporate identity, which might be 'Mortgage Express', and somewhere else it will say 'member of the VERICO network', according to Kelly.

Since its inception a year ago, the network has branched out into every Canadian jurisdiction except Quebec, which is intended to be launched in the fall of 2006.

There are three key components to the network: the management team, originators and lenders. VERICO's function in the three networks is that it comprises a very specialized governance team, says president and CEO Colin Dreyer. "Our day-to-day work essentially involves not running

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a mortgage brokerage business but helping our network of independently owned and operated mortgage broker firms compete and win in the market.”

Even though there are financial benefits to joining VERICO, this is not the driving factor behind the company’s growth, Colin suggests. National presence, clout and true entrepreneurialism are what most firms are seeking.

All originator services and tools are available a la carte with no additional costs, says associate vice president Karla Dreyer. “The network is a fit for those people who don’t want their hands held. Each member has a personal vision for growth and wants to go out and make it happen their way.”

VERICO provides its members with business development resources and believes entrepreneurs should have the ability to choose which of these resources they use and incorporate into their businesses based on their individual models and locales. “And that really separates us dramatically,” she adds.

## Where it all began

The idea of VERICO was in the embryo stage for some time, waiting for the industry to mature, says Colin. It started out with Colin and Kelly examining how the industry was changing with the idea of trying to visualize where the industry was going – not merely following where it was at the time, but truly looking into the future of mortgage brokering in Canada.

Colin and Kelly talked to lenders and brokers to better understand the needs of the industry and they discovered that there was a disconnect between the relationships. As a result of this finding, the VERICO model eliminates the middleman and enables lenders and qualifying brokers to connect directly. They work pro-actively with their lender network in assisting the lenders’ business development efforts, seeing this as a win-win situation for both sides.

Kelly attributes much of VERICO’s success to timing. “The phenomenal growth of VERICO has had a lot to do with being in the right place at the right time with the right solution,” he says. And the solution not only fits mortgage brokers, but also the lenders that are fundamental to the industry.

Colin says that before launching VERICO, the management team made sure it had the back end built before approaching the originator community, which is the reverse approach. Typically, he says, volume is collected before suppliers are approached. But with VERICO, the value proposition was presented to the lender community for

meet a certain standard, says Kelly. “But fundamentally, the question we ask is: is this someone that the lenders and other brokers in our network would approve of?”

Originators want to ensure they have joined a network of their true peers, comprised of professional, experienced brokers who work hand in hand with lenders, according to Kelly. “Lenders like having access to brokers that are qualified and experienced, and our role is as a facilitator.”

Originators buy into the communality of the network, says Colin. “We define what that communality is, and our job is

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support before the originator side of the network was launched.

Both Kelly and Colin have extensive backgrounds in the foundations of the Canadian mortgage and real estate industries. And if you start at the real estate side of the equation and you’re familiar with the industry – which has had 40-odd years to evolve the institutions and business models that govern it – you’ll have a sense for what comes next in the mortgage brokerage space, Kelly points out. This translates into more local and regionally based, independently owned and operated brokerage firms, he adds.

Fundamental to the VERICO network is the fact that the company believes that mortgage brokers – whether this includes a team of three, 10 or 30 originators – ought to be afforded the opportunity to own and operate their business, have a stake in that business, own their income streams and own their customers, Kelly explains.

The acid test for any new member that applies to VERICO is that they have to

to ensure that we maintain the parameters of that communality, because that’s what people are buying into.”

## The ‘what next’?

VERICO is the final step in the evolution of the mortgage marketplace between super brokers and independent business owners with no affiliations with larger networks, says Kelly.

“We knew there would be a what next, and we are the what next,” says Colin. “There was a whole audience saying, ‘Where do I go now? This company is fine but it’s not mine and if I go out on my own, I have to do all that stuff... that’s a lot of work.’”

“VERICO is the answer to this dilemma,” he adds.

“One of the things we want to say in a couple years is that, not only have we defined ourselves within the industry, but we’ve helped grow the industry, which is good for consumers, lenders and originators, and we helped increase broker market share,” Colin says. **CMP**