

Polunsky Beitel Green is Keeping a Close Eye on The Economy

For real estate heavy firms like Polunsky Beitel Green, what happens with interest rates and the labor market next year will affect their financial fortunes.

By Dylan Jackson

Firm Name: Polunsky Beitel Green, LLP

Firm Leader: Allan B. Polunsky, managing partner and founder of Polunsky Beitel Green, LLP

Head Count: 335

Locations: Full-service offices in San Antonio, Houston, Dallas. Attorneys and staff members are embedded in various clients' offices both inside and outside Texas.

Practice Areas: We exclusively represent residential mortgage originators. Specific services include preparing and reviewing mortgage closing documents, full-close outsource services throughout the country and complete legal and regulatory support in all aspects of residential lending.

Governance Structure: The firm is governed by a committee consisting of our named partners. Input is received from the senior associate and our CFO.

Do you offer alternative fee arrangements?

Our fee arrangements are somewhat unique. For closing document preparation and review, we charge a set fee. The same is true with full-close services. There may be slight variations in our fees depending on the scale of the client's work. We also bill extensive research projects by agreed upon flat fees.

What are the two biggest opportunities for your firm, and what are the two biggest threats?

We are the recognized leader in the development of technology services used in preparing and reviewing residential closing documents. No law firm has developed the advanced systems and software we have in place. Beyond that, we were one of the first technological providers, law firm or otherwise, to design an eClose platform that allows closings outside title companies. Our product, eClosePlus, is used internally and by certain clients externally. Our opportunity on the technological side is to continue to be on the cutting edge in our service systems and technology. These are areas that set us apart and present an unprecedented opportunity.

Another opportunity for the firm is to continue our exponential growth, both in Texas and throughout the country. We have established ourselves as the "go to" firm in Texas. We wish to use that status to expand our presence in other states, primarily as a niche residential lending law firm but also as a broader service provider. We have begun that push in earnest.

A challenge, if not a threat, is the industry business stream and the variations



Allan B. Polunsky, managing partner and founder of Polunsky Beitel Green.

Courtesy photo

inherent to it. As a midsize law firm, we are built around a cyclical industry. In our case, real estate, and more specifically, residential mortgage originations. We have experienced the peaks and valleys of the industry over the last 45 years.

We are on course for higher interest rates, which could affect our clients' production volumes. Therefore, we need to be prepared for a certain elasticity in our workforce and overhead. Precaution in these areas must always be the byword. Of course, we would prefer to overcome the challenge of potential business contraction by continuing to expand our client base.

Another threat common to law firms and other businesses is the labor mar-

ket. Our practice is built on a high level of client service, time sensitivity and expertise. From the beginning, we have always recruited the best and the brightest. With our business expanding in this unfamiliar labor market, we are challenged to identify individuals that fit our corporate culture and produce a superior work product. Our priority, of course, is ensuring that we do not dilute our level of client service or reputation.

The legal market is so competitive now—what trends do you see, and has anything, including alternative service providers altered your approach? Is your chief competition other mid-market firms, or is your firm competing against the big firms for the same work?

Our competition comes almost exclusively from other boutique firms using somewhat similar models. The big firms are not really tooled to provide the bundle of services that we do. We haven't been impacted by ALSPs, but without a doubt, our law firm has succeeded for much the same reasons that many ALSPs have: we use technology and focus on process improvement to deliver services in a highly efficient manner. Having the gold standard technology and a highly efficient workflow frees up our attorneys to focus their time on activities that deliver the greatest value to our clients.

There is much debate around how law firms can foster the next generation of legal talent. What advantages and disadvantages to midsize firms have in attracting and retaining young lawyers, particularly millennials?

I wouldn't deny that there are differences between a Gen X lawyer, say, and a Millennial. But I also believe some job characteristics appeal across all generations. Attractive compensation, stability, and growth opportunities, to name three. We are very solid on all of these fronts.

Two other factors work in our favor. The non-adversarial—even genteel—nature of our work tends to attract a personality type well suited for our practice. Also, the way we have integrated technology into our operations creates an atmosphere that appeals to younger generations.

Does your firm employ nonlawyer professionals in high level positions (e.g. COO, business development officer, chief strategy officer, etc. If so, why is it advantageous to have a non-lawyer in that role? If not, have you considered hiring any?

Our CFO, an experienced C.P.A., provides input to our governing partners. Additionally, he develops firm business strategies, which are presented to the attorney management. Many of these recommendations are ultimately adopted by the firm.

Our chief technology officer is responsible for the development and operation of all our IT systems and network environments. He is acknowledged as a visionary in mortgage technologies. Although he is not an attorney, much of the success of our firm can be attributed to his innovation.

Our director and associate director of business development are both non-lawyers. They have each spent many years in high-level positions in the residential mortgage industry. We have found them

to be the best individuals to interact with clients and prospective clients who generally share their backgrounds.

Beyond these key people, we maintain a large team of non-lawyers who analyze closing documentation under attorney supervision. They exercise higher skills, and are better compensated, than a typical document reviewer. In a large sense, they are the backbone of the firm. Many of our non-attorney document personnel have been recruited from large banks and mortgage companies, including our firm director, who was with Wells Fargo for 25 years.

What would you say is the most innovative thing your firm has done recently, whether it be technology advancements, internal operations, how you work with clients, etc.?

Without question, the development and implementation of our state-of-the-art eClosePlus platform. No other law firm has a proprietary product like it. Many residential lenders, including two of the largest builder-owned mortgage companies in the country are currently using it. To a large degree, it was helpful to them in addressing the challenges of the pandemic. Our eClosePlus product is an excellent example of the type of innovation that gives us the competitive advantage.

Does your firm have a succession plan in place? If so, what challenges do you face in trying to execute that plan? If you don't currently have a plan, is it an issue your firm is thinking about?

We have identified my successor. There have been no challenges and we expect none.