

ALL IN the Family

— by LEW SICHELMAN —



(Left to right) Five Brothers' Tom Kalas, general counsel; Joe Bada, CEO, and his wife, Fran; Nickalene Badalamenti-Kalas, chief business officer; Philip Badalamenti, member of the board of directors; Angela Miller, chief of client relations; Nicholas Garippa, business analyst; and Joseph Miller, COO

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**At Five Brothers
Default Management
Solutions, three
generations of Badas
work on preserving
the legacy that
Joe Bada started
48 years ago.**

here never were five brothers at Five Brothers Default Management Solutions, the Warren, Michigan-based default management firm—only Joseph Badalamenti, aka Joe Bada, who started the company in 1967. ¶ But now there are a whole bunch of little Badas who occupy leadership positions in the family business. There are three daughters, one son, a son-in-law and several grandsons, just to name a few. ¶ But this is hardly a passing of the torch. Although Chief Executive Officer Bada is 85 years old now—he’s 85 years young and still going strong. So it’s not so much a changing of the guard as adding a new guard, all of whom subscribe to the family patriarch’s many business philosophies. ¶ “It’s about family being integrated into the business,” says Bada. “It’s about how unity of family has worked well for Five Brothers. It helps everybody.” ¶ Most importantly, the Bada offspring fill far more than the frivolous roles family members brought into other companies sometimes play. ¶ “The family members that have joined Five Brothers over the years were highly skilled and successful executives in other fields

and endeavors,” says LeAnne Richards, senior director of client relations. “So they bring great knowledge and experience to our growing organization, and their leadership, expertise and deep understanding of the business principles that have made Five Brothers successful over the years has been extremely well received.”

First computer

Actually, Five Brothers has always been a family business, dating back to the earliest days 48 years ago when Bada’s

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bride, Fran, stayed up half the night under the basement steps typing up invoices and performing other bookkeeping tasks. “Contractors would call at 1:00 or 2:00 in the morning,” she recalls. “We had no privacy at all.”

“She was the woman behind the man,” Bada says proudly. “What we do by computer today was done by Fran back then. She was our first computer.”

Fran stepped back many years ago to raise the couple’s four children. While nobody can ever replace her in the family hierarchy, it now takes a full complement of employees to handle the work she accomplished in those early days.

Of course, there’s so much more to be done today. “It’s mind-boggling,” says daughter Angela Miller, now the company’s chief of client relations.

“When it comes to the ever-changing flood of new rules and regulations we and our clients must follow, we have to know everything. Understanding these regulations, their impact on the property and our ability to compliantly document these activities is now our primary job,” Miller says.

Unlike many other default management companies, which obtain their software from other vendors, Five Brothers develops its own programs. That way, says Bada, it can keep up with the ever-changing rules and regulations coming not just from federal and state regulators, but also from numerous local jurisdictions as well.

“We don’t rely on third-party vendors,” he says. “We create our programs from the ground up, and we own them.”

Info factory

Like Five Brothers’ information technology (IT) department, the entire company has grown exponentially from those early days when Joe and Fran Badalamenti started their company—and their family. Just since the company was last featured in *Mortgage Banking* (January 2013), it has outgrown its original space in Warren.

Back then, the company employed about 450 people. Now, five years later, 700 or so work for Five Brothers, which has outgrown its five-building campus on the east side of Detroit.

It still fills those buildings. But now it also fills a nearby—and huge—97,000-square-foot, one-story structure.

This new state-of-the-art facility provides advanced technology and equipment to every team member. Many have two computer monitors at their stations, and some even have three so they can streamline workflows and deliver greater efficiencies.

“We’ve become an information factory,” says Bada. “Whatever our clients need us to do, we do. In those first days, all we did was cut grass. Now documentation is our primary job. We have to keep track of everything—and I mean everything—that goes on with a property.”

Among other things, Five Brothers’ field inspectors—the company has a cadre of more than 600 contractors in all 50 states—snap 150 to 200 photographs of each and every property the company is asked to manage. And as those pictures come in from the field, they are filed and stored electronically.

“We have to document each home’s entire condition on that first inspection,” says Bada.

“If something is wrong, we have to input it. If we miss something, we have to eat it. And all the information we gather must be submitted back to the client promptly and on time so they can get paid. If they don’t get paid, we don’t get paid.”

Great data

Bada remains the true heart of the organization, but technology is now at its heart as well. Indeed, “it is the great enabler,” says grandson—and namesake—Joseph Miller, who at the ripe old age of 30 is the company’s chief operating officer (COO).

Miller started working for his grandfather when he was 13 years old, taking worksheets filed by inspectors in the field and cleaning them up. “My grandfather and my mom were my first managers,” he recalls. “But I don’t think I or any of the other kids were handed anything.”

Two days a week, and only during the summer, Miller would sit at his typewriter and clean up the reports so the scanners could read them.

Contractors’ “notes looked a lot like a doctor’s handwriting,” he remembers. “I worked all day to get legible results.”

Bada also took Miller and his brothers into the field with him to paint houses and board them up. And when his young protégé graduated college—he has an undergraduate degree from the University of South Florida and a dual Master of Business Administration and Master of Science in Finance (MBA/MSF) degree from Walsh College in Detroit—he went back into the field again. “That’s where I learned what [the company’s inspectors’] pain points are,” Miller says.

In those early days, Miller earned a whopping \$7.25 an hour, which “was pretty good money for a 13-year-old,” he says. Now, as COO, he is the subject-matter expert on developing new systems.

There are no prepackaged, off-the-shelf programs here. Five Brothers’ proprietary technology architecture covers the whole range of services required by its clients. And its systems allow for fast, economical implementation and seamless integration into each client’s existing business environment.

Actually, the company’s technology works three ways—for



Daughters Nickie and Angela flank Joe Bada

inspectors in the field, for all the necessary in-house applications and for client banks and servicers.

The goal is to make it so clients receive all the information they need by searching just a couple of computer screens instead of having to click through screen after screen after screen.

"A lot of our clients see us as having great data, and we do," says Miller. "Now we're speeding up the process so the data we collect doesn't sit for any period of time. Barring any complications, what comes in today goes out today."

In the field, inspectors are going mobile, using their smartphones and tablets so the information and photographs they gather are uploaded instantaneously. "By giving them the tools they need to be more successful, we are taking away the ambiguity and making businessmen out of them," Miller says.

In-house, the data from the field goes through quality control. It is cleaned up, proof-read, spell-checked and, and above all, verified. "We take the inspectors' rough draft and finalize it," Miller says. "How we use the data internally is our bread and butter. We know from the second an inspector leaves the property where that data is. And it can be pulled for immediate results."

And on the other end, Five Brothers' clients have Web-based access to whatever data they need. The focus is on the end user. Navigation is easy, clean and responsive.

A partnership

Bada's oldest daughter—and Joe Miller's mother—was in the dental field when her dad recruited her to join the company in 2002. But even when Angela Miller was still cleaning teeth, she worked at Five Brothers one or two days a week monitoring reports from the field. "It was just a small thing," she says,

"but I tried to help out."

Actually, every member of the family helped out whenever something needed to be done. And that included changing light bulbs. In fact, Angela remembers a moment some years ago when a bulb needed changing, so she jumped up on a table in boots and a skirt to do it. She also recalls hearing someone say, "Oh my God, she's so Joe's daughter." It was, she says now, "the best compliment I ever received in my life."

Now the 60-year-old Miller is chief of client relations, a department that acts as a single source of access for clients and monitors all of their requests so they can be filled immediately.

At Five Brothers, she says, the customer experience is paramount. The company combines technology, compliance, service and deep relations at the local, state and federal levels to deliver responsive and thorough reports for lenders and servicers.

"Working with Five Brothers is truly a partnership. We have a long-standing history of exceeding client expectations, which makes for a memorable customer experience," Angela Miller says.

"My father's philosophies have had a major impact on everyone who works here. We have hundreds of highly skilled employees, a strong executive management team and a commitment to always doing what is in the best interest of our clients," she adds.

Five Brothers' client-dedicated account executives work hand-in-hand with clients.

"We can enable our processes to meet their requirements, so that if they need something by 10:00, we can get it to them," Angela Miller says. "Some things we can't do, of course."

"My father's philosophies have had a major impact on everyone who works here," says Angela Miller.

We can't get a home demolished in 15 minutes. But if we can't deliver immediately, we can at least keep them informed of what we are doing every step of the way. And there's always an audit trail."

Miller's group works closely with the IT department so team members can find the client's pain points and try to solve them. "We have developed entire systems that several of our clients use exclusively," she says. "Our software is totally customizable, so it can be modified to ease the client's burden so that it works for them."

Magic woman

Daughter Nickalene “Nickie” Badalamenti-Kalas is one of the few Bada offspring who didn’t work for her father when she was a child. Other than being allowed to skip school every so often to visit clients with her dad—“His clients were his friends,” she recalls—Badalamenti-Kalas didn’t start spending any significant time at Five Brothers until five years ago.

And earlier this year, the 51-year-old dentist decided to walk away from her highly successful practice to focus entirely on Five Brothers, where she is now chief business officer.

Together, four children and 11 grandchildren are part of the business that Joe Bada started building 48 years ago, and a family that he started even before that.

Her job, she says, is to work with her dad to oversee the daily operations, provide leadership and strategic direction for the company’s ever-growing group of employees, and help deliver an exceptional customer experience.

“It’s great working with my father,” Badalamenti-Kalas says. “He and I think an awful lot alike. But that stands to reason. After all, I got my value system from him. I know what my dad thinks, what my dad would want. Now I run things by him instead of asking for his permission.”

Papa Joe returns the compliment. “Working with Nickie is the most wonderful experience I have had in my life,” he says. “I don’t have to worry about someone making the wrong decision.”

A self-described “people person,” Badalamenti-Kalas says that to deliver an exceptional customer experience, the company must constantly monitor changing market conditions and the regulatory landscape, and proactively deliver solutions to its clients.

The process begins by making sure all of the company’s 700 employees—pardon me, team members—are properly trained and highly skilled.

“What we do is a specialty,” she explains. “You don’t go to college for this kind of work, so we must continually work to train, educate and provide the resources necessary for our employees to succeed.”

Team members are not simply considered employees, though; they are more like partners. “It’s not about me, it’s about us,” Badalamenti-Kalas says. “We all have very similar values. We appreciate what [the team members] give us. And the people who work here love and respect my dad.”

Like a son

Son-in-law Tom Kalas, who married Nickie Badalamenti-Kalas in 1989, was a member of the family before he became Five Brothers’ general counsel. “I’m an in-law, an outsider, but Joe always treated me like a son,” says Kalas, 51.

“Every one of us can tell a story about Joe every day and all day. As busy as he was, family always came first. There’s

nothing he wouldn’t do for you. He’s a man of great honor and integrity. We always ask ourselves, ‘What would Joe do?’”

This used to be a handshake business, says Kalas. But not anymore. So many regulations resulted from the collapse of the mortgage business that written agreements are now necessary. Indeed, the general counsel says, compliance is no longer a “nice-to-have.” Rather, it is now a default management imperative that impacts every aspect of lenders’ and servicers’ businesses.

The myriad rules and regulations coming from government at all levels have placed a huge burden on lenders and servicers.

But Five Brothers takes that weight off their shoulders with a skilled team that is constantly monitoring for changes and updates.

“The playing field has changed, the rules are in flux, and that requires us to be more responsive than ever,” Kalas says. “When it comes to regulations, whether they are from municipalities or Uncle Sam, we have to know everything.”

The new playing field has required every default management company to step up to another level. But it hasn’t been that big a

transition for the house that Joe Bada built.

“We’re more than just a service partner. All along Joe made sure our customers came first. Everything is data-driven now,” Kalas says. “We work together. The good will that [Bada] established, they are not going to find that anywhere else.”

Joy ride

These are just four members of the Badalamenti clan who have assumed an active role in the company. There are others who are less involved in the day-to-day operations of the business but who are members of the board of directors—including son Philip Badalamenti, an orthodontist, and daughter AnneMarie Badalamenti, a dentist.

And let’s not forget grandson Nicholas Garippa, who works as a business analyst with his cousin Joe Miller in the IT department. He recalls spending so much time working with his grandfather—from planting flowers in front of houses to exact specifications to learning how to drive—that “he’s like a second dad to me.”

Together, four children and 11 grandchildren are part of the business that Joe Bada started building 48 years ago, and a family that he started even before that. “It’s hard to believe it’s been that long,” he says. “But it’s been fun. All the family members have worked here at one time or another, even their friends. That’s been part of the fun.”

Phil was 17 years old when he and his dad bid and won their first contract to cut grass for the Department of Housing and Urban Development (HUD). Today, the default management business is far more than that.

Clients “ask us to offer more and more services,” Bada says. “There are a whole slew of jobs [that] banks have asked us to do. And now there’s nothing related to a property that Five Brothers can’t do.” **MB**

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