

June 1, 2007

RETN News

“Sound decision making critical for lenders to avoid software investment risk”

Hear from one expert in the loan origination system space on what could go wrong with an LOS rollout in a worst-case scenario. (6/1/2007)

In an increasingly crowded technology space such as the LOS market, technology providers need to hone their strategy in order to stand out. For one vendor, the winning ticket has been a focus on service and client relationships.

Mortgage Builder addresses mid-tier mortgage lenders. In the past few months, it has inked a deal with Pittsburgh-based Howard Hanna — which merged with Cleveland-based Smythe Kramer a few years back to form a full-service real estate company — to bring both Cleveland and Pittsburg operations online with its system. It also signed on Universal Mortgage.

Both deals were noteworthy because they involved lenders that looked at other options for their core lending system, but then returned, said Mortgage Builder President **Keven Smith**.

After a brief hiatus, Troy, Mich.-based Universal returned to using Mortgage Builder's LOS package. The lender, which handles \$100 million in loan volume each year, was acquired by People's State Bank, which tested another LOS but eventually switched back to Mortgage Builder. During the period of time that the company attempted to implement the other LOS, it continued to use the Mortgage Builder system as an anchor to maintain its day-to-day operations.

Who would lenders likely consider as an alternative to Mortgage Builder? According to Smith, it's companies such as MortgageFlex, Integra, Dynatek (recently acquired by **MortgageHub**) and Del Mar Database.

“None of the products are horrible products,” he said. “It's more about how nimble are you in customizing it, making it fit and servicing (customers) long term.”

Mortgage Builder works to differentiate itself through strong ties with its customers. Universal, for example, was with Mortgage Builder 10 to 15 years before it merged with a larger bank.

“The bank had nothing against Mortgage Builder,” Smith said. “They just were using another product and said, ‘Let's fit you into the product we use elsewhere.’ The mortgage side went kicking and screaming. But I like that they went out and looked at another system.”

“The same with Howard Hanna. I welcome that they want to go out, look around and do their due diligence.”

Clear and present danger

Mortgage Builder won't be the right system for all lenders, Smith said. Regardless of which system a lender goes with, given the direction of today's mortgage market, they have to take caution in avoiding a bad LOS investment.

“For the people making the choice, it's probably their employment,” he said. “For the lender itself — besides the large revenue that may be invested in some of these systems — to have it fail, you're taking all your resources and instead of them working on processing and closing all the mortgages running through the company, they're thrashing around trying to implement an LOS. It's possible they could run themselves out of business if it's serious enough.”

“The least it could be is a large waste of money.”

Staying in touch

Mortgage Builder recently hosted its annual user group conference in Dearborn, Mich. The May 18 conference focused on completed Mortgage Builder enhancements, upcoming new features, product enhancements and future considerations for the system.

The user group conference gave Mortgage Builder Software and its customers an opportunity to exchange product ideas and discuss the customers' needs for future considerations. The conference highlighted the most recent upgrade, version 3.6, and covered all of the features and their functions.

Participating users also learned about new features that will be introduced with the next upgrade, version 3.7.

Customers also got a tech update covering the use of the Microsoft Vista platform with Mortgage Builder and some of the new development tools expected in the near future from IBM.