



FHA lender eyes growth

When Maryland-based MBA Financial Solutions was founded in 2000, its leaders envisioned that FHA lending would be the cornerstone of the business.

During the lending boom and rise of subprime business, the company expanded its scope. It has since come full circle, with FHA representing 100 percent of its business today.

Less than a year ago, it also converted from a retail to a wholesale operation and is now doing business mostly in Maryland, as well as Pennsylvania, Delaware, Florida and South Carolina.

"I began working on a business plan for wholesale lending in 2006," said **Jack Schammel**, president of MBA Financial. "My research indicated to me that FHA would be the only real growth niche in 2007 and 2008. The numbers predicted then by Freddie Mac and Fannie Mae were in the neighborhood of 17 to 18 percent a year — they didn't see the big market disruption. And now we're seeing growth of upwards of 30 percent in FHA originations."

The renewed focus on FHA lending and the transition from retail to FHA called for a new lending platform, as well.

MBA Financial was previously built around the Calyx Point mortgage system — "which was great when you're just a small retail lender," Schammel said. "But once you start working with warehouse lines, actually funding loans and creating closing packages, you need an A

to Z solution."

In March, the company went live with a new loan origination system (LOS) and portal for its mortgage brokers to use. The new system gives it one database for managing each loan from origination through post-closing.

"In the past six months, a number of lenders have realized that FHA is one of the few areas where you can experience growth. They've taken up a similar approach that we have.

Very few of them — unless they're very large lenders like Countrywide, Wells Fargo and Taylor, Bean & Whitaker — have the technology we have," Schammel said.

FHA tech

The new technology — it's using Mortgage Builder's LOS and broker portal — isn't specific to FHA lending, Schammel said.

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However, the software was designed to handle the nuances of the FHA business.

For example, it automatically calculates down payment percentages and warns users if the 3 percent investment requirement is not met on any FHA loans. The system also calculates the maximum mortgage amount allowed by FHA.

It can determine eligibility for mortgage insurance (MI) premiums based on FICO scores by allowing users to set up various MI charts for FHA based on credit score ranges. The system can set up scenarios that allow the proper upfront premium to be calculated for streamlined refinancing of an existing FHA loan or for first time home buyers.

Broker portal

However, it is Mortgage Builder's Wholesale Broker Portal — which gives brokers visibility into the process — that provides a true "distinct competitive advantage," according to Schammel.

The privately branded, direct-to-broker Web site ensures brokers can view their pipeline, loan status, underwriting conditions, current loan programs and rate sheets.

Brokers can still operate on their own third-party LOS by uploading files from their existing system to the Web site, which integrates into Mortgage Builder. A requested rate lock will automatically generate an e-mail to the lender's secondary marketing department, according to Mortgage Builder, and rate lock confirmations are automatically sent to the broker.

Brokers can review underwriting conditions, as well as the status of loans via the Web, which Schammel said reduces the amount of incoming calls his company receives. An advantage for MBA Financial is having the ability to lock in rates on the Web, which cuts down on faxes and misplacement of lock requests made by the broker.

Crucial loan information is available via the Web from program guidelines, rates and forms,

making it extremely convenient for brokers to do their job quickly and efficiently.

Growth plans

MBA Financial re-launched as a wholesaler in September 2007. It began the technology changeover in January and went live March 1. Mortgage Builder, Schammel said, is allowing the company to grow without dramatically increasing its workforce.

"It's too early to measure the payback, but we're already seeing (benefits)," he told *Real Estate Technology News*. "For example, I won't have separate document preparation costs for each package. (The LOS) interfaces with nationally accredited vendors, but more importantly it interfaces with our fraud detection vendor, which is a huge challenge in wholesale lending."

In order to stand out among competitors, MBA Financial hopes to differentiate based on service. Its brokers have direct access to underwriters, and the company can arrange face-to-face contact with underwriting and sales staff. Alternatively, remote brokers can take advantage of online GoTo meetings. "Having a tool like Mortgage Builder frees up the time for them to offer that level of service," Schammel said.

"We've been told by our brokers that that is a unique thing that they don't experience with any other wholesale lender."

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