CASE STUDY:

LENDINGqb®

How Open Mortgage Went From Zero to TRID in 50 Days Flat

Deciding to change your loan origination solution (LOS) is never an easy decision to make. There's no way to understate the enormous amount of time and money that an LOS implementation consumes. But when push comes to shove, lenders have to make like The Clash and ask themselves, "Should I Stay or Should I Go Now?" The implementation of TRID was one such moment that took Austin-based Open Mortgage down not just one, but two paths that led them to discover a wrong and a right way to implement an LOS.

SHOULD I STAY OR SHOULD I GO NOW?

In 2014, Open Mortgage had a decision to make. They had been using an LOS of their own design since 2003, but when TRID was announced, they knew it would require a deep investment in order to make their system compliant. As Chief Technology Officer at Open Mortgage, Jim Howard was given the unenviable task of deciding whether to continue their current course or change directions. "Are we going to spend a bunch of money to enhance our existing LOS," Jim said. "Or are we going to look at something else?"

Jim knew that the Achilles Heel of their proprietary system was the absence of an integration with Fannie Mae's automated underwriting system. But when he approached Fannie Mae, Jim was told the door was closed on any new integrations. "That basically shut down one-half of the decision making for us," said Jim.

Open Mortgage embarked on a search for an off-the-shelf vendor that could effectively replace their existing LOS while also ensuring TRID compliance. Over the next several months, Jim and his team researched thirteen different LOS vendors and narrowed their selection down to two.

WON'T GET FOOLED AGAIN

The battle between the two final vendors, one of which was LendingQB, was evenly matched. Their senior management team was split down the middle. The difference came down to a sales pitch. "[The vendor] assured us that they would do whatever we wanted with the pricing engine for a very low cost. They also said they'll be able to turn around business rules within a very short time frame," Jim recalled. A decision was made and LendingQB was not selected. At least, not yet.

Within a few weeks of the LOS implementation, problems started coming to the surface. The pricing engine that could "do whatever they wanted," fell short. "The amount of data that was coming over with the pricing engine was only 13 fields. That does not work for us," said Jim. "We started talking to their executive team and they eventually called us and admitted the engine was not ready for prime time."

Over a period of six months, more problems were uncovered and Jim began to suspect they had made a mistake. Business rules were still not implemented. The browser based implementation they wanted was not supported anymore. The project was moving at a snail's pace. "The speed at which things could get done, their responsiveness to our business changes wasn't there. The whole thing just started to unravel."

Jim and his team had the same Clash tune running through their heads again only this time, the TRID deadline was approaching fast and they were no further along than when they had started the whole process back in 2014. There wasn't enough time to start from scratch. Do they try to push through the implementation? Or, do they exercise what Jim described as a "terrible backup plan" that involved integrating their existing system with another vendor? "It would give me nightmares if we did that."

Then in June 2015, something extraordinary happened. Under pressure from Congress and multiple industry trade groups, the CFPB announced an extension of TRID that pushed the effective date out two months. Jim took immediate action. "We said forget it. We're cutting the cord, cutting our losses. We're going to take our lumps and we called up LendingQB."

BEGIN AGAIN

Within one week, Jim had ironed out all the contract details with LendingQB and was sitting in a conference call with them to kick off the implementation. The difference from their previous vendor was like night and day. "It was an incredible experience from the beginning," he recalled.

This experience has shown us that getting credible and meaningful support from your LOS vendor can make all the difference.

"On that first deployment call, LendingQB had it all mapped out. They asked us how fast we wanted to do the implementation and we said we're going to do this in sixty days. The response from them was, 'You're crazy. But if you want to do it in sixty days, here's what you have to do.'" Jim continued: "Within the first thirty minutes of the call, we already had a plan, what we needed to do, what our milestones were and the goals. LendingQB told us they would be able to go as fast as we can go."

The first thing Jim noticed was the way the implementation project was managed. Their previous vendor provided them with one person who was responsible for managing the entire implementation project. Unfortunately, this person did not have the authority or expertise to affect any change themselves and ended up creating a communication bottleneck.

LendingQB took a much different approach. "Our implementation manager could do a majority of the work herself. She could even build a workflow rule on the fly during our weekly calls." Jim explained. "But when there was something more specialized, such as pricing engine issues, I was able to have my secondary manager work directly with the team that managed the pricing engine. He could communicate his needs directly to them and I only had to monitor that process. I was able to delegate more tasks because the implementation teams were setup independently and we had access to them. We could have multiple things going at the same time."

Another key to their lightning fast implementation was LendingQB's Lean Lending best practice model. The Lean Lending model provides lenders with prescriptive workflows on every segment of the mortgage lending process from start to finish, designed specifically to maximize the functions of the LendingQB system. "We mapped out our workflow, compared it to LendingQB's Lean Lending workflow and looked at what was different."

Jim discovered that LendingQB's Lean Lending model was not that different from their own process, but that LendingQB had the advantage of knowing how best to leverage the features in their system. "We asked ourselves, is this where we are going to make the system work for us, or are we going to change our practices to match the way the system is built? That simplified things because we had fewer customizations and rules to put in place."

LESSONS LEARNED

Using a core team of two senior executives (Jim and Greg Block, Senior Vice President of Lending), the implementation was coordinated across eight different departments. Jim and Greg met with LendingQB once a week and committed their efforts full time to the project, poring through every detail. The results surprised even Jim. "We had our first live loan in LendingQB exactly 50 days after our first meeting, 16 days ahead of TRID. We actually closed some pre-TRID loans in the system that we didn't expect to do."

Looking back on his journey, Jim is the first to admit that changing an LOS is a tricky and complicated process. There are many moving parts to consider, involving numerous departments and differing business interests. By selecting a vendor that had a detailed implementation plan, responsive support resources and relevant best practices, Open Mortgage was able to accomplish more in 50 days with LendingQB than in 50 weeks with another vendor.

"This experience has shown us that getting credible and meaningful support from your LOS vendor can make all the difference. Technology is obviously the reason we need an LOS, but bridging that gap between buying an LOS and being able to use it is what determines success or failure."