

# MBA NewsLink®

## Mortgage Tech Applications: Liberty Savings Bank Reduces Reporting Process to 10 Minutes

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### **WHO:**

--**Liberty Savings Banks**, Highland County, Ohio, a federally chartered savings bank with locations in **Ohio, Colorado, Florida** and **South Carolina**. It has 43 branches conducting business in 21 states.

--**Associated Software Consultants Inc.**, Middleburg Heights, Ohio, which designs and markets loan automation software for mortgage banks, commercial banks, credit unions and community banks.

### **CHALLENGE:**

Liberty Savings Bank was founded in 1889 in Highland County, Ohio, to meet the community's home ownership needs. Over the years, the bank has undergone several business mergers. The bank carries out a mix of about **70 percent** wholesale and **30 percent** retail services, with a product mix of approximately **60 percent** conventional fixed loans and **40 percent** FHA.

LSB previously used a secondary marketing, risk management and data handling system, but that service lacked a strong analytical side. It also had limited throughput capacity and could only run one or two position reports a day due to the way the data export and import process worked.

"It took about two hours because we had to export information out of our front-end system, and then about three hours to import it into our secondary system," said **Tim Fiedler**, vice president of secondary marketing of LSB. "We needed a system that offered flexibility in the way we do business as well as speed and dependability."

LSB began looking at various secondary systems, but many were expensive and didn't fit the needs of a bank the size of Liberty. The institution was seeking a system that was intuitive, user-friendly and flexible. Bank executives also wanted to be completely comfortable with the system they chose.

### **SOLUTION:**

LSB contacted **Associated Software Consultants Inc.** in 2008 to learn more about **PowerSeller**, a secondary marketing and risk management system specifically designed to manage secondary marketing activities. The system is used by banks, credit unions and emerging lenders.

PowerSeller is designed to boost efficiency in secondary marketing and operations while facilitating better communication among all stakeholders. Integration of pricing models into PowerSeller's mark-to-market and best-execution analyses helps those selling to investors with assignments of trade, direct trades, co-issues and cash grids.

### **RESULTS:**

PowerSeller reduced LSB's position report generation process from more than three hours to 10 minutes.

LSB found numerous uses for PowerSeller, including portfolio management, as a loan hedging tool and as an effective system for shipping mortgages to **Fannie Mae** and **Freddie Mac**. In the fall of 2008 LSB, like many banks, experienced a decrease in rates. Using PowerSeller Fiedler conducted an analysis of various interest rate scenarios to predict what the bank would lose in production.

The system has also had a significant impact on secondary marketing, Fiedler said. LSB has a quarterly process where it conducts a mark-to-market, which is given to auditors for examination and for the bank's internal accounting purposes. However, the process was not streamlined and information was coming from three different sources within bank processes. The PowerSeller system reduced what was once a five-hour process to only a half hour.

LSB also uses the system as a broker "score card" mechanism for pull-through.

"We have been building history for brokers, as far as fall-out goes," Fiedler said. "Especially now, fall-out numbers have been historically high because of where the rates have gone. PowerSeller manages our broker business to ensure we are not being used as hedge."

With the PowerSeller system Fiedler can generate summary-driven reports to have an overall picture of day-to-day operations at different stages of the pipeline. FSB is also using PowerSeller to track any fallout for accounting and quarterly reporting.

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