

Building a BETTER MOUSE TRAP

BY CHARLYNE H. MCWILLIAMS

**How one
company set about using
technology to improve
the loan-modification
process for everyone
involved.**

A large, stylized red letter 'W' is positioned on the left side of the page, set against a light beige rectangular background. The letter is bold and has a slight shadow effect.

hen Sanjeev Dahiwadkar founded Columbia, Maryland-based IndiSoft LLC in 2005, his goal was to develop technology that would radically improve efficiencies in business, therefore changing the way companies approached their processes. As president and chief executive officer,

he spearheaded the efforts within his company to create the RxOffice® platform, which has dramatically improved communication and workflow. ■ Because of IndiSoft's commitment to using technology to improve processes, the company has become the technology provider behind one of the most comprehensive efforts to help distressed homeowners keep their homes—the HOPE NOW Alliance, Washington, D.C. ■ In late 2008, IndiSoft began its relationship with HOPE NOW when the company was charged with revamping the alliance's website to make it more robust and capable of handling increased traffic. HOPE NOW, an alliance of mortgage lenders, servicers and insurance companies as well as counselors, investors and other mortgage industry participants, was created because its members recognized that in working together, they could more effectively address the needs of distressed homeowners. ■ After developing the website, IndiSoft's Dahiwadkar became active on HOPE NOW's technology committee, which was formed to consider ways to more effectively communicate with distressed homeowners. ■ Also in late 2008, the committee developed a three-phase approach to “have the industry embrace technology,” says Larry Gilmore, chief executive officer and president of HOPE LoanPort™. This effort came about before the Obama administration's Home Affordable Modification Program (HAMP) was launched in March 2009.

As the primary technology vendor for all of the HOPE NOW technology initiative phases, IndiSoft deployed its RxOffice platform through the HOPE LoanPort Web portal, in conjunction with the HOPE NOW Alliance, as a means for borrowers to use an online interface to request mortgage assistance. The first phase, launched in early 2009, opened a line of communication between borrowers and servicers via trusted third-party counseling organizations that had never before existed. Homeowners meet with and provide information to counselors, who then load the required documents into the system and send a completed loan-modification application to servicers. With the borrower information, servicers were able to start the modification process more quickly. In fact, IndiSoft's technology was able to decrease the servicers' decisioning process from 60 to 90 days down to 30 to 45 days.

Getting agreement on a data-exchange method

Gilmore reveals that from the onset of the project, one of the challenges was getting all of the 35 servicers in the HOPE NOW Alliance to come to a consensus on a data-exchange method. "IndiSoft's role was paramount to the success in this effort," he adds.

Getting the servicers to agree required IndiSoft to ensure the adoption process would go smoothly. This is where IndiSoft's patent-pending open architecture was beneficial in providing a system that was flexible enough to accommodate the diversity of technologies used by the different servicers yet consistent and sufficiently standardized so that further adoption and expansion could occur.

By supporting all of the widely used communications protocols and formats, IndiSoft made it easy for the HOPE NOW participants to adopt the technology at their own pace. Instead of trying to replace systems, IndiSoft provided technology that complemented servicers' existing systems. And by complementing existing systems, IndiSoft's technology allowed the existing investment to retain value while expanding its offerings.

IndiSoft went through a lengthy process with servicers and counselors, discussing the information that would be needed for a modification application, Gilmore says. In turn, the company was able to develop a complete application for loan modification that has become an industry standard.

IndiSoft started with 60 basic information elements along with the open architecture-based communication. And for the first time in the mortgage industry, the common information was identified and agreed upon by all servicers involved in HOPE NOW Alliance in order to assist homeowners in trouble.

Today, the platform has been expanded to cover more than 200 information fields and includes all the supporting documents for a complete residential mortgage application to assist borrowers with HAMP as well as non-HAMP (including Home Affordable Foreclosure

Alternatives program [HAFAP] loans.

During the first phase of the project, more than 100,000 borrowers at least started the online intake form and 28,000 of them completed the forms, which were then submitted to their respective servicers. HOPE NOW was now able for the first time to prove with actual numbers that there was substantial interest from homeowners in distress who wanted help from a neutral, nonprofit, third-party organization. Despite being encouraged to visit their servicers' sites, thousands of homeowners chose to fill out forms on HOPE NOW's site.

Portal now taking full loan mod applications

In November 2009, IndiSoft worked with HOPE NOW to develop the HOPE LoanPort. Subsequently, the system was expanded to receive full applications for loan modifications from the borrower or through counselors, and move the project into its second phase. Since then, counselors have received more than 1,000 full applications for modification and more than 600 of them have been filed with servicers during the pilot program testing the system, which was only made available in nine markets.

American Home Mortgage Servicing Inc., JPMorgan Chase, GMAC Financial Services, SunTrust Mortgage, PNC Mortgage and Saxon Mortgage were the servicers participating in the pilot program. NeighborWorks® America was the counseling intermediary for the pilot, along with its affiliated agencies: Neighborhood Housing Services (NHS) of Chicago; NHS of Greater Cleveland; NHS of New York City; and Cabrillo Economic Development Corporation, Ventura, California. Home-Free-USA is also serving as an intermediary with its affiliates located in Kansas City, Missouri; West Palm Beach, Florida; Washington, D.C.; and Atlanta.

Currently 11 servicers—including Charlottesville, North Carolina-based Bank of America and 250 to 300 counselors—are using the HOPE LoanPort portal. In June 2010, there was a 46 percent increase compared with May in the number of full applications taken by counselors.

Gilmore attributes this growth to the fact that more counselors are able to use IndiSoft's technology to send applications to servicers. Both IndiSoft and HOPE LoanPort expect the number of borrowers in the system to grow exponentially in the coming months.

"We knew we could improve the process by creating a means for all the parties involved to effectively communicate and exchange information," Dahiwadkar says. "And now we are seeing some very convincing evidence of that becoming a reality."

In the third phase, servicers will be able to use the HOPE LoanPort to help in the decisioning process, which will be an opt-in model. "Our goal is to maintain the flexibility without losing the focus on the uniformity," Dahiwadkar adds.

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IndiSoft has also worked with HOPE LoanPort to develop a special system for Arizona, which, according to Gilmore, has the highest foreclosure rates in the country. The system will allow consumers to file loan-modification applications directly with their servicer.

In the beginning

RxOffice garnered its first success by helping hospitals improve case management and transparency while also allowing them to maintain control of the information, which was vital for staff working with patient information. Based on those positive results, Dahiwadkar, who has a thorough understanding of the procedural and technological needs in the mortgage default-services industry, modified the platform to address the specific needs of default servicing. He spent three years consulting for a law firm that worked with top mortgage servicers. This is where he learned about default servicers and how technology could be used to create efficiencies.

“In order to develop a technology that is not just a plug-and-play, it is important to have a firm understanding of the overall business strategy as well as how all of the different components work together,” Dahiwadkar explains. “Bridging the communications gap will go a long way to further improve processes in the mortgage banking industry.”

IndiSoft’s technology has also captured the attention of government entities that want to eliminate the housing challenges of U.S. homeowners, including other state housing agencies such as the one in Arizona.

In addition to the open architecture and other abilities that enable up-to-date communication in RxOffice, IndiSoft has exceeded the security requirements of the financial services industry. IndiSoft uses secure information exchange, multiple layers of encryption and defense-in-depth tactics to protect consumers’ personal financial information.

The company’s technology is also compliant with International Organization for Standardization (ISO) 17799, Statement on Auditing Standards (SAS) 70, the Gramm-Leach-Bliley Act, the Sarbanes-Oxley Act and Federal Financial Institutions Examination Council (FFIEC) guidelines. IndiSoft is also a certified Microsoft® partner and is in the process of having its technology certified, which will validate RxOffice’s security and scalability.

“In this day and age, it is absolutely so important that every application used by financial institutions give them the peace of mind of being compliant, and that the applications are also flexible enough to remain compliant as legislation changes,” Dahiwadkar says.

The RxOffice platform is unique because of its open architecture and real-time communication capability. It facilitates communication between consumers, advisers, mortgage insurers, lawyers and any other participant in default servicing. The platform features 11 different

components, including those for short sales, loss mitigation, foreclosure, bankruptcy and reporting. Currently, according to executives at IndiSoft, the majority of the country’s mortgage servicers are connected through an IndiSoft application or service.

Making a difference throughout the industry

With the focus on loan modifications due to HAMP and other industry efforts, RxOffice has become one of the “go-to” technologies to help facilitate the process. In addition to HOPE NOW, RxOffice has also streamlined processes for law offices and mortgage insurers, including Philadelphia-based Radian Guaranty Inc., the mortgage insurance subsidiary of Radian Group Inc.

“We are impressed by IndiSoft’s efforts to help homeowners keep their homes and increase their communication with service providers,” says Camillo Melchiorre, senior vice president of loss management for Radian Guaranty. “Because RxOffice can be calibrated to grant different levels of access for each party involved in the process, servicers may see only the loans they service; borrowers may enter information in certain data fields and may not edit [it] once submitted to a servicer; and the regulators may look at loan-level and aggregate data, but as view-only.”

Radian has been working with IndiSoft for three years and has private-labeled RxOffice Case Management as Guardian-Pro. With the help of this RxOffice portal, for the first time in company history, Radian is now in a position to bring loss-mitigation claims, real estate-owned (REO) and its special investigation unit under one centralized case-management platform, Melchiorre adds.

During the first three months of its relationship with IndiSoft, Atlanta-based Prommis Solutions LLC was able to process more than 20,000 cases using the RxOffice Loss Mitigation module. Prommis, which provides default-processing services for law firms, trustees and loss-mitigation services for servicers and investors, uses the automated workflow, document-management capabilities and seamless real-time connectivity to manage day-to-day loss-mitigation operations.

Prommis also uses the RxOffice Homeowner/Borrower portal to offer consumers a secure channel through which to communicate with Prommis employees on behalf of their clients, which are mortgage-related companies. An interactive website provides homeowners a better way to complete the application process at their own pace. The portal also offers borrower education with all the possible scenarios as well as their pros and cons to help homeowners make the right decision for themselves.

Global citizen

Along with developing technology to improve loan-modification and default-management services, earlier this year IndiSoft partnered with Thomas R. Smith, a former investment banker with Fortune 500 Wall Street firms

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who is now founder and chairman of West Chester, Pennsylvania-based 16/6 Capital Advisors LLC, to create World Help for Haiti.

The initiative encouraged musicians around the world to use their talents to help raise money for Haiti right after the devastating earthquake that ravished the country earlier this year. Response to the initiative was very positive, and aided in raising about \$2 million being donated to various organizations such as the American Red Cross and the William J. Clinton Foundation Haiti Relief Fund.

“One thing is and continues to be very important to me: Give back and help people where I can,” Dahiwadkar says. “It is one thing to have a successful company; it is truly another to have a successful company that understands its success is predicated on what we can do to help others. Living by this philosophy always helps me put things into clear perspective.”

Doing good where it's needed

Whether it is creating applications for mortgage servicing or the health-care industry or developing a hub to allow people to donate their talents and money to a good cause, Dahiwadkar has the ability to see (and understand) how technology can provide a solution to address almost any problem.

With a master's degree in computer science from the University of Pune in India, Dahiwadkar has been able to assess technological needs, design and implement systems and train users in many corners of the business world.

In 1999, Dahiwadkar co-founded MSTD Inc., which developed BackInTheBlack, a Web-based loss-mitigation application that identified and solved payment discrepancies for mortgage companies. LandAmerica Financial Group Inc. purchased the company in 2006, and Dahiwadkar remained as chief information officer in the lender services technology division until 2007. He continued his responsibilities for overall strategic development, acquisition and implementation of technology needed by the company.

During this time, Dahiwadkar also founded ITShastra (India) Pvt. Ltd. in 2001 along with IndiSoft in 2005. ITShastra, which originally started with three programmers, has now grown to more than 100 full-time employees.

Every year since IndiSoft was founded, it has experienced more than 100 percent growth and now has annual revenue of \$2 million. The company provides programming, testing and user-documentation services as well as knowledge process outsourcing and product delivery services to the default-servicing industry.

“I believe that technology can and should be used to improve the way we live and how we do business,” Dahiwadkar says. “If I see an area that I believe I can help improve, I will do my best to do so. That is my mantra to which I live by and believe.” **MB**

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