

MBA NewsLink

Volume 4 | Issue 23 | Friday, February 04, 2005



Commercial Servicers Size Up Software

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Commercial mortgage servicers small and large are finding that an IT staff and software reduces manual work and improves overall customer service.

Gershman Mortgage , St. Louis, a single and multifamily servicer, sold its single-family loan portfolio in 2001 to focus only on multifamily. Gershman's research process for the commercial servicing software provider took about six months.

Gershman wanted to automate all processes, and remain compliant with Ginnie Mae and other regulatory agencies. Bruce Sandweiss, executive vice president at Gershman, said the company did not want to invest in overly functional software with unneeded servicing steps. It wanted a customizable, automated commercial mortgage servicing system that could also monitor construction loans.

"It was important to [us] that our servicing efforts met all the requirements of Ginnie Mae, so we contacted Ginnie Mae and requested a list of software vendors that serviced multifamily loans," Sandweiss said. "Out of the many company names Gershman received, we decided to research three commercial servicing solution providers." Gershman chose Commercial Servicer and Commercial Accountant from FICS Inc., Dallas.

Gershman said it now focuses on product expansion and more improvements to customer service with the software, instead of taking more time with manual servicing and accounting processes.

"We immediately were able to stop producing a number of spreadsheets and were able to rely on the FICS system for data integrity," Sandweiss said.

FICS clients include large and small commercial mortgage servicers, banks and real estate investment firms. The companies handle a variety of loans, from FHA to Fannie Mae, Freddie Mac , life companies and CMBS loans. Implementation time for software could take one week to 90 days depending on the company's IT staff, resources and time constraints.

FICS software products also include LoanStat and Radstar (Report and Document Storage and Retrieval). Commercial Servicer works with Sybase and Microsoft SQL servers for commercial servicers to capture data and extract the information with a report writer. Servicers can use any report writer because FICS uses an Open Database Connectivity (ODBC). The goal of ODBC, developed by the SQL Access Group in 1992, is to access any data from any application, regardless of which database management system (DBMS) handles the data.

As the industry becomes more creative with newer loan agreement terms,

challenges increase for software providers and their clients. Different investor reporting standards is one major challenge for automation in commercial servicing. Commercial mortgage investors, such as life companies, have different reporting procedures and standards, and a servicer's IT staff needs to customize and tailor the software program to fit investor requirements. The ODBC allows servicers to run the entire report with a report writer.

"Standardization should promote automation," said Sharon Wilson, customer support manager for the Commercial Servicer product at FICS. "Once you get standardized, then the providers can get standardized, too, and make everyone more efficient."

Wilson said many servicers now have an IT staff, they run different types of software with two or three servicing systems and different portfolios on each system. For larger commercial servicers, more loans require "better and faster equipment," Wilson said. "Mainly, for the larger customer, it comes down to the hardware side."

NorthMarq Capital Inc., Minneapolis, had \$22.9 billion in volume and 4,255 loans by the end of 2003, according to the Mortgage Bankers Association. In late 2003, NorthMarq purchased Radstar, an imaging product from FICS, to eliminate manual processes by the end of 2004. NorthMarq expected less manual work, more free time for the staff and more time and attention to high rate customer service. MBA said NorthMarq's 2004 master and primary servicing volume tops \$26.3 billion in volume with 4,586 loans, \$400 million managed in escrow accounts and 117 CMBS pools.

FICS automates CMBS pool reporting, including the comparative statement analysis, servicer watchlist report and supplemental reports. "CMBS servicers can load all the data out on our database and we have the programs to deliver those piles out for them in the right format to send out to their master servicers and they do not need to spend hours building spreadsheets," Wilson said.