



CASE STUDY

Horizon Bank Turns to Fusion MortgagebotLOS™ for Accurate, Timely and Efficient Loan Processing



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Joel Schaeffer
Mortgage Business Analyst, Horizon Bank

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Horizon Bank Needed to Replace its Unwieldy and Outdated Paper-Based Loan Origination System

They needed a system that could keep up with compliance changes and allow its lending staff greater mobility and flexibility.

Horizon Bank Profile:

Since 1873, locally-owned Horizon Bank has been a leader in the community of Michigan City, Indiana, and services customers throughout central Indiana and Southwest Michigan. The institution has 20 originators, and writes between 200 and 260 mortgage loans a month.

- **Location:** Michigan City, Indiana
- **Assets:** \$1.8 billion
 - 32 full-service branches in Northwest and Central Indiana, as well as Southern Michigan
 - Over 400 employees

Their choice of Fusion MortgagebotLOS™ from Finastra has not only helped them overcome compliance challenges, it has helped them improve service times, as well as accuracy.

Horizon Bank is a long-standing, locally-owned community bank headquartered in Michigan City, Indiana. Comprising more than two dozen branches spread between central Indiana and Southwest Michigan, it offers banking, investment and trust services, as well as mortgage services. With a staff of 20 originators, Horizon writes between 200 and 260 mortgage loans a month.

When Mortgage Business Analyst Joel Schaeffer joined the institution in 2012, Horizon Bank was at a crossroads. Its largely paper-based loan system was not only inefficient and time-consuming, but it also made it difficult to keep up with changes in compliance rules.

"We would have had to triple our staff – hiring an additional person for every two or three originators to check over their work – if we stayed paper-based. No institution can operate profitably with that type of overhead," Schaeffer explained.

Assigned the task of finding the best mortgage origination solution for the institution based on compliance, efficiency and cost, Schaeffer launched an extensive search and a lengthy comparison process of the many loan origination systems on the market. He found that Finastra's Fusion MortgagebotLOS offered the best combination of features and service to fit the specific needs of Horizon Bank, and the solution was implemented in 2013.

Benefits Across Business Channels

Considering that Horizon Bank's lenders work out of a widespread area, the fact that Fusion MortgagebotLOS utilizes Web-based, browser-accessible technology, rather than relying on proprietary applications installed on individual computers, was a noticeable benefit for both the users (both applicants and lenders) and system administrators.

"We like the fact that Fusion MortgagebotLOS is cloudbased, because it gives our originators the flexibility to work securely from anywhere in the world, and do it without carrying paper files out of the bank," Schaeffer said.



With the Fusion MortgagebotLOS notification system, we get compliance alerts upfront, including RESPA and QM/ ATR alerts.”

Joel Schaeffer

Mortgage Business Analyst, Horizon Bank

Fusion MortgagebotLOS™ also interfaces with the Horizon Bank core system, as well as its document provider.

“From an administrative standpoint, by choosing a SaaS solution, we no longer have to do system updates for new releases or compliance changes ourselves. All of that is handled for us.”

That’s not only another efficiency gain, but also plays a role in compliance.

Fusion MortgagebotLOS also interfaces with the Horizon Bank core system, as well as its document provider – that’s not only another efficiency gain, but also plays a role in compliance.

“Instead of handling everything manually, our originators create a loan estimate and electronically submit requests for disclosures to our document system. They have the option to either e-disclose and e-sign or to self-disclose, which they would do if that customer was sitting across the desk from them,” Schaeffer explained.

Because all documents upload into the system using Fusion MortgagebotLOS ImageFlow, Horizon Bank officers gain new visibility into the origination process, monitoring every step along the way.

“With the Fusion MortgagebotLOS notification system, we get compliance alerts upfront, including RESPA, QM/ ATR, HPML, and HOEPA alerts,” explained Schaeffer. “Before we had this system, we could get to the point that the loan file was sent to the investor, only to have them kick it back because the loan disclosures weren’t delivered in three days. Now, if

there is an issue, we can take care of it quickly in process—not find out after the fact.”

Schaeffer also is a fan of the Fusion MortgagebotLOS loan validation feature.

“Loan validation checks the 1003 against what we have locked in, against what our underwriters actually approved. If something conflicts, we’ll either get a ‘warning’ or a ‘critical.’ A warning means something doesn’t match up, but won’t impact closing. A critical is an issue that indicates which updates we must make before the file goes to closing – for example, if the property’s appraised value has changed or was initially entered incorrectly,” Schaeffer said.

“We now know if the loan estimate is out of tolerance well before closing. We’re not surprised, and we’re not inconveniencing our customers.”

Fusion MortgagebotLOS offers insights that shape future processes

With all these benefits, Horizon Bank is able to continually seek new ways to improve.

“Before, we had no way of tracking what was in the system. Since implementation, we’ve actually seen a higher number of violations in process. Now, we can go back and see what has gone wrong, and use this information to create a training environment,” Schaeffer said.

“Six months after we implemented Fusion MortgagebotLOS, we looked at the data and identified areas where we were falling short. Essentially, we used the data

captured from the system to see where we could make process improvements to increase our productivity, while meeting compliance standards.”

Solution Summary

Fusion MortgagebotLOS – part of the end-to-end Mortgagebot® lending platform – is an all-in-one secure loan origination system that supports retail, wholesale and correspondent mortgage lending. The unique features make it a user-friendly, Web-based solution for you to streamline all origination processes, access information anytime/anywhere, increase loan production and reduce operating costs.

About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today – spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world's top 50 banks use Finastra technology. Please visit finastra.com

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