

# PHH MORTGAGE CORPORATION'S SWIFT IMPLEMENTATION WITH OPTIMAL BLUE

How PHH Mortgage Corporation Leveraged Optimal Blue's Advanced Technology to Enhance Hedging and Trading Efficiency in Under 60 Days



**PHH**  
MORTGAGE

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## THE CHALLENGE

As one of America's leading non-bank mortgage originators and servicers, PHH Mortgage Corporation (PHH) offers industry-leading solutions across the entire mortgage lifecycle, from retail and correspondent lending to MSR purchases, servicing and subservicing for many asset classes. Because the Company transacts across many delivery methods and product categories – including agency, government, and non-QM loans, as well as home equity extraction products such as reverse and seconds – its capital markets pipeline management team leverages advanced third-party technology to manage loan pricing, hedging, margining, and trading in an efficient and scalable manner.

A subsidiary of Onity Group Inc. (NYSE: ONIT), PHH sought a new pipeline management and hedge advisory service due to a shift in strategic priorities.

"PHH wanted to perform a full evaluation of the marketplace, because the business had been growing and becoming increasingly diversified and complex," explains Michael Merwin, head of capital markets trading at Onity Group. "We wanted to find the best-fit partner, and we couldn't afford extended downtime for onboarding a new vendor, so it was essential that the application be implemented quickly."

Merwin worked with the Company's Executive Leadership Team and his team to shortlist and begin evaluating vendors who might be a fit for PHH's sophisticated pricing strategies and large quantity of rate sheets.

PHH quickly determined the shortlist of credible vendors was limited. Very few

platforms offered the level of customization the Company needed at the time, and the few that looked promising soon proved impractical due to the extended implementation timelines and steep learning curves they would require.

"We required a solid and reputable partner, and we found some platforms would have taken nearly a year of programming and specified training to implement, and that was just out of the question," says Merwin. "We needed a robust solution we could test and employ in an efficient manner."

## THE SOLUTION

That's when the team decided to take a closer look at Optimal Blue's pipeline risk management and loan sale platform used by hundreds of industry professionals to hedge, value, and sell more than \$500 billion in mortgage originations annually. Optimal Blue's hedging and loan trading platform helps lenders of all sizes improve profitability with a framework and tools that address mortgage-related enterprise risk. It provides daily risk management reporting on both a portfolio and loan-level basis that adds value to internal controls, safety, and soundness testing while bringing speed, efficiency, and accuracy to valuation results.

"We were already using the Optimal Blue® PPE for pricing and rate sheets, and our team had prior experience with the Optimal Blue hedging and trading platform's interface and capabilities," says Merwin. "We knew it to be stable, user-friendly, and a good match for our level of pricing sophistication. It ended up fitting our needs perfectly."

**“We were impressed that the Optimal Blue team understood what we needed and was able to quickly deliver on our ideas in days, not weeks or months.**

**MICHAEL MERWIN**

Head of Capital Markets Trading  
Onity Group Inc.

## RESULTS

For PHH, switching hedge advisory platforms has exceeded their initial expectations. Since PHH implemented Optimal Blue's hedging and trading solutions, the difference has been quite impactful. Key outcomes as noted by Merwin include:

### + Up and running in under 60 days

Merwin and the PHH team set aggressive goals for the conversion, challenging Optimal Blue to get the platform live in just 30 days on the buy side and 60 days on the sell side. Dedicated resources from both companies met daily to troubleshoot roadblocks and stay ahead of milestones. Ultimately the project was completed ahead of its ambitious schedule, a feat Merwin attributes to the chemistry between the two talented teams and to Optimal Blue's easy-to-use interface, which doesn't require a lot of intensive training.

“Optimal Blue was a model of collaboration and responsiveness throughout the project – truly a pleasure to work with,” he says. “We've been able to migrate to the new system quickly and get our staff up to speed fast.”

The positive sentiment is mutual according to Optimal Blue Managing Director Vimi Vasudeva and Product Manager Patrick Schubert, both of whom worked closely with the PHH team throughout the implementation.

“As this was one of the more complex implementations to cross our desk, it's been rewarding to see how well PHH's requirements are supported by Optimal Blue,” says Vasudeva.

### + Two powerful, new features

Optimal Blue not only supported the functionality PHH enjoyed under its previous solution, it also enabled PHH to launch more features to better achieve PHH's goals and initiatives. The introduction of a complex affordable pricing model has played a critical role in helping PHH continue to meet its affordable lending targets under the GSEs' Enterprise Housing Goals for the year.

“You have to be pretty sophisticated in your methodology when you're pricing such a wide array of products, including products that meet the GSE affordable lending initiatives,” says Merwin. “We were impressed that the Optimal Blue team understood what we needed and was able to quickly deliver on our ideas in days, not weeks or months.”

### + Uncompromising stability and security

While risk was on everyone's minds during this transition, Merwin says Optimal Blue impressed him with its ability to move swiftly without relaxing controls or compromising platform performance.

“In the mortgage business, compliance and security are non-negotiable,” says Merwin. “We've been very pleased with the high-performance, stability and secure environment of Optimal Blue's hedging and trading platform, and we feel confident in partnering with them.”

“PHH is a strong organization with a deeply talented team. We like to partner with companies that are equal in strength,” Merwin concludes. “We've found that level of partnership with Optimal Blue.”

## ABOUT OPTIMAL BLUE

Optimal Blue effectively bridges the primary and secondary mortgage markets to deliver the industry's only end-to-end capital markets platform. The company helps lenders of all sizes and scopes maximize profitability and operate efficiently so they can help American borrowers achieve the dream of homeownership. Through innovative technology, a network of interconnectivity, rich data insights, and expertise gathered over more than 20 years, Optimal Blue is an experienced partner that, in any market environment, allows lenders to optimize their advantage from pricing accuracy to margin protection, and every step in between. To learn more, visit [OptimalBlue.com](https://OptimalBlue.com).

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