

Dorado, First American Collaborate on Cloud Computing Platform

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Dorado Corp., San Mateo, Calif., said it has elevated origination and underwriting of mortgages to a whole new level--"into the cloud"--thanks to its recent collaboration with **First American Corp.**, Santa Ana, Calif.-

In March, Dorado announced it would combine First American's networked services and **eMortgage** technology with its own transaction processing technology and enterprise operations to create what Dorado says is its first cloud computing-based lending services platform.

"This new cloud-based transaction platform represents a significant change from the way information in consumer lending has traditionally been delivered," said Dorado CEO **Dain Ehring**. "It creates an efficient and centralized platform through which all data and services are accessed and used by financial institutions, investors and regulators. This will also make it easier to address and modify existing loans if needed, which is a win for the bank and a win for the customer."

Cloud computing is technology that uses the Internet and central remote servers to maintain data applications, allowing customers and businesses to use applications without installation. It also gives them access to their personal files at any computer with Internet access.

Ehring said the new cloud lending transaction platform will enable financial institutions to access key data analytics from third parties and perform unique analyses that can be bundled with loan information to ensure compliance, data quality and process transparency.

Dorado's collaboration with First American, a provider of consumer and commercial origination settlement services, gives Dorado a "significant leg up" as the only cloud computing company handling mission-critical applications in the mortgage industry, said **Rob Carpenter**, Dorado's chief technology officer.

"One way to think about this new offering is to compare it to what electronic resource processing systems did for manufacturing operations," Carpenter said. "This is an ERP-like solution for enabling financial institutions to orchestrate all of the electronic data pieces coming into the manufacture of a loan product."

Dorado says it expects the transition to cloud computing to be seamless, making it easier, faster and less expensive for lenders to enact changes in their lending processes as well as handling complex updates to comply with the **Real Estate Settlement Procedures Act**, the **Housing and Economic Recovery Act** and the **Home Valuation Code of Conduct**. To that end, Carpenter said that Dorado has secured the commitment of a "top-five bank" to use Dorado's cloud-based platform.

"What's interesting about the deal [with First American] is that it extends our functional footprint into a space that's really emerging as a key focus in the next two years--the whole eMortgage and eLending space," Carpenter said. "I think from that standpoint, it will be transformative in that we'll be able to take this capability and use it not just with First American but with other providers and get further down the path of a complete life cycle for the mortgage across corporate boundaries. Today that's not really done and when it is done, it's done in a haphazard and isolated way."

While currently enjoying a comfortable competitive position in the cloud, Carpenter said Dorado is fully aware that such advantages are by no means indefinite, given the competitive and industrious nature of the technology space. He cited Jacksonville, Fla.-based **Lender Processing Services** as its closest competitor in the cloud computing space. However, Carpenter also noted Dorado is a long-established player in cloud computing, while other companies coming into cloud are building from the ground up.

"Loan origination systems--particularly for big lenders with big product portfolios--are a lot more complicated than they appear from the outside," Carpenter said. "They are complicated either behind the firewall or cloud. I think the real issues that kept [cloud computing] from getting to this space is that there's just not a lot of capital invested in this space. The legacy vendors were all client-server systems, they were small-to-medium in size and they migrated their stuff to maybe an end tier applications in the past five years or so but getting to cloud is really a ground-up exercise."

Under terms of the agreement, First American has granted to Dorado worldwide, perpetual, irrevocable and exclusive rights to First American's software assets including: **eClosing**, **eMortgage**, **Decisioning Engine**, **eDisclosures**, **eVault**

and the **Vendor Management** platform. Among the other benefits, the Dorado/First American agreement enables integration with First American products and services, providing lenders with the option of an end-to-end system for processing technology and services in a single transaction bundle.

The agreement also lays out a blueprint for further integrating Dorado's **ChannelMaster** web-based loan origination solutions with First American's Web Services Platform, according to First American Chairman and CEO **Parker Kennedy**. First American currently has an undisclosed financial stake in Dorado with the right, under the agreement, to acquire an even larger stake in the future under a separate agreement, company officials said.

Dorado also announced it has teamed with **First American's Information Solutions Group** to identify and develop market opportunities for its new cloud-based lending services program.

"To characterize [Dorado's new cloud lending platform] as something really special, I'd have to say 'we'll see'," Carpenter said. "I do think it gives us the opportunity to do something really special, so from that standpoint, we're very excited."