

Case Study: Federal Home Loan Bank of Chicago

"Dell works hard to understand both our technical and business needs and provides customized solutions for the full life-cycle of our systems."

– Jeff Haux, Vice President, Mortgage Partnership Finance® Program
Chicago Federal Home Loan Bank

SOLUTION OVERVIEW

PROBLEM

Needing to make complex calculations in a compressed time frame, the Federal Home Loan Bank of Chicago needed a highly precise, reliable and scalable solution. In addition, they wanted to offer more choice to users on their Mortgage Partnership Finance (eMPF®) website and streamline workflow processes.

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Dell Professional Services

SOLUTION

Utilizing Microsoft .NET technologies, a highly interactive website and scalable backend applications were developed that enabled the bank to process more mortgage loans through their MPF Program. What took hours is now instantaneous.

Background

The twelve Federal Home Loan Banks (FHLBs) are government-sponsored enterprises that provide economical housing finance to over 8,000 member/customer commercial banks, savings institutions, credit unions and insurance companies throughout the nation. With combined assets of approximately \$900 billion, the FHLBs' credit products include floating and fixed-rate loans, the Mortgage Partnership Finance® (MPF) Program and related products to finance home mortgage portfolios. The FHLBs also provide funding for affordable housing and community development activities.

The MPF Program was created and developed by the Chicago FHLB in 1997 as an alternative method for customer lenders to fund their single-family, conforming-sized mortgage loans. It is currently offered by eight other FHLBs serving member lenders in 38 states. The Chicago FHLB also provides the back office processing functions for the other FHLBs using the Program. Over 1 million mortgage loans, worth over \$150 billion, have been funded through the MPF Program to date.

Challenges

With highly complex calculations required in a compressed time frame, the Chicago FHLB demanded exactness, reliability and scalability from its MPF applications. "We have great volatility in our daily transactions," explains Jeff Haux, vice president of MPF Systems at Chicago FHLB. "Our applications need to be able to handle variable demands without a hiccup."

Given the high demand and growing volumes for the MPF Program, the Chicago FHLB also wanted to provide MPF customers with easily-accessible information and capabilities online. However, doing so would require a revamp of its eMPF® website, a secured transactional Internet portal, without interruption to its daily operations. "We wanted to expand the choice of transactions our users could utilize on the web," says Haux. "We wanted to automate as much as possible and needed technical enhancements to ensure systems could continue to perform as fast as or faster than the current demands placed on them. Further, we needed it to be user-friendly."

Finally, the Chicago FHLB needed help in streamlining workflow processes in its backend systems for the MPF Program, specifically a Loan Accounting System and Loan Custody System. Any enhancements needed to be compatible with the FHLB's existing platform supported by Microsoft.

Solution

The Chicago FHLB had been utilizing Dell™ services for several years and was satisfied with the level of service it had received. It enlisted the help of Dell Professional Services (DPS), which included consultants overseen by a Dell project manager. “We partnered with the DPS team because of their experience, professionalism and proven ability to deliver what they promised,” says Haux.

Among the dozens of Dell consultants were information architects and creative web developers and designers. After meeting with customers from several Federal Home Loan Banks to determine desired online capabilities, Dell experts began revamping the eMPF website. “The Dell team walked us through the enhancements and demonstrated them to our customer base to get feedback,” explains Haux. “Dell also helped us coordinate an online media blitz as part of our early notification to customers that the new site was coming.”

Another project goal was to change the way loans were processed. With hundreds of thousands of loans to process daily, the Chicago FHLB wanted a custom task-workflow engine to enable parallel processing across multiple backend servers. Dell introduced Microsoft .NET technologies and an architecture that made it easy to share information between computer systems. “The backend accounting for the large number of loans processed each day took us hours,” says Haux. “As a caveat of Dell’s direct model and with Dell’s extensive Microsoft expertise, Dell helped us change the workflow of our Loan Accounting System. The Dell team worked together to create a preprocessing and continual processing vision. We now run some transactions at night and others during the day. We store the information and provide it to our customers in a fraction of the time as before.”

Results

With a new, highly interactive website and scalable backend applications, more mortgage loans can be processed through the MPF Program than ever before. “We have experienced a tenfold increase in the number of transactions we can process,” says Haux. “What took hours is now instantaneous. Dell developed the scalable architecture to grow with the demands in the short time frame we needed. Our customers can access valuable information much faster.”

The eMPF website is the portal by which up to 99 percent of MPF’s transactions are conducted. Telephone and fax were the previous medium. “The web enhancements came with minimal disruption to the site,” says Haux. “The site was still usable during the upgrade; and through Dell’s efforts, our customers could anticipate the upcoming changes without concern.”

As the backend applications and the eMPF website continually evolve, Haux says the Chicago FHLB’s relationship with Dell will be ongoing. “Dell provides a knowledgeable team with financial applications experience, resource stability and excellent resource depth,” says Haux. “Dell works hard to understand both our technical and business needs and provides customized solutions for the full life-cycle of our systems.”

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