

R&D CASE STUDY: MORTGAGE BANKING INDUSTRY

This mortgage banking company has become one of the most respected mortgage bankers in their industry with more than 20 years of experience offering a variety of cutting edge loan products. With branches and loan officers nationwide, they are able to originate, underwrite, close, and fund loans utilizing their proprietary financial software.

R&D QUALIFICATION

In order to be able to offer lower rates and fees, this mortgage banking company relies on their software platform. This advanced processing software and automated underwriting system enables them to close loans quickly, at a lower cost. The software is a critical facet in the company's ability to ensure homeowners have a great experience. This unique software platform required extensive research, development & testing to ensure that it could function within the constantly changing landscape of the mortgage industry from origination and compliance through funding and servicing.

WHY SourceHOV

Richey May, this company's trusted advisor, referred SourceHOV Tax when they saw large income statement expenditures in areas of compensation, computer and software costs, as well as financial statement footnotes surrounding software development. The company began a feasibility analysis with SourceHOV and during the process became confident in their knowledge and expertise in the R&D tax credit area and relied on the education they provided. The feasibility analysis, which was conducted by a seasoned technical director, estimated the potential R&D tax credit benefits prior to engagement. SourceHOV's approach ensured their team understood the R&D tax credit up front, which was critical to this company's comfort in making the decision to move forward with the study.

RESULTS SPEAK FOR THEMSELVES

The R&D tax credit process is complex, but with SourceHOV's hands-on consultative approach the company experienced a seamless process. SourceHOV is extremely knowledgeable and technical on matters related to R&D and quickly show their specialization in a way that allows taxpayers to navigate the data collection process in a seamless and structured way. In addition, the final credit amounts were 16% higher than originally estimated. Total combined Federal and State tax credits for this mortgage banking company were \$520,000 over a 4 year period. The firm continues to realize an annual credit of about \$200,000, which they utilize to further grow their business. A benefit beyond tax savings for this company was how the process itself could potentially generate more innovative thinking that can lead to improvements or new products that further enhance the borrower's experience.

HIGHLIGHTS

- **SYSTEMS & APPLICATION DEVELOPMENT**
- **LOAN ORIGINATION PLATFORM DEVELOPMENT**
- **FINAL BENEFIT WAS 16% HIGHER THAN ESTIMATE**
- **OVER \$500,000 TOTAL CREDIT**
- **ANNUAL CREDIT OF \$200,000**