



Pleasanton's Ellie Mae Buys San Diego's Del Mar DataTrac for \$25.2M

Bruce V. Bigelow 8/15/11

Pleasanton, CA-based **Ellie Mae** (NYSE Amex: ELLI), which provides software used by mortgage lenders to underwrite home loans and related transactions, says today it has acquired **Del Mar DataTrac**, a privately held competitor in San Diego. In a statement, Ellie Mae says it agreed to pay \$17.2 million at closing, with another \$8 million in total cash payments due over the next three years.

Del Mar DataTrac has more than 200 customers that use its mortgage origination software to process and fund home loans, manage secondary marketing transactions, and provide other services. The specialized company sells its software mostly to small-to-medium-sized mortgage lenders. Combined, the two companies say their software could potentially process 30 percent of all U.S residential mortgages this year.

The deal marks the culmination of the second successful turnaround at Del Mar DataTrac for TVC Capital, a small San Diego private equity firm, and Jeb Spencer, a TVC co-founder and managing partner. The local investment firm paid about \$7 million in 2001 to acquire Del Mar DataTrac, and Spencer served in a leadership role while the company grew dramatically during the mortgage industry boom. TVC sold Del Mar DataTrac in 2005 to Fiserv, the Wisconsin financial services giant, for an estimated \$24 million.

Del Mar DataTrac fared poorly under Fiserv, however, as home prices nationwide peaked in mid-2006 and colossal losses in the subprime market drove a collapse of the nation's housing and mortgage industries. TVC Capital bought the company back from Fiserv for an estimated \$4 million in early 2008.

Ellie Mae says Del Mar's operations will remain in San Diego. Spencer, who was Del Mar's chairman, has joined Ellie Mae's board of directors, and Del Mar president Rob Katz has been named Ellie Mae's executive vice president of product strategy.

Ellie Mae CEO Sig Anderman says he founded the mortgage management software company in 1997 to automate the loan origination process and streamline the business for its customers. "So the addition of the impressive Del Mar team and customer base is a big milestone for us."

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