

View From the Floor of NAMB

Having just returned from the National Association of Mortgage Brokers, I thought it would be worth sharing the latest in technology trends gleaned from the buzz of the trade show floor. First, a lot of buzz centered on Freddie Mac and their new access to Loan Prospector via the Internet. This broker-orientated solution is just the ticket allowing brokers to have wholesaler sponsored access to quick underwriting decisions. Being on the Internet is an added bonus since virtually all communication solutions a broker needs today are available through an Internet connection.

Wholesalers have also jumped on the Internet band wagon with lots of great new solutions for mortgage brokers. Companies like Interfirst, Countrywide, IndyMac have all released E-Commerce solutions that allow brokers to efficiently communicate. While the systems differ a little, they generally provide loan status, underwriting, rate locks, guidelines and pricing. One innovative solution is IndyMac's e-MITS, which returns risk based pricing quickly from broker entered borrower data.

I can't help but think that systems like e-MITS will do away with the entire rate distribution process, which today is dominated by faxed rate sheets. What's the need for rate sheets when we have automated pricing engines that use borrower data to return exacting loan product and pricing details? Brokers can get accurate real time quotes specific to their borrower. There are also many advantages to the wholesaler offering such a solution. Risk based pricing is certainly the future and these systems fully support it. Secondly, the pricing engine can differentiate on items such as geography, broker volume and a unlimited number of product matrices. Wholesalers can make changes instantly and in an infinite number of ways. Still, there were plenty of rate distribution services that used the Internet to deliver loan pricing to brokers. Only time will tell if such systems have a limited life.

A whole slew of other vendors also released Internet solutions. Most of the closing document service providers have now released the ability to print closing documents from the web. This is a great new benefit since a loan closer can post documents to the web and instantly they would be available to a slew of potential users. Imagine that the title company, attorney, mortgage broker and even the borrower could all download and print their own set of documents. Last minute changes would no longer hold up a closing for another day. Instead, the closer could make a document change and post it for immediate retrieval. Another feature of these document services is the ability to use the Internet to order the documents eliminating the need for direct dial communications. The Internet offers a perfect medium for document service providers.

In a similar fashion, Flood Certification vendors have taken advantage of the Internet to quickly and efficiently deliver flood certifications. Just enter a dozen fields of loan file information and within seconds a complete flood certificate is on the screen ready to print.

The loan origination software vendors are working on driving the data to all of these new E-Commerce solutions. While it's great to have all these web based order forms from the various services, the last thing a mortgage broker wants to do is to re-enter the data. Give your loan origination system vendor a call, as they should have such a solution.

There were also a bunch of new companies offering to build web sites. This latest area is the perfect example of an immature market. There are a lot of companies with very few clients. Two companies, Myers Internet Services and Contour Software, Inc, lead the field with 600 and 500 customers respectively. All the rest of the vendors are believed to have less than 200 sites built. With 40% of all mortgage brokers having a web site today, this is clearly a market that will consolidate in years to come. The current list of 25+ vendors offering mortgage related web site services should shrink to

just a few by 2005.

Several new vendors were offering loan trading rooms which, in one form or the other, allowed the selling of loans from brokers to wholesalers. These are all new with very little volume so far. The only leader currently is IMX. This is another area that is still in its infancy and possibly is in question. On the surface, they appear to be quite viable. However, wholesalers generally resist a bidding room environment where they must bid on loans placed on the system.

Interestingly, with all the new technology being released at the show, it all centered on the Internet rather than the more traditional product upgrades or windows solutions. These are exciting times with changes coming at us at an even faster rate.