Reflections From The Show Floor

Having just returned from the MBA show, it's the perfect time to reflect on the wide variety of technology related happenings. This show always brings out the pundits along with the neophytes hoping to make it big in our industry.

Perhaps the most criticized move was that of Intuit's purchase of Rock Loans for $370 Million. No one I spoke with could see any logic in this decision. To begin, being an intermediary and obtaining fees for moving loan volume makes perfect sense. Intuit has a loyal and captured customer base that is just perfect for soliciting loans. Imagine hitting the Quicken Mortgage icon when finishing your tax returns or while working on your personal finances. The data from such solutions would flow directly to a URLA requiring a lot less data entry for the user. It's a perfect method for capturing loan volume when the consumer is most considering their financial picture. Using this solution to direct the consumer to a wide variety of lenders is exactly what a consumer would want - the ability to compare rates, products and features from the nations top lenders. Now that Intuit owns the Mortgage Company, the consumer is deprived of a competitive environment and would only view this solution as a single lender source. Studies show that consumers review many different lender and multi-lender sites before selecting a mortgage company. I believe that the volume of loans would drop dramatically because the consumer no longer sees it as an independent referral site. In addition, it's far more profitable being an E-Commerce channel then a traditional mid-sized mortgage company. To top off all this, the price paid was astronomical. With so many lenders fully willing to accept half the price for a larger company, why would such a price be paid? Not even their domain name has any significant value (www.rockloans.com).

While speaking of acquisitions, the market downturn is causing the values of companies to drop like a rock. The activity is picking up at the M&A firms as some seek to get out while their value is at least somewhat decent. No doubt, values will continue to drop until we get well past the bottom of this refinance bust.

Rumors also abound about GTE's shelving of the MEL system. Many months ago I wrote in this column about the ill-planned ventures expected demise. It appears that yet another mortgage rate and product distribution solution comes to an end. It's speculated that over $10 million was spent on these efforts. The treacherous waters of technology are littered with carcasses. Not knowing the exact course is often deadly.

In other news a new venture is coming out by the name of Xpede. It was founded by industry veteran and solid mortgage technologist Jim Noack. His company's objective is to become the pipeline and middleware solution for larger lenders. His platform will act as a transport and communication solution between lenders' legacy systems and the vendors that serve them. Lenders can outsource the development of their E-Commerce solutions and industry vendors will find a partner that will help deliver their products. It's a new and innovative approach that could very well succeed - Jim knows the industry's waters well. Having some of the best venture capitalist behind him certainly helps.

One of the big hold-ups to obtaining credit reports across the Internet has recently been eliminated. The three major repositories have finally succumbed to market pressure and will now allow credit reports to move across the Internet for business to business purposes. While this will allow mortgage companies to interface across the net to pull reports, it does not mean that consumers can access such reports directly. This obvious need has yet to be allowed. The primary holdup seems to center around the potential liability should credit reports be placed in the wrong hands. Fear of this seems over exaggerated. After all, it would be far easier to physically break into any office with a credit reporting system then it would be to hack the codes needed to access such via the Internet. Still, in today's litigious society companies now have to go to great lengths to protect themselves. This is such a shame since the potential solutions for interacting with consumers using their credit reports could be outstanding. Should the three repositories finally allow such, there would be a gold rush to develop a whole new slew of web solutions that would leap our industry forward.

Fannie Mae jumped on the Internet bandwagon with the unveiling of MORNETPLUS.com. This is a great development and will help mortgage originators fully depend upon their Internet connection for all their needed communications. Brokers will soon be able to use the Internet for access to Desktop Originator and Desktop Underwriter. Say "so long" to direct dial applications.