Integrating Your Technology
By Scott Cooley

Over the past decade, technology has taken the mortgage industry on a true roller coaster ride. Not only have we experienced twists and turns and climbs and drops, but we've also been moving at an exponentially increasing velocity. If we think back, ten years ago few originators even had computers and five years ago, the fastest PC computer only ran at 350 MHz. By the year 2000, however, global computerization was a reality and the buzzword was the Internet. Computer speeds had tripled and industry experts were advising mortgage originators to concentrate on emerging technological advancements: getting online, building databases, becoming Internet savvy, building a Web site, getting laptop prepared, accepting automated underwriting and preparing for e-mail marketing. In today's market, technology and the Internet have become the standard. If you are still in business, you have an LOS and a Web site and have probably begun submitting to lenders and vendors electronically. But, as the roller coaster hurls us forward, having a Web site, an LOS and some Internet knowledge is not enough. As electronic transactions become the standard, Web sites and LOSs that can't seamlessly transmit data back and forth and across the Internet will become obsolete. The technology that is emerging today has everything to do with one thing: component integration.

For the past several years, originators have been buying loan origination software (LOS) from one company, customer management tools from another and a Web site from yet another. Today, those same originators are running into challenges because they don't have component integration and, without that, it is difficult for them to transfer data between systems. In the coming years, I predict that that problem will intensify. What can now be categorized as an inconvenience has the potential to turn into an industry gridlock as the industry shifts to electronic communication between originators and all 3rd party vendors and lenders.

Total electronic communication within the mortgage industry is not a futuristic dream, it is more like a futuristic certainty. There are already originators and lenders who complete 90% of the lending process online, and the remaining 10% is not

far off.   Still, although some originators are already appreciating the benefits of communicating with service providers through the Internet, consider that today's e-Commerce interfaces are still rudimentary. The LOS has been great for automating the internal operations of the mortgage production office but new technology is just now allowing the LOS to seamlessly tie in with all the 3rd parties that provide their services to the loan production process. When you look at what keeps the industry inefficient, it's mostly related to moving data to and from the many product/service providers that help us process and close a loan. Soon, the LOS will transform into a full-blown transaction platform capable of communicating every last detail with all the vendors, lenders and verification providers a mortgage staff works with.

And we are quickly approaching clickless e-Commerce where you will be able to set your computer to automatically send loan files to lenders and order services from those providers you prefer. Imagine that functionality with all vendors and lenders within the loan processing chain. The LOSs would take over most of the ordering and receiving of services and the quality and speed of loan processing will hit a new high.

Eventually, the LOS will move data to/from the backend systems used by vendors and lenders in the industry. Just for a few examples, let's look at lender/broker transactions. Rate locking and loan submission with the click of a mouse is a given but there are far deeper levels of integration that will be had. The lender's system and broker's LOS will tie together in such a way that if the interest rate doesn't match while the loan is locked, the broker would immediately obtain a red flag. Another example is that every time an underwriter signs off on a condition, the LOS will be updated. For vendors like a Title company, every step the title office takes will show up in the loan status section of the LOS. A flood vendor will be able to know if any loans anywhere in the loan process don't currently have a flood certification when they are at the stage that they should. Vendors and lenders will be able to help loan originators do their job. This will add value to their service but more importantly, will reduce the expensive human labor so often required today for coordinating all aspects of the loan origination process.

It sounds like a bright future, but don't get carried away too quickly. What is critical to remember is that all of it is dependent

upon seamless connectivity. Without integration between components (Web site, LOS and transaction platform), originators will short-circuit their own transactions with non-transferable data. It's already happening to many originators today. They are collecting data through their Web sites, but in most cases, don't have seamless communication between their LOS and Web site. Even if an originator has an integrated LOS and Web site, finding a transaction platform that supports his or her system becomes the next challenge. When you have multiple vendors and lenders - each requiring varied information in a specified format – seamless connectivity between the Web site/LOS components and the transaction platform is necessary to maintain an efficient flow of data. One of the top transaction platforms in the industry today is the Ellie Mae ePASS Business Center. ePASS is perfecting the link between LOSs and lenders and vendors with close to 100,000 transactions handled every month. Their transaction platform already supports and seamlessly connects with two of the top LOS systems in the country, Genesis 2000 and Contour, and provides that vital link for originators.

e-Commerce for the mortgage industry is a reality. Those originators who embrace this capability will have a distinct advantage in customer service (instant status for all loan production related services), and in lowering the cost of loan processing (less phone calls and faxes needing to be exchanged). It is conceivable to think that within the next five years, the majority of mortgage transactions will be completed within 36-hours. The advice for this year, therefore, is to arm yourself with a complete, integrated mortgage origination system. That means finding an LOS that integrates with your Web site and finding a compatible transaction platform that will seamlessly connect you to the rest of the industry. e-Commerce is coming to our industry like a freight train and nothing will be more frustrating than missing the train as it goes rolling by.

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