

## Technology And The World Of Commercial

Last month I discussed at length the impact of technology on the average mortgage originators market. Among other points, technology was going to reduce the opportunity to earn income from refinances and it would streamline the process allowing a single mortgage originator to handle more loans. However, the personal relationship will remain as important as ever and there will be other opportunities to earn income. One of those opportunities is in the commercial world.

Originating residential loans is becoming easier which allows more loans to be handled by fewer loan originators. It also means that an existing originator can become proficient at more than just residential loans. In other words, they have more capacity to take on opportunities in other areas. I'd recommend expanding your horizons to new product niches including commercial loans. While technology could reduce your marketplace (especially among refinancings), it can also help you in ways not previously possible. Thus, there is a general shift where the loan officer can take on more as their core business becomes easier and more streamlined.

Technology is finally beginning to pervade the commercial loan marketplace, which is good news for you. It's becoming easier to originate a commercial loan, which makes it easier for you to take on this new source of revenue. While such changes aren't happening overnight, they are making progress. In fact, it's probably a great time to begin to educate yourself on handling commercial loans using the new solutions available. The solutions are gaining gradual adoption and they help even a novice originator tackle what was previously a fairly complex transaction. Below are four companies to watch with a brief synopsis for each. They are gaining real traction and they could be considered the survivors of the dot-com era.

MortgageRamp ([www.mortgageramp.com](http://www.mortgageramp.com)) – This company offers a product called “DealCentral” who's biggest attribute just might be it's ability to standardize the commercial loan package. This is critical as today, most commercial lenders have their own loan packaging requirements, calculations and often their own submission documents. The commercial industry needs standardization before the process can be streamlined. DealCentral helps put this all together. Another product of MortgageRamp is a commercial loan matching system that helps place loans among lenders. MortgageRamp is also actively working with both MISMO and Fannie Mae in building XML based loan delivery solutions. A MISMO data standard for commercial loans will go a long way in standardizing the commercial loan arena. I also like to see a GSE involved with these firms as it helps insure their longevity and legitimizes their business.

e-Cognita ([www.e-cognita.com](http://www.e-cognita.com)) – Similar to MortgageRamp, e-Cognita helps package the loan but they offer the entire solution from point of qualifying to post-closing functions. Automation of this entire sector is important to all of us and this company can offer the tools to do so. Their solutions are more adept at handling large lenders than as an interface for smaller originators. Still, a widely used commercial loan origination system can have a dramatic affect on streamlining the industry when compared to an infinite number of home grown solutions. Freddie Mac must have thought highly of their system as they purchased the software for use within their multi-family areas.

CapitalThinking ([www.capitalthinking.com](http://www.capitalthinking.com)) – This company has more similarities to e-Cognita than MortgageRamp as it offers solutions for lenders to automate all of their back offices that are involved with commercial loans. Both companies are no doubt working on the ability to move data from loan originators into their internal systems. This has become old hat in the residential field for companies like IndyMac but it's still new for the commercial side. Eventually the commercial market should be able to submit loans to many different lender/wholesalers, the way the residential market can today. With customers like GE Capital, J.P. Morgan and PNC R.E. Finance, they should be around for some time.

Percept ([www.perceptmortgage.com](http://www.perceptmortgage.com)) – If you are familiar with the IMX loan auction system then you can begin to understand the business model of Percept. They are in essence helping a loan originator auction off a commercial loan to many different lenders. While such a model isn't without its problems, it is intriguing and could be a big boost for the mortgage originator. It would be ideal to take a commercial loan application online with Percept and allow them to do most of the work in obtaining pricing and placing the loan. Percept uses S&P to help evaluate a new commercial loan opportunity which gives lenders a strong level of comfort. They are also very friendly in supporting small originators.

All of these firms could become an important part of an efficient commercial loan process. Historically however, we've seen companies like these fail. Over the past dozen years or so, I've seen a number of these companies startup in the commercial loan sector without success. My guess is that it's the right time for these firms to succeed. So consider using this new technology to expand your revenue base.