



## What I Want for Christmas

**M**OST OF MY FRIENDS ARE DREAMING about getting a new car or a dream vacation for Christmas—but not me. Instead, I dream about the presents that the government-sponsored enterprises (GSEs) could bring to mortgage technologists like me. My peers and I often think about what could have been and what still can be, if the industry could receive the right technology gifts from the GSEs.

The GSEs are completely unique in their ability to influence many kinds of developments in the mortgage industry. And they have a huge influence on shaping mortgage technology. This influence comes from the fact that they are dominant buyers of home loans. In doing so, they define underwriting guidelines, document delivery methods and third-party vendor product and quality aspects. What they don't explicitly define, they heavily influence—such as industry standards, eMortgage aspects, loan origination system (LOS) features and much more.

So I'm writing my letter to Santa, and here's what I'm wishing for from the GSEs.

- Please publish the rules for the GSE automated underwriting system (AUS) engines. We like the old days, when every lender knew every rule related to underwriting loans (via the published guides). By publishing these rules, systems can be built by the larger lenders and by vendors. These systems could reduce costs to the consumer and allow for faster underwriting decisions for a much wider variety of loans. These engines could allow the borrower to be evaluated by dozens of AUSes and ensure the borrower obtains the best financing for his or her situation. Imagine a borrower obtaining 25 lender approvals along with rate and product details through a single Web site.

- Allow the lenders to enhance the automated underwriting systems to better reach the underserved markets. We

all want to help minority and lower-income borrowers, and we can do so with access to better technologies. Each lender has its own talents and knowledge of its local markets. Allow lenders to tweak their AUSes to better serve these markets. Also make sure that every borrower is reviewed by the AUSes of both GSEs—every borrower should be afforded access to both GSEs' systems.

- Provide an incentive to the industry to deliver all loan packages digitally. This could be via a lower guaranty fee. The GSEs will clearly benefit through

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increased automation, so why not pass some of that savings on to the lenders? Alternately, add a fee to those loans that aren't handled entirely electronically, since this method will be increasingly more expensive for the GSEs to accept. With such incentives, we can look forward to explosive growth in digital document solutions. With some incentives and a little guidance from the GSEs, we'll see electronic documents become mainstream with wide industry support.

- Automated valuation models (AVMs) have proven themselves for years, and because they are now so inexpensive, please require them on every loan. This will reduce fraud and help many of the lenders to prevent acceptance of loans that have inflated traditional appraisals. Traditional

appraisals are still welcome, but just let us all know when we need them, too. Also, make sure to accept many AVM vendors by defining the standards that they must meet (just like what is done for credit-reporting vendors).

- There are many companies that support the GSE technology initiatives, and yet they don't earn fees for doing so. The LOS vendors and other vendors should earn a portion of the fees paid by lenders so that they are motivated to support the interfaces and to support their clients. If a vendor must support a GSE technology, that vendor should at least have its costs covered. This will ensure new updates are rapidly rolled out and help increase technological innovation throughout the industry.

- Finally, we all want to know where the GSEs stand on so many technological issues. The vendors can't make plans to take the industry to the next level without clear and concise direction from the GSEs. At every opportunity, the GSEs should allow the free market to bring new solutions to market. These vendors can bring innovation to the industry faster and cheaper—that is, so long as they aren't impeded by the GSEs not clearly defining their intentions or, worse, lack of any action at all.

I know this is one of those long Christmas lists that I could never hope to get in just one Christmas (just like what I tell my three boys). However, I'd be happy to receive these gifts at any time, even if I had to wait another Christmas or two. The GSEs hold such a crucial position in our industry and their influence is so significant that they could really make a big difference for mortgage technology vendors, lenders and even the consumer.

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Scott Cooley is an independent mortgage technology consultant, analyst and author based in Los Gatos, California. He can be reached at [scottmcooley@hotmail.com](mailto:scottmcooley@hotmail.com).