



“In a number of places, people couldn't get (AUS) into production because they couldn't agree on what it was supposed to do, even though they'd gone ahead and built the thing.”

— Bill Lehman, CC Pace (P. 3)

## Moving forward with AUS technology in uncertain times

*A new report delivers advice on maximizing your return and avoiding the problems that can plague system rollouts.*

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In this market, every dollar you put into technology has to be scrutinized so you know you're making the best decisions for your company. That includes perfecting the buying process. Hear from one of the top experts on software licensing and contracts on what vendors' contracts absolutely must have, examples of trouble you can run into and how to become savvier at negotiations.

For many lenders, the game plan for decisioning technology has been called into question, due to the battered mortgage market.

Most agree that systems such as prequalification tools and automated underwriting (AU) will help lead the industry back to safer lending practices, but there are lingering questions about the role these systems have played in the subprime and Alt-A mortgage problems.

The speed and efficiency that comes with an automated, “hands-off” approach can also leave some feeling uneasy, especially in an era where regulators and investors are breathing down necks.

The question, as always, is how to balance efficiency with quality.

A recent study conducted by mortgage consulting firm CC Pace aims to bring clarity to the issue and help lenders move forward with AU implementations in uncertain times. An accompanying report, “The Future of Automated Underwriting, ‘More Important than Ever,’” examines how to get value from your AU investments, as well as the causes of project delay or failure.

“Almost all lenders reported difficulty getting the value out of an implementation,” **Bill Lehman**, CC Pace's director in charge of the Mortgage Strategy practice, wrote in the paper.

Lenders continue to face challenges in seeing real business value and process transformation from their investments in automated underwriting.

### Who are you?

To address that point, Lehman said, the most critical first step is to

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## editor's note

Dear Readers,

The flight to quality continues, and the industry is looking for all the automated help it can get.

Few technologies are receiving as much scrutiny from lenders as decisioning tools such as compliance engines, product and pricing platforms and automated underwriting (AU).

But it isn't always easy bringing automated underwriting technology to bear on your business and get the results you want (i.e., faster decision making and lower risk). Mortgage analysts with CC Pace have released a new white paper (available at [www.ccpace.com](http://www.ccpace.com)) detailing some of those opportunities and challenges surrounding automated underwriting technology in 2008.

To help you get it right, we spoke with one of the chief authors of the report. Our cover story for this edition delivers the most critical findings from CC Pace's study and provides you with ready-to-implement steps for ensuring you get the maximum value from your underwriting systems. Will this be the year your AU strategy finally hits the big leagues? Don't miss this report.

As we explain in our other top story in this edition, consolidation in the mortgage technology space continues, although with a new twist. The recent trend has been for smaller vendors to join the sprawling families of companies such as First American or IBM. In the latest deal, however, one of those giants has sold back Del Mar DataTrac to its previous owners.

Following the sale by Fiserv, Del Mar, which provides lending technology to small and mid-tier mortgage shops, is once again under its old leadership. Our report delves into why they repurchased the company and why they see great potential in mortgage technology today.

In the next few editions, look for reports on software contract negotiations, as well as innovating in two of the most critical areas of the industry today: so-called "emerging markets" and default management. If you have thoughts you'd like to share on those or other topics, send your messages to [msmith@octoberresearch.com](mailto:msmith@octoberresearch.com) or call 330-659-6101 ext. 6144.

Enjoy this edition of *Real Estate Technology News*.

*Matt Smith*

Managing Editor



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determine what kind of lender you are. That will dictate how you use AUS technology.

For example, in Alt-A and subprime lending, there are lenders who are price-competitive but low-service. Others offer higher service but cost more.

“Your automated underwriting (system) tells the market which one you are,” Lehman said.

CC Pace once worked with a lender where a broker might send a loan to Countrywide’s CLUES system.

“If the loan came back and had two conditions on it, they would submit the loan to Countrywide,” he said. “If the loan had 20 conditions and was still approved, they would work with that client on that particular loan. Our client would aggregate loans like that and sell them to Countrywide in bulk.”

The client was essentially a high-service exceptions lender.

In another case, CC Pace asked a subprime lender how many of its loans were “in the box” — i.e., fit underwriting guidelines. Answers ranged from 9 to 90 percent.

“They didn’t measure it so they didn’t know what kind of lender they were,” Lehman said. “We had discussions about automated underwriting with them. If you’re a high-volume shop, you can use it to say, ‘These loans meet all the guidelines and should be sent to someone whose decisions are certified — but a lesser authority than an underwriter.’”

For one A-paper lender, a decision-certified processor helped ensure that more loans got through at less cost.

“That would be one of the ways you could use AU technology to improve your process — use it as a triage mechanism,” Lehman said.

Loans with exceptions could be passed on to an underwriter or someone who specializes in making deals, not basic

## 5 must-do steps for maximizing your AUS investment

CC Pace’s **Bill Lehman** shared the following list of “must do” items related to automated underwriting:

1. Examine the changes your company has made to its business strategy for their impact on the AU strategy. For example, a move away from Alt-A to Fannie/Freddie lending implies a new set of decisioning requirements.

2. Work on process, quality and fraud:

- Work to ensure integrity in the data and the process;
- Embrace automated fraud tools, in particular reasonableness of income and property value; and
- Examine the organizational structure and focus of incentive payouts.

3. View AU as the platform. Make decisioning the key driver of sales and operational processes, balancing speed and quality.

4. Examine the use of automated underwriting in servicing as a quality monitoring tool to provide an early

indicator of increased default risk.

5. Monitor your vendors. Your vendor going out of business isn’t necessarily the worst thing ever, Lehman noted, but taking over their code isn’t the best thing to do, either.

“We believe a number of vendors are in trouble,” he said. “Everybody has such a small market share, and few were well capitalized. That market will consolidate. They’ll either be bought by Fidelity- or Fiserv-type companies or go out of business.”

To mitigate vendor-related risk, CC Pace recommends the following:

- Identify all your vendors, especially those that are mortgage specific;
- Review contracts of the mortgage-specific vendors;
- Open communication with vendors and other system users;
- Determine the criticalness of vendor support, both short-term and long-term;
- Formulate a “what if” plan for critical applications, especially for short-term projects. If they’re critical, validate the code escrow. Also, examine your internal resources — could you support the system if necessary?; and
- Do market research.

approvals.

## Where lenders run into trouble

CC Pace has seen lenders struggle for upwards of three years to get automated decisioning online. The holdout usually revolves around disagreement over what a system should or shouldn’t do, and whether it’s working properly after it’s in place.

“We saw that in a number of places where people couldn’t get it into production because they couldn’t agree on what it was supposed to do, even though they’d gone ahead and built the thing — or people who put it into production and it only approved 20 percent of their current product. That was a surprise for them, whereas we’ve been in places where the idea of introducing it was to change the book of

business originated,” Lehman said.

How do the rollout risks compare to those for a loan origination system (LOS)? Failure rates for both AUS and LOS rollouts are high, he noted, but the causes are different.

LOS projects are big and have the chance for scope creep, Lehman noted. There’s the potential for technical failures with AU deployments, as well, but failures due to not understanding how the system relates to your business model are a larger risk with an AUS than an LOS.

According to the CC Pace white paper, the inability to discuss AU at a granular level — i.e., lack of a shared understanding of what the system *is* — is another major cause of project delay and

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## AUS study findings

As part of its research, CC Pace interviewed 40 people from 32 companies across four industry segments (“top-10” lenders, other leading lenders, third-party service providers and technology vendors). Key study findings included:

- There is general agreement in the industry that automated underwriting is more important than ever. However, there is wide disagreement over what exactly AU is, and that lack of shared understanding can be a major cause of project delay or failure.
- Almost all lenders reported difficulty getting the value out of an implementation. Technical issues were reportedly easier to resolve than business issues.
- According to CC Pace, companies should emphasize the AU platform as their key operating platform, instead of the LOS. The AU platform provides the best way to balance efficiency with loan quality and maintain consistency and control.
- The 10 largest lenders have their AU strategy, and many other lenders need to revise theirs, CC Pace noted. AU plans are being called into question for a number of reasons: Companies are modifying their business strategy, have vendor issues, etc.
- Lenders have an opportunity to adopt best practices for rules maintenance, to reduce maintenance cycle times and manual testing and to improve quality. Lack of focus on maintenance was cited as a major cause of guideline implementation delay. That failure trickled into difficult testing, longer cycle times and monetary loss.
- Suitability testing will be the next great battleground for decisioning.
- The future direction of automated decisioning will likely be a greater reliance on trusted third-party databases for data verification than relying upon borrower-supplied data.

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failure.

## Using the AUS as an operating platform, branding vehicle

The authors of the report recommend that companies emphasize their AU system as a key operating platform, rather than the LOS.

“The AU platform provides the best way to balance efficiency with loan quality, and to establish consistency and control,” they wrote.

That strategy holds for Alt-A and subprime lenders, according to CC Pace, as well as for anyone who isn’t doing strictly Fannie and Freddie lending.

“As a path away from the monolithic LOS, we think you can get a lot of efficiency with lower risk by viewing the AU platform as being slightly different from your LOS platform,” Lehman said.

Rather than throwing out an old LOS and putting in a new one — an undertaking that may only have a 30 percent chance of success — CC Pace recommends using the AUS as a way to move incrementally away from limiting technology to something that can improve your business and brings lower implementation risk.

There are also ways to leverage AUS as part of your corporate branding. With top 10 lenders such as WaMu and Bank of America, loan officers submit loans to their underwriting system for a decision. Those companies are re-establishing their brand at the point of sale and therefore aren’t just using Fannie’s Desktop Underwriter or Freddie’s Loan Prospector.

“Clearly, the AU platform is key for them from a branding viewpoint,” Lehman said. “For other lenders to be able to introduce non-Fannie and -Freddie loans, it’s very important.” That’s especially true of large aggregators trying to establish their brand at the point of sale with brokers.

## Improving your AUS plan for 2008

Lehman offered a number of tips to help lenders improve upon their AUS strategy.

For one, many vendors have oversold the ease with which users can maintain rules in their systems. However, few systems come with regression testing capability, and many vendors don’t even have a set of best practices they can bring to an implementation.

“People need a regression testing capability, where they can have a set of expected results and the ability to automatically rerun it to ensure they can make changes effectively,” Lehman said.

“We’ve seen a lot of people band-aid rules on top of rules,” Lehman said. “One vendor came in to look at one of our clients’ systems and said, ‘You have twice as many rules as you need to perform this task.’ The client said, ‘Why didn’t you tell us that during the implementation?’ They had to re-implement rules in order to improve response time.”

## Up next: The great ‘loan suitability’ debate

On the horizon, suitability testing will be the next great battleground for decisioning technology, according to Lehman.

Today’s systems could be adapted for suitability tests, according to Lehman, although they might have to capture more data points.

A number of today’s systems are already configured to present a number of loan options in ranked order for borrowers — and to ensure loan originators can prove they showed borrowers choices for lowest rate or payment.

Visit [www.ccpace.com](http://www.ccpace.com) to download the white paper, and stay tuned to *Real Estate Technology News* for more reports on how decisioning systems are evolving in 2008. ■



# Analysts weigh Del Mar DataTrac's prospects under new owners

As one Blues Brother once famously quipped, "We're getting the band back together." Whether or not the technology company is on "a mission from God," Del Mar DataTrac has come full circle.

The provider of mortgage lending software to small and midsize lenders has been acquired by a San Diego private equity fund focused on software acquisitions. TVC Capital bought the business from Fiserv.

The deal means Del Mar DataTrac is returning to **Jeb Spencer**, managing partner of TVC Capital, who previously bought Del Mar in 2001 when it was doing only several million in yearly business. Spencer served as Del Mar's executive chairman from 2003 until 2005, when he sold the company to Fiserv. During that time, the company's customer base more than tripled, he said.

Veteran company employee, **Rob Katz**, has also rejoined Del Mar and will help lead the ownership transition.

Terms of the deal were not disclosed. Spencer's group reportedly purchased Del Mar in 2001 for \$7 million, and one software M&A specialist estimated the sale to Fiserv in 2005 was in the range of \$24 million.

## Seeking out opportunity

Why buy back a mortgage software business when some economists are predicting several more years of rough sailing?

"We're always looking for opportunities to sell companies when the market is doing very well, and we're opportunistic when markets are not going great," Spencer said. "Despite the fact that there has been market turmoil ... there will be an opportunity for us to grow (Del Mar) again at the clip we saw the last time we owned it."

Fiserv has experienced management change and decided to divest non-core assets, according to Spencer.

## Quick take: Fiserv sells Del Mar DataTrac

- Del Mar DataTrac claims about 350 clients, mostly small and midsize lenders
- Del Mar sees opportunity in the current refi "mini-boom," as well as new entrants to the market
- With Del Mar DataTrac no longer under the Fiserv umbrella, rebuilding an independent sales team will be critical
- Immediate goal is stabilizing management — 14 of the 15 top managers have departed the company, including long-time head **John Walsh**

"We were fortunate that they contacted us and gave us the opportunity to repurchase the company," he added.

Spencer and Katz said their understanding of Del Mar's customer base will help them meet clients' needs.

"The company was not in great shape when Rob and I first got involved the first time. We feel like because it's our second time around, we have a crystal-clear plan of what to do," Spencer said.

Del Mar DataTrac has a lifespan of more than 15 years, during which time it's built up a customer base for its back-office lending software, designed to automate the residential mortgage lending process.

Spencer estimated the company serves about 350 lenders today with slightly more than 40 employees. In 2004, he said, the company estimated 16 percent of all loans originated went through its systems, or roughly \$450 billion in volume.

What does the deal mean for customers?

Spencer did not comment on whether users were discouraged with Fiserv's handling of the company and technology, but he said in the announcement, "Del Mar's clients should expect a renewed focus on customer satisfaction and a strong commitment to product enhancements."

An immediate goal for the new management is to return to the number of product improvements being made when they owned the company.

## The road ahead

Spencer said his team put significant money into product development during their previous leadership term, tripling the customer base between 2003 and 2005, they said. The team was also able to grow revenue 80 to 90 percent per year, and Spencer said he intends to do that again.

Revenues for last year, he said, were similar to what they were the year he sold the company.

Immediate challenges for Spencer and Katz include stabilizing the company's leadership. Specifically, 14 of 15 top managers have left the company, including long-time head **John Walsh**.

"We've moved quickly to get new people into place, under Rob's leadership," Spencer said.

The new leaders also hope to prove early on to customers that they are committed to the technology and will provide new innovations.

News from the past several weeks could spell potential for Del Mar. According to Katz, the company always did well when refi activity was high. With the Fed dropping interest rates recently, Del Mar's customers are reporting tenfold spikes in refi activity. Lenders have slashed staff levels in recent months, and those dealing with renewed market

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## Reverse mortgage software aimed at new market entrants

Sun West Mortgage Co. has unveiled a new version of its reverse mortgage software. The California-based company's ReverseSoft features a "wizard" the company calls "Import-a-Loan" that converts a loan application taken on a conventional, non-reverse mortgage system into a reverse mortgage loan, according to a statement from SunWest.

"The Import-a-Loan Wizard is a significant advantage for new entrants in the reverse mortgage space as it dramatically reduces the learning curve in originating a reverse mortgage," said **Pavan Agarwal**, vice president of Sun West.

"ReverseSoft's superior data architecture utilizes FNMA Desktop Underwriter (DU) standards and MISMO XML standards to achieve this edge."

ReverseSoft also enables users to integrate with other vendor systems such as credit agencies, flood certificate agencies, and document preparation companies, Agarwal said.

Mortgage professional **Ray Preciado** was among the first few to use the wizard. "As conventional mortgages are drying up, we have gone back to our old database of forward mortgages to find seniors who can benefit from a reverse mortgage," he said. "With ReverseSoft, we can import a Fannie Mae DU export file into ReverseSoft and have a reverse mortgage loan ready to be processed in seconds."

Sun West plans to release other features of the software in the coming months, according to the statement. The features will be designed towards enabling mortgage companies to expand their footprints in the reverse mortgage marketplace. ■

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demand for refinance transactions will be more likely to invest in technology to handle the swell in volume with workflow automation, Katz explained.

Spencer is also optimistic about the long-term prospect of Del Mar's target base: small and midsize lenders.

"This industry has a tremendous amount of new entrants," he said. "New businesses are being formed every year. It remains incredibly fragmented. We can't see a time when only the big banks are funding loans. We just don't believe that story. Our current lender base — the 350 customers — are funding loans. They have adjusted their market niche, and they need technology that helps them reduce their costs."

**Jordan Brown**, CEO of investment banking and mortgage consulting firm MarketWise Advisors, sees plenty of opportunity for Del Mar's new owners.

"Certainly there has been blood in the water in the mid-tier (market), especially over the last 12 months. With that said, the opportunity for new companies to come back into the space from originators that left the space, with interest rates lower and pending changes in the limits with Fannie and Freddie, I would expect near-term growth in the mid market to serve increased demand in

refinance."

At least in the short term, then, Del Mar should have plenty of good prospects, he said.

"As long as they maintain their focus and rebuild their independent sales machine, they should do very well," Brown said.

### Bucking the trend

The sale of Del Mar DataTrac is interesting because it reverses the more common trend of smaller mortgage software providers being acquired by giants such as ISGN, Fiserv, Fidelity, First American, IBM and Xerox.

There is a lot of competition among the "mortgage technology conglomerates," said mortgage software consultant and M&A veteran **Scott Cooley**. It's becoming harder for independent software vendors to compete without being part of one of those large corporations, he said. In particular, the banking industry is increasingly looking to work with vendors they know and trust.

"Compliance and security issues have put pressure on banks to ensure their vendors are solid," Cooley said.

"The underlying message here is the direction for Fiserv," Cooley said. "They hadn't owned Del Mar for that long, so

what compelled them to sell it? This deal makes it appear that Fiserv is reconsidering what technology areas of the mortgage industry they wish to be a player in."

In the announcement, Fiserv confirmed the deal will help narrow its focus.

"This divestiture further demonstrates Fiserv's focus on its core financial and insurance businesses and its Fiserv 2.0 goals of helping clients to achieve best-in-class status," said **Tom Warsop**, Fiserv president of the Financial Institutions Group.

"The sale of Del Mar is not surprising," Brown added. "Fiserv has shed several assets lately and is focusing on the delivery of core technology and services to the space. MarketWise's view is that this is a positive development both for Fiserv and for Del Mar's new ownership."

"The pace of M&A transactions is quite brisk and there are numerous other loan origination systems in play at this time," he added. "It's interesting to see a private equity firm buy back an asset and take a position. It tells you something about their long-term interest."

Overall, he expects to see more aggregation players picking up smaller, weaker technology providers, as well as larger companies shedding some assets they no longer view as strategic. ■



## Web-based LOS helps startup compete with 'largest lenders'

A just-opened Nashville wholesale lender has selected OpenClose Solutions as its LOS provider.

Acopia Capital Group chose OpenClose because it offered the company a flexible and end-to-end technology that could grow along with it, according to a statement from the two companies.

Acopia currently operates only in the Southeast, but expects to be licensed in 20 states by March, serving community banks and small mortgage brokers, according to the statement.

"With many lenders closing shop, now is a favorable time to open a new lending company that does not have the legacy issues of the past," said **Brant Phillips**, Acopia's executive vice president of

operations. "Using OpenClose gives us — a start-up wholesale lender — the power to compete with the largest lenders in terms of automated lending technology."

OpenClose automates back-end operations from origination to closing in one system, including a banking operations core, support for underwriting, closing, post-closing, secondary marketing, funding, shipping and reporting, according to the statement.

The Web-based system allows Acopia to automate origination, underwriting and closing in a system that can be accessed by its originators nationwide, according to the statement. ■

## Northeast lender uses 'industry downtime' to replace LOS

A New England mortgage loan processor has chosen a new loan origination system from MortgageFlex Systems Inc.

Northeast Home Loan LLC will implement MortgageFlex's LoanQuest LOS, according to a statement from Florida-based MortgageFlex.

**Andy Hadden**, CFO of Northeast Home Loan, said the new LOS will allow the company to replace its separate providers for document management and funding.

"Now we have one system to support all of our business processes," he said, according to the statement.

The company is looking to take advantage of "industry down time to implement the new MortgageFlex system and be prepared for the future," according to the statement. Northeast Home Loan plans to open a

correspondent lending channel and sees MortgageFlex as a way to handle both channels, Hadden said.

LoanQuest enables clients to build process flows and supporting menus for multi-channel organizations, including, retail, wholesale, correspondent, bulk purchases and HELOC.

The multi-channel functionality allows the client to deploy system enhancements, new products, and process improvements to all channels simultaneously, according to the statement.

Northeast Home Loan has partnered with 12 participating financial institutions to provide home finance options, interest rates and terms to homeowners in Vermont, New Hampshire, Maine, Massachusetts and Connecticut, according to the statement. ■

## Automated compliance system cleared for patent registration

Mortgage technologist LogicEase Solutions has received a Notice of Allowance for a patent on its ComplianceEase automated compliance system from the United States Patent and Trademark Office.

The allowed patent, "System and Method For Automated Compliance With Loan Legislation," primarily encompasses the ComplianceAnalyzer automated compliance system.

Officials with LogicEase said regulatory compliance is becoming one of the most significant risk-management issues for financial institutions of all sizes.

ComplianceAnalyzer examines mortgage loans and produces real-time audit reports with summary and findings regarding loan-level compliance with applicable laws and regulations at multiple jurisdictional levels.

The Web-based system includes the use of rules-based artificial intelligence, a mapping of business concepts on the loan to concepts within the rules and a natural language processor to manage all of the compliance rules in plain English sentences.

The system determines if a loan complies with regulations and automatically determines which rules should apply to the loan.

"At ComplianceEase we have pioneered the field of automated lending compliance," said **Jason Roth**, senior vice president and named inventor on the patent. ■



## Lawmakers off and running with '08 e-recording bills

Electronic recording is back on the front burner for many state legislative bodies. A slew of bills have been introduced this month based on the Uniform Real Property Electronic Recording Act (URPERA).

The act was originally drafted to remove any doubt about the authority of recorders to record documents and information in electronic form.

Its fundamental principle is that any requirements of state law describing or requiring that a document be an original, on paper, or in writing are satisfied by a document in electronic form. Also, any requirement that the document contain a signature or acknowledgment is satisfied by an electronic signature or acknowledgment.

The act specifically authorizes a recorder to accept electronic documents for recording and to index and store those documents.

Recorders' and clerks' authority includes the right to:

- Receive, index, store, archive and transmit electronic documents;
- Provide for access to, and for search and retrieval of, documents and information by electronic means;
- Convert paper documents accepted for recording into electronic form; and
- Convert into electronic form information recorded before the recorder began to record electronic documents.

Another part of URPERA deals with setting standards for implementing the act. State implementation commissions for the technology are required to consider:

- Standards practices of other jurisdictions;
- The most recent standards promulgated by national standard-setting bodies, such as the Property Records Industry Association;
- The views of interested persons and

governmental officials and entities; and

- The needs of counties of varying size, population and resources.

A report in June showed that URPERA had been enacted in the following states:

- Idaho
- Nevada
- Arizona
- New Mexico
- Texas
- Kansas
- Arkansas
- Wisconsin
- Washington, D.C.
- Virginia
- North Carolina
- Delaware

As of the summer of last year, URPERA had been introduced in:

- Washington
- Minnesota
- Utah
- Missouri
- Tennessee
- Louisiana
- Florida
- South Carolina
- Rhode Island
- Maryland
- Illinois
- Connecticut
- Massachusetts

So far in 2008, URPERA-based legislation has been introduced in:

**Hawaii** — **House Bill 2302**, based on URPERA, would permit the registrar of the bureau of conveyances to accept electronic documents with electronic signatures for recording.

It requires the judiciary to study what effect electronic recording may have on the adjudication of land court applications, determine permissible uses for electronic recording and report its findings to the legislature prior to the 2009 regular session.

**Oklahoma** — If enacted, **House Bill 2587** would require the Archives and Records Commission to adopt standards to implement the act.

The standards and practices of county clerks would have to be "in harmony" with the standards and practices of recording offices in other jurisdictions that enact substantially the Uniform Real Property Electronic Recording Act and to keep the technology used by county clerks in this state compatible with technology used by recording offices in other jurisdictions that enact the law.

The bill would go into effect Nov. 1.

**Washington** — Announced in December and formally introduced this month, Washington's **House Bill 2459** would require the Secretary of State to create an E-Recording Standards Commission to review electronic recording standards and make recommendations regarding the implementation of standardized rules for such recording.

A majority of the Commission must be county auditors or recorders, but may also include treasurers, assessors, land title company representatives, escrow agents, mortgage bankers and others the Secretary of State deems appropriate.

If passed, the bill would take effect 90 days after adjournment of the session.

**Kentucky** — Under the URPERA-based **Senate Bill 78**, e-recording standards will be established by the Kentucky Electronic Recording Commission. That commission will consist of seven members appointed by the governor.

Guidelines in the bill may be implemented by a county clerk in any county on or after Jan. 1, 2009.

**West Virginia** — The state has amended its laws with URPERA via **Senate Bill 339**. The bill would go into effect July 1.

■



## 'Agile' method to halve development time

Visionet Systems says it's bringing a new, more-rapid software development methodology to the mortgage industry. Specifically, it has formally inaugurated an agile methodology-centric development center for mortgage business.

The New Jersey-based consulting and business process outsourcing company's "agile" development cuts software development time in half, the company said in a statement.

What's the value to lenders? According to Visionet officials, the mortgage industry needs rapid application development methodologies so it can create software solutions fast enough to take advantage of market opportunities — for example, retooling from Alt-A to conforming products or reengineering to comply with new government-sponsored foreclosure avoidance programs.

Visionet's methodologies and knowledge-based templates will facilitate agile development in various mortgage sub-domains, such as no-mode refi to REO, it added.

However, the method requires a lot more time and side-by-side active involvement from businesses because the development is done without writing exhaustive specifications.

Visionet warned that, with its methodology, the cost per function point is higher, so customers must weigh the cost-versus-time benefits.

Visionet's methodology works by combining mortgage business expertise and software engineering prowess into a single team, according to a statement.

Software is traditionally developed using a rigid process where 50 percent of the project effort is spent on writing the

business, technical and testing specifications before significant development begins.

The traditional methodology generally requires less access to the business or user community since more time is spent preparing the documentation for review by the business users, according to the statement.

According to Visionet, the methodology is a good fit where business requirements are predictable and industries are mature.

"In our experience, any project which takes more than a year in the mortgage industry generally fails due to dynamic nature of the mortgage business at macro and micro levels. We are making this statement after working with top 30 mortgage lenders and servicers over the last decade," companies officials stated. ■

### MBA tech conference to focus on automated underwriting, default management and more

The Mortgage Bankers Association will be holding its annual technology conference March 16 to 19 in Dallas.

The conference will focus on the latest developments in e-mortgages, information security, automated underwriting, e-recording and e-notarization and MISMO standards, according to a statement from the MBA.

Speakers include:

■ **Robert E. Story, Jr.** — Vice chair of MBA, chair of MBA's board of directors' Technology Steering Committee and president of Seattle Financial Group, will deliver the opening remarks concerning technology's current role within the mortgage banking industry.

■ **Jeremy Rifkin** — Founder and president of The Foundation on Economic Trends and author of *The End of Work*, an international bestseller, will be on hand during the Opening General Session to discuss the third industrial revolution and its effect on the commercial and residential real

estate industries.

■ **Douglas G. Duncan** — The chief economist and senior vice president of research and business development at MBA will provide a perspective on the current state of the economy, as well as a forecast of the economic future and what it means to the industry.

Panel session topics include:

- Automated Risk Management Tools
- E-mortgage Technology Update
- Industry Hangover: The Future of Automated Underwriting
- Information Security: Strengthening Your Systems
- Leveraging Technology for Essentials of Risk Management
- Reducing Costs and Staying Ahead of Market Shifts with Change Management
- Advances in Default Management Strategies and Technology

The conference will be held at Dallas' Gaylord Texan Resort and Convention Center.

More information on speakers and sessions can be found at: <http://events.mortgagebankers.org/tech2008/sessions/default.aspx>. ■



## Stewart subsidiary releases Spanish version of SureClose

PropertyInfo Corp., a division of Stewart Information Services Corp., has released a Spanish version of its transaction management system, SureClose. In explaining the move, **Jose Menendez**, director of multicultural markets for Stewart Title, said that 40 percent of first-time homebuyers during the next 20 years are expected to be Hispanic. He cited a report by the Harvard Joint Center for Housing Studies for the figure.

## Referral leads Mass. lender to new loan origination system

When it was time for a Marlborough, Mass.-based lending institution to migrate to a new loan origination platform, a recommendation from another community bank in the area proved to be right on the money. Officials with Marlborough Savings Bank, with assets of \$308 million, said it was searching for a user-friendly system with customizable loan documents and reports that could be used in all phases of the loan cycle — from point of sale to closing. It also sought integration with its core processing systems. The institution eventually selected Fiserv's easyLENDER system to automate its mortgage lending program.

easyLENDER includes a product suite designed to automate all phases of mortgage loan origination, processing and closing. The critical factors in the bank's decision? The system met all search criteria and was highly endorsed by other financial institutions.

## VirPack partners to bring document management, e-delivery to all mortgage participants

A new platform from one of the mortgage industry's imaging and electronic delivery innovators promises to give all participants in the lending process a new way to submit and access loan documents securely via the Internet. The VirPack Vault Web-based document management and electronic loan delivery platform was designed for use by lenders and brokers from origination through post-closing and investor delivery.

Brokers and branch offices might use it to submit and access content via the Internet and simplify coordination with the corporate office, for example. Lenders can use it to let borrowers deliver documentation into the system for immediate processing. According to VirPack, the system promises to help wholesale and retail lenders improve processes by 35 percent or more and reduce the costs associated with origination, closing and shipping paper files by more than \$100 per loan.

## Where will banks' IT dollars go in '08? New report delivers answers

In the past several weeks, reports have arrived from mortgage technology research firm MORTECH and public relations firm

William Mills forecasting technology spending among lenders and banks for 2008. Now analysts with TowerGroup have shared their outlook for the year. According to a report from the financial services research group, the U.S. subprime mortgage crisis has put banks in a reactive mode in 2008. The financial services research firm reports that two trends have bankers concerned:

- Unseen threats that may not yet have surfaced in their credit portfolios; and
- How their institutions can compete rationally during the volatile days ahead.

The credit crunch has resulted in the reallocation of management and technical resources, TowerGroup said, but banks are continuing to focus on business drivers and technology investments that will provide longer-term benefits. Many will focus their IT dollars on initiatives that reduce risks, including those not related to consumer lending.

## Ellie Mae upgrades LOS designed for bankers

Mortgage software developer Ellie Mae has released two new versions of its Encompass loan origination system. Encompass Banker Edition 3.0 is an end-to-end system designed for small and mid-size mortgage lenders, community bankers and credit unions. Encompass Custom Edition 3.0 offers "extensive configurability" to the company's trademark LOS, according to a statement from Pleasanton, Calif.-based Ellie Mae.

## LOS receives MISMO certification

Financial Industry Computer Systems Inc. (FICS) announced that its residential loan origination system has received certification by the Mortgage Industry Standards Maintenance Organization (MISMO). With the MISMO certification, FICS customers benefit from the ability to interface directly with any credit vendors that are also MISMO compliant without having to perform any customization for each individual credit vendor, according to a statement from Dallas-based FICS. MISMO is the premier standards development body for the real estate finance industry. The organization coordinates the development and maintenance of Internet-based real estate finance specifications to deliver a common format for the electronic transfer of mortgage industry data.

## Overture to roll out new version of decisioning technology

Overture Technologies will launch this spring Mozart 6.0, a decisioning technology system that promises to help lenders more quickly and accurately evaluate loans. The improvements to the system enhance rule authoring, pricing, security and user interface functions, which will make Mozart faster, easier and more flexible, according to a statement from the Bethesda, Maryland-based mortgage technology provider. "The market's volatile credit climate has left lenders in need of faster, transparent, fully web enabled, more accurate and more efficient methods to respond to changing market conditions," said **Bill Kelvie**, CEO of Overture.



## California lender unveils new Web site

A California mortgage lender has rolled out its new Web site, which is aimed at consumer education. Advantix Lending's new site contains tools and practical information designed to assist consumers in finding the right mortgage, according to a statement from the company. The new portal includes a glossary of home lending terms, a question and answer section and tools such as a loan payment calculator and debt calculator.

## Compliance specialist on board with Calyx

A mortgage lending compliance software provider has integrated its product with Calyx Software's loan origination system. Laguna Hills, Calif.-based QuestSoft's Compliance Eagle system integration with Calyx's Point LOS will help reduce risk exposure for lenders and borrowers by testing loan applications against federal, state and local regulations, according to a statement from the companies.

Through the integration, Compliance Eagle combines all components of mortgage lending compliance into a single, automated system for Point users. Brokers using Point with Compliance Eagle can quickly and securely review loan files and correct compliance errors prior to funding, according to the statement.

## Washington lender taps loan search, pricing platform

A Tukwila, Wash., mortgage company that offers home loans across the Northwest has selected SearchMyLoan.com to be its loan search and pricing services provider. A+ Mortgage Inc.'s subscription to SearchMyLoan.com will give the company access to a database of 12,500 lending products and automate the company's loan search process, according to a statement from SearchMyLoan. "The ease and comprehensiveness of SearchMyLoan.com dramatically speeds up any loan search and provides the most accurate options as the system is updated daily," said **Steven Harkness**, senior loan originator for A+ Mortgage.

## DocuTech adds customers, focuses on e-mortgage market

Idaho-based documents management company DocuTech Corp. announced it added 14 clients during the fourth quarter of last year. One of the new customers, California-based Reunion Mortgage, is relying on the company to provide all of its e-mortgage document support, according to a statement from DocuTech. The company also last year released ConformX 3.10, which allows users to manage rules for prepayment penalties in loans. It contains more than 500 standard prepayment configurations, according to the statement. The company forged several alliances last year. One was with PCLender.com, an enterprise-lending system that integrated DocuTech's compliance documents.

## AVM powers home pricing site

A property pricing Web site that aims to help consumers sell their own homes uses an automated valuation model (AVM) to

provide pricing data on 95 percent of all the homes in the United States. ForSaleByOwner.com has partnered with HomeSmartReports.com to provide AVM reports and real estate information, according to a statement from ForSaleByOwner.com. Key data in the reports includes comparable sales information, the property's last sale price and its assessed value, plus other details.

## Stewart Title of Colorado completes e-closing, touts 'green' benefits

Stewart Title of Colorado's Vail division has completed what it's calling the first electronic closing in the Rocky Mountains, and touting its "green" benefits. Stewart closed the transaction with its eClosingRoom platform, the company said in a statement. eClosingRoom is integrated with SureClose, a paperless transaction management system. With eClosingRoom, home buyers and sellers can easily access and pre-approve most of the necessary documents online via SureClose prior to closing, according to the statement.

## Illinois County partners with e-recording software provider

Lake County, Ill., has teamed up with Simplifile to electronically record land documents, including satisfactions, mortgages, and reconveyances. Most of the documents are expected to be submitted by title companies, banks, and attorneys to the county recorder's office through Utah-based Simplifile's e-recording service, according to a statement from Simplifile. First American Equity Loan Services is the first customer to electronically record documents through Simplifile with Lake County, according to the statement.

## Financial services site launches 'warm transfers' program

Financial services portal Low.com has launched a "warm transfers" program that aims to connect lenders with consumers looking for refinance, purchase or home equity loans. These phone-verified leads "guarantee" lenders' access to interested consumers, according to a statement from Los Angeles-based Low.com. The warm transfer program is designed to save lenders time and money by "instantly transferring" consumers to sales teams, according to the statement. "We want to serve as an extension of a lender's marketing team by pre-qualifying prospects to make our leads more valuable," said **Steve Yi**, general manager of Low.com.

## Arizona credit union expands relationship with settlement services provider

The Arizona State Credit Union has expanded its relationship with a settlement services provider to include flood zone determinations, automated valuation models, legal and vesting reports and limited title searches. The credit union had already been using Austin, Texas-based FirstClose's Web-based bundled services platform, as well as an interfacing with FirstClose through the credit union's loan origination system, according to a statement. ■

**Mortgage software provider taps industry veteran to lead business development**

A specialist in Web-base mortgage software has announced new leadership for its business development and integration efforts.

OpenClose Solutions has named **Sonja D'Anneo** as client business development/integration specialist. She brings more than seven years of product management and enhancement experience from San Diego-based Del Mar Database, where she was vice president, business unit manager.

At Del Mar, she was tasked with managing updates and enhancements for both DataTrac and WebTrac.

**Mortgage consulting company hires new sales director**

New Jersey-based mortgage consulting and business process outsourcing company Visionet Systems has hired a new sales director. **Sumanth Devara** has more than 10 years' experience in information technology and business

development, according to a statement from Visionet. Devara is a graduate of Delhi College of Engineering and Indian Institute of Management Calcutta.

"I'm excited to be part of the Visionet Systems growing team as they are 'the' major technology platform based BPO Company specializing in the mortgage vertical," Devara said.

**Collateral protection provider hires compliance officer**

Collateral protection services company Integrated Mortgage Solutions (IMS) has hired a new compliance and risk officer. **Kathy Sutton** will oversee IMS' adherence to SAS 70 audit requirements and monitor legislative and regulatory changes within the mortgage industry and state level municipalities. She will also design and implement incentive programs for IMS staff and contractor network, according to a statement from IMS.

Prior to joining IMS, Sutton was a senior quality assurance representative for Richmond, Va.-based LandAmerica Financial Group Inc., where she managed more than 325 title insurance agents in a risk-focused program. ■

**Upcoming Industry Events**

**Feb. 26 - 29**

MBA National Mortgage Servicing Conference  
New Orleans, LA  
events.mortgagebankers.org/servicing2008/default.html

**Feb. 27-29**

Property Records Industry Association Winter Conference  
Washington, D.C.  
www.pria.us

**March 16-19**

National Technology In Mortgage Banking Conference & Expo  
Dallas, TX  
events.mortgagebankers.org/tech2008/default.html

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