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MI SMO Update eMortgages and eSigned PDF

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- Evolution
- eMortgage Guide
- eClosing Guide
- eSigned PDF
- Conclusion

From Paper to Imaging to eMortgages



- **Today** – Electronic documents generation, delivery, and imaging.
 - » Still need to print the documents for signatures and then image them.
- **Tomorrow** – From Imaging to eMortgages using XML and eSigned Docs.
 - » The documents are created electronically, executed electronically, transferred electronically and ultimately stored electronically. AKA – the paperless mortgage.
- **Bottom Line** – Great savings today and much more potential savings tomorrow.

Yesterday

Paper



Delivery



Today

Scanning / OCR



Tomorrow

eMortgages



eDocs



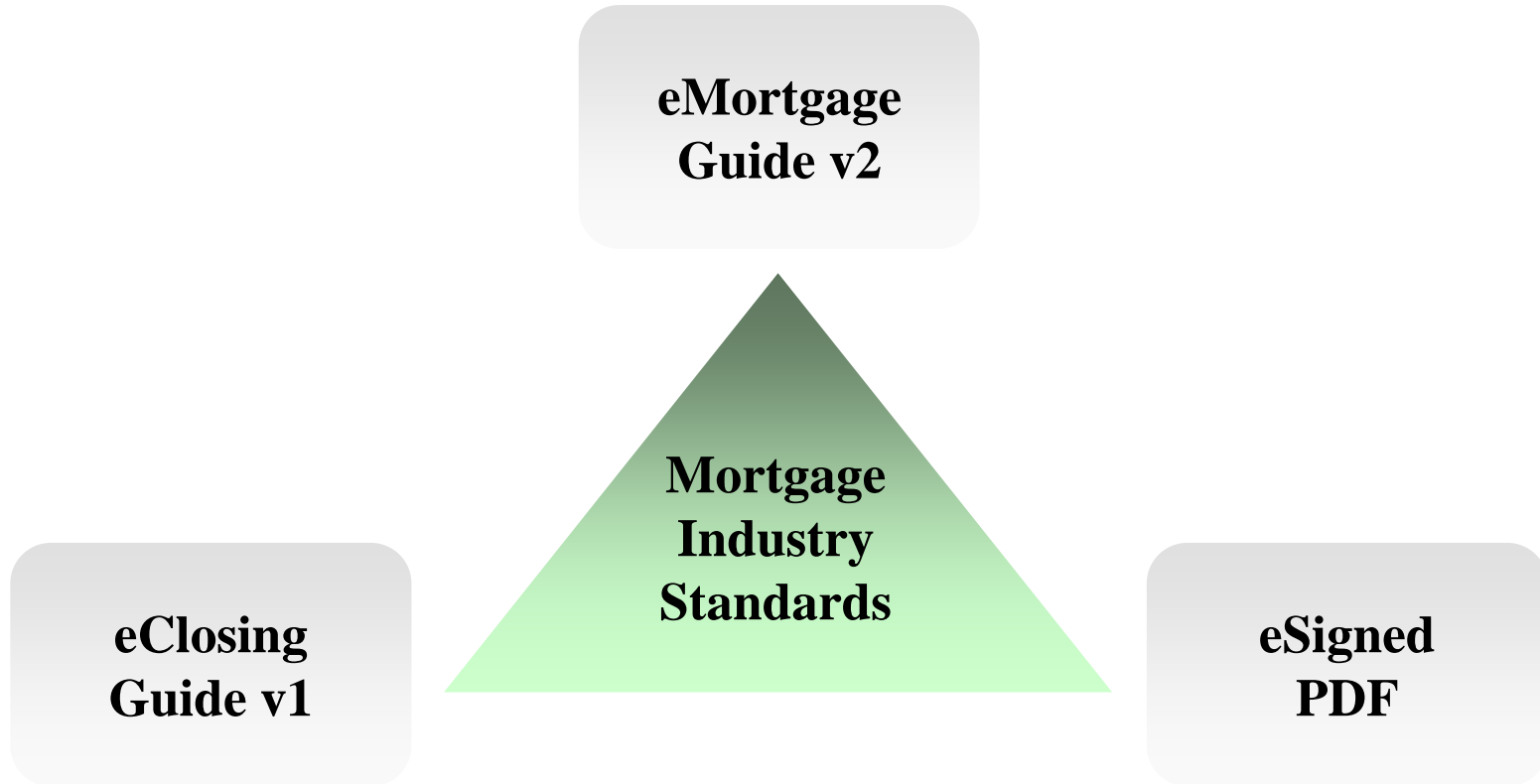


About eMortgages



Paperless Mortgage

MI SMO eMortgage Deliverables in 2006



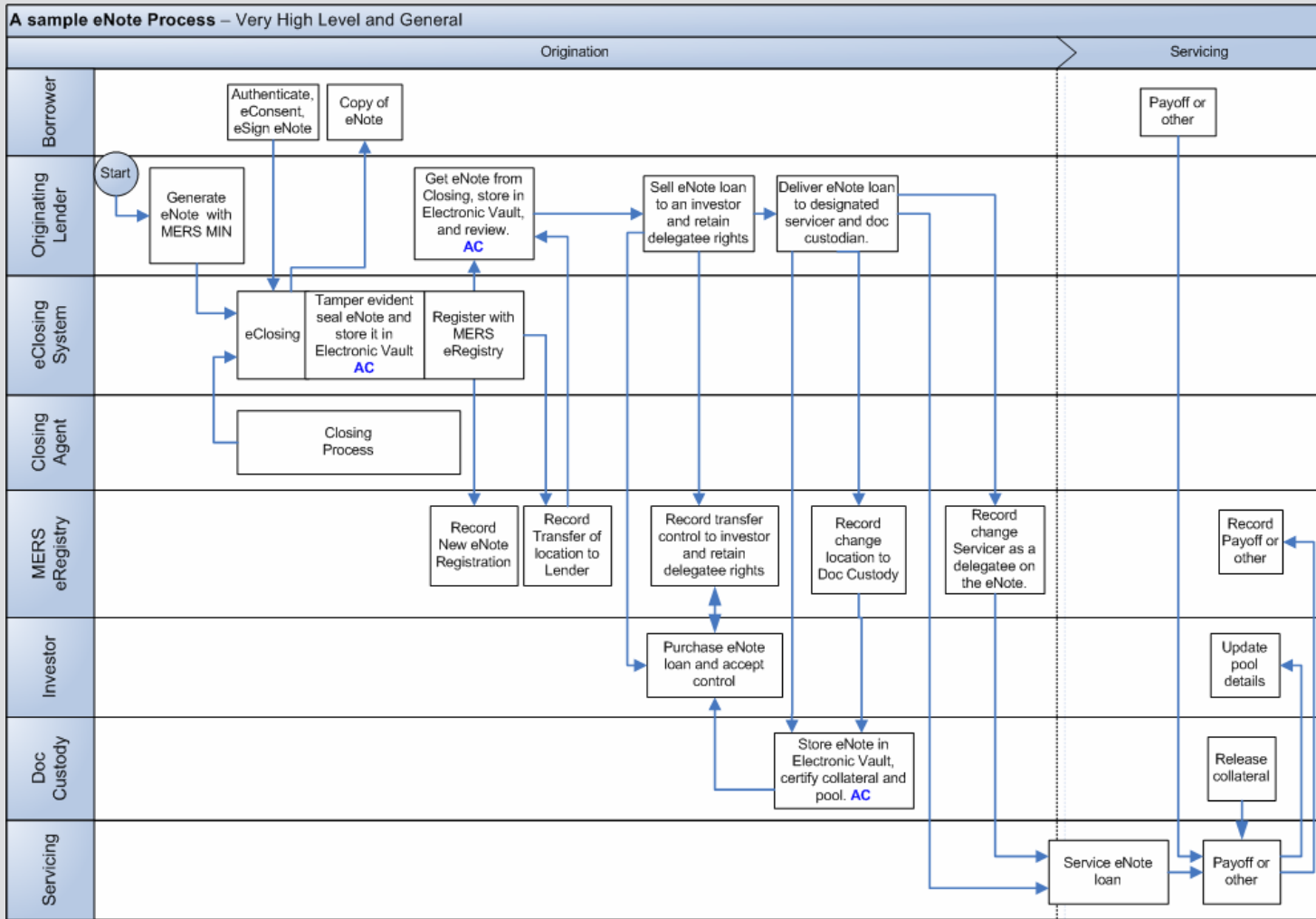


- MISMO Legal Issues Workgroup efforts clarify that:
 - » ESIGN and UETA do not dictate specific technology to create electronically-signed loan documents.
 - » Evidence should be included within an eSignature to assist in:
 - Connecting a particular person to his/her signature;
 - Proving that a person intended to sign a document; and
 - Proving that the signed document is the same document that was originally presented to the signer.
- MBA Uniform Closing Instructions for eMortgages
 - » Ongoing work effort to create standardized closing instructions for the industry, including a section on eMortgages.
- MBA Warehouse Lending eMortgage Workgroup
 - » Ongoing work effort to address warehouse lenders' concerns over obtaining and releasing their security interests in an eNote.



- The MISMO eMortgage Guide is a standard mortgage industry reference tool to facilitate efficient eMortgage processes and reduce cost, time, and risks.
- The guide provides an overview of eMortgages, including:
 - » Benefits of eMortgages,
 - » Underlying legal framework and concepts,
 - » Key industry standards and concepts,
 - » General guidance for key processes, and
 - » Sources of additional information to get started.
- The guide is not intended to explain internal processes, business logic, algorithms, or other proprietary details.

A sample eNote process in the guide



MISMO eMortgage Closing Guide



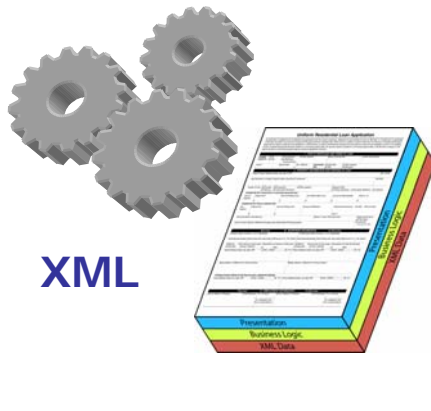
- The MISMO eMortgage Guide is a mortgage industry reference tool, providing voluntary guidelines for evaluation of electronic closing platforms and/or services.
- The guide describes and explains general electronic closing concepts, definitions, and voluntary guidelines, including:
 - » eClosing Overview
 - » Legal Considerations
 - » eDoc Guidelines
 - » eSignature Guidelines
 - » eNotary Guidelines
 - » Electronic Records Storage Guidelines
 - » Security Guidelines
 - » Other considerations
- The guide is not intended to be a technical implementation guide, and it does not explain internal processes, business logic, algorithms, or other proprietary details.

eDocs – Electronic Documents



- An electronic document (eDoc) functions as an equivalent to a paper document. It also eliminates the need for printing.
- Paperless environment has been a key driver for the evolution of the eDocs formats from imaging to the electronic records.
- Legislatively, E-SIGN and UETA similarly define an electronic record as a record “created, generated, sent, communicated, received, or stored by electronic means.”

Doc Prep



eClosing



Electronic Vault



Adobe Evolutionary Standards



Printing

PostScript



Imaging

TIFF



eDocs

PDF



Supporting evolution from paper to imaging to digital docs.

PDF – Evolutionary Document Format

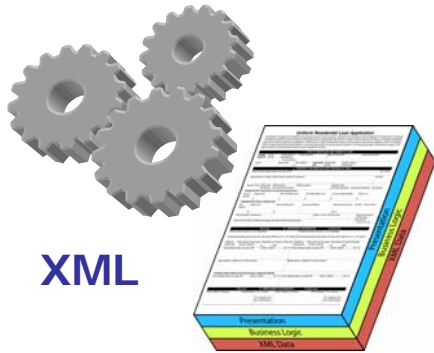


Supporting evolution from paper to imaging to esigned and other digital docs.

eSigned PDF documents



Doc Prep






XML

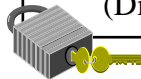
eSigning



Electronic Record

Recording Requested By: Conrad Simms	Signature/Seal of Recorder: 	Signature/Seal of Recorder: eSignatures.com 23344-48589-9585 Orange County California November 15, 2005 10:01:34 am Martha Clark \$65.00
Document Services Dept		
After Recording Return To: 44 North Main	23344-48589-9585 Orange County California November 15, 2005 10:01:34 am Martha Clark \$65.00	
eMortgage Lender: 44 North Main		
Prepared By: Conrad Simms		
(Place Above This Line For Recording Data)		
123456789	E-123-456-789	987654-321
DEED OF TRUST		
DEFINITIONS Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16. (A) "Security Instrument" means this document, which is dated November 15, 2005, together with all Riders to this document. (B) "Borrower" is John Doe.		
Borrower's address is 1234 Main Street, Santa Ana, CA 91232 Borrower is the trustee under this Security Instrument.		
CALIFORNIA-Grain Family-Forma MaxFreddix Max UNIFORM INSTRUMENT Page 1 of 15		
Form 3005 1/01		
 		

Tamper-Evident Seal
Signature Value
(Digital Fingerprint)



Electronic Vault





- MISMO eSigned PDF Guide providing voluntary guidelines to standardize PDF mortgage documents.
- The guide provides direction for the use of PDF for electronic mortgage documents, including those that contain electronic signatures.
 - » Legal considerations
 - » Guidelines
 - General format structure
 - Electronic Signatures
 - Digital Seals
 - » Open Source
 - Data, Signatures, other.

Conclusion



- Each eMortgage process reduces paper, time, and cost. The cost savings can be achieved incrementally.
- There will be a continuous transition to paperless mortgage over the next 5 to 10 years.
- eMortgages will continue to gain traction and acceptance based on industry standards.
- During the transition, loans will be hybrid leveraging imaged docs while gradually adopting electronically signed documents.

Yesterday

Paper



Delivery



Today

Scanning / OCR



Faxing



Tomorrow

eMortgages



eDocs



Disclaimer



This Presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding management's beliefs, estimates, projections, and assumptions with respect to, among other things, the Company's future operations, business plans and strategies, as well as industry and market conditions, all of which are subject to change. Actual results and operations for any future period may vary materially from those projected herein and from past results discussed herein. Factors which could cause actual results to differ materially from historical results or those anticipated include, but are not limited to: competitive and general economic conditions in each of our business segments; changes in general business, economic, market and political conditions in the United States and abroad from those expected; loss of investment grade rating that may result in an increase in the cost of debt or loss of access to corporate debt markets; reduction in government support of homeownership; the level and volatility of interest rates; changes in interest rate paths; changes in generally accepted accounting principles or in the legal, regulatory and legislative environments in the markets in which the Company operates; the ability of management to effectively implement the Company's strategies; and other risks noted in documents filed by the Company with the Securities and Exchange Commission from time to time. Words like "believe," "expect," "anticipate," "promise," "plan," and other expressions or words of similar meanings, as well as future or conditional verbs such as "will," "would," "should," "could," or "may" are generally intended to identify forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements.