



eWorkflow Rodeo

Robin M. Belanger, Moderator

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David Zugheri, First Houston Mortgage


Agenda

- eMortgage Adoption Task Force Update – Harry Gardner, Mortgage Bankers Association
- eClosings and Documents – Roger Gudobba, Wolters Kluwer
- eNote Registry – Gary Vandeventer, MERS
- A Lender's Prospective – David Zugheri, First Houston Mortgage
- Questions

eMortgage Adoption Update

Harry Gardner
MBA/MISMO

eMortgage Adoption Task Force Subgroups / Focus Areas

- 
- **Industry Awareness & Feedback**
 - **Investor Adoption**
 - **Warehouse Lending**
 - **eServicing**
 - **eRecording**







eMortgage Adoption Task Force Activities and Developments

- **Industry Awareness & Feedback**
 - Letter to Industry
 - eMortgage Starter Kit
 - Adoption Survey
- **Investor Adoption**
 - Summit meeting / presentation at MBA Secondary, NYC
- **Warehouse Lending**
 - White paper: Legal Framework
- **eServicing**
 - Reconvening broader industry group
- **eRecording**
 - Working with PRIA to identify adoption support strategies

eMortgage Adoption Survey

1: What type of company do you work for?

(Respondents were allowed to choose **multiple** responses)

Response	Chart	Frequency	Count
Bank		25.8%	16
Investor		3.2%	2
Lender		8.1%	5
Solution Provider/Consultant		19.4%	12
Service Provider		16.1%	10
Other, please explain:		8.1%	5
		Valid Responses	62
		Total Responses	62

eMortgage Adoption Survey

Respondents:

- 40% Sr Management, 23% Management
- 40% Technology

Familiar w/eMortgages?

- 73% Familiar
- 25% Somewhat Familiar

Using MISMO in eMortgage efforts?

- 72% Yes

eMortgage Adoption Survey

Greatest Benefit of eMortgages?

- **37%** **Cost Savings**
- **21%** **Quality Improvement**
- **50%** **Process Efficiency**
- **18%** **Competitive Advantage**
- **2%** **Other**

eMortgage Adoption Survey

eMortgage Efforts in Specific Areas:

Area	Done	Underway	Not Started	Never
Disclosures	27	32	27	14
Appraisal	43	14	26	17
Credit	50	12	21	17
Flood	44	14	24	17
eNote	23	28	43	6
Security Instrument	11	22	56	11
Title	31	24	38	7
Lien Release	12	17	57	14

eMortgage Adoption Survey

Expected Levels of Benefits in Specific Areas:

Area	Very Low	Low	Average	Above Average	High
Origination	2	7	30	30	30
Closing	2	0	9	28	61
Post-Closing	2	0	5	26	67
Servicing	2	14	24	33	26
Capital Markets	2	17	24	14	43


eMortgage Adoption Survey

Perceived Barrier Levels in Specific Areas:

Area	Very Low	Low	Average	Above Average	High
Borrower Acceptance	21	33	29	12	5
Lender & Investor Adoption	7	17	26	26	24
Cost	12	19	33	24	12
Legal & Compliance	7	22	44	24	2
Complexity	7	10	31	36	17
Solutions, Tool Avail	10	29	36	19	7
Standards / Guidance	10	31	38	14	7

eMortgage Adoption Task Force

What's Next?

- 
- **Compilation of Existing Resources**
 - **eMortgage Adoption Dashboard**
 - **Guide to solutions providers**
 - **Investor/Warehouse Lender White Paper followup**
 - **eServicing Issues List & Recommendations**

Questions?



**Harry Gardner, MBA
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Vice President, eMortgages – MISMO**

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www.mismo.org**



eClosings and Documents

Roger Gudobba
Wolters Kluwer
Financial Services

The Mortgage Process

- Lots of
 - Parties
 - Documents
- Lots of Information Exchange
 - Transactions between disparate systems
- Lots of Opportunities for Information Inaccuracies!

Adoption of Document Standards

IDC White Paper August 2007



Organizations looking to implement document standards

- Information Technology
One standard preferred
- Line of Business
Multiple standards needed

Organizations need to facilitate exchange

- Internally
- Externally
- Archive

Organizations do not see major barriers to implementing document standards

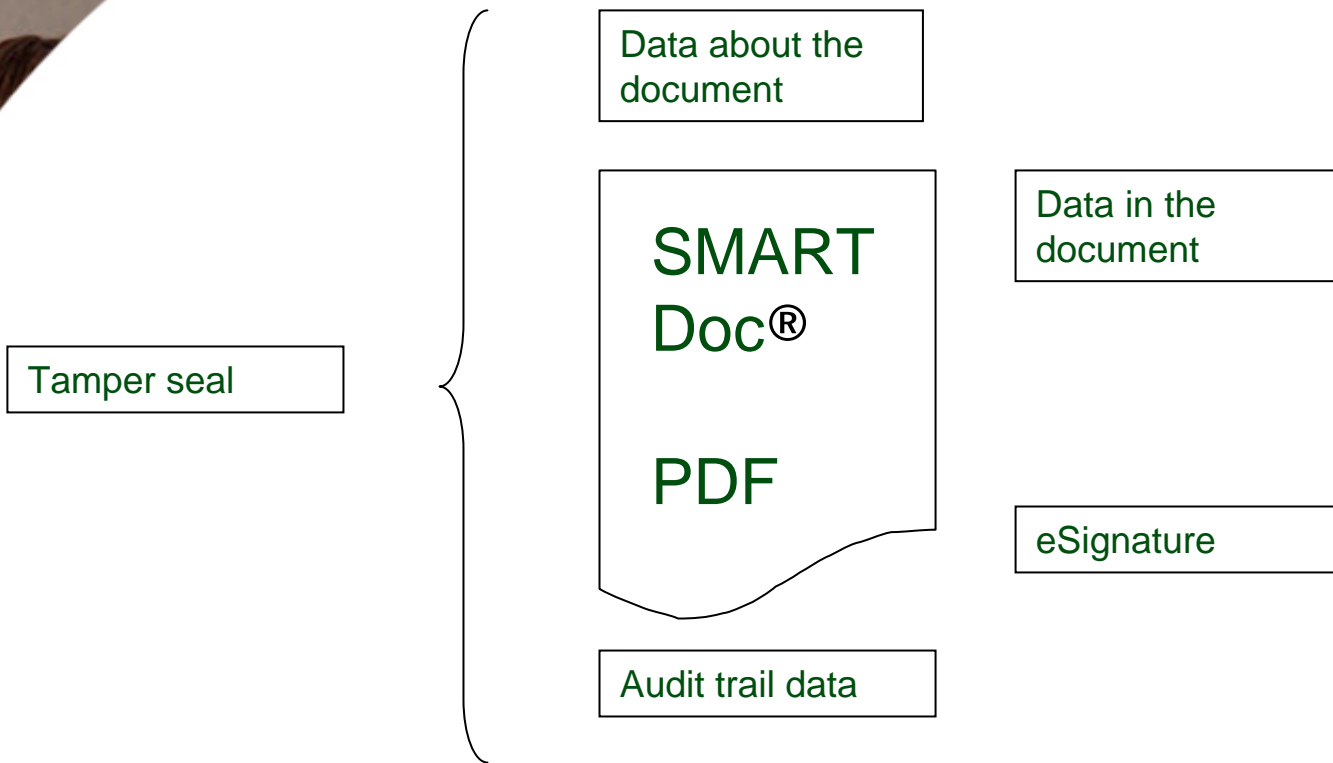
- The adoption of XML-based standards stronger in Europe

What is a document?

A document contains information

1. Organized means of collecting information (1003)
2. Conveying information (disclosure)
3. Proof or evidence (note)
4. A record (security instrument)

What is the structure of an eDocument?



Data and Documents

- Information working together

The first step to an eMortgage – electronic Note

Process Flow – Investor

1. Loan data submitted to investor (Fannie Mae: Loan Delivery, Freddie Mac: The Selling System)
2. Compared to data on signed Note. (Certification of data)
3. Purchase advice prepared for disbursement (Lender contract)

What are the benefits of an electronic Note?

Investor benefits

- Loan data and eNote submitted electronically (delay with paper)
- Loan data and eNote data validated electronically (manual process with paper, no lost note)

Lender benefits

- Secure delivery of loan portfolio
- Faster acceptance by the Investor
- Faster return of funds to Lender

SMART Doc® V2



1. The need to improve support for collaborative documents like HUD-1 and Security Instruments
 - Continued support for Notes and other documents
2. Consider all options for Document Structure
 - Support for XHTML, PDF and alternative view formats like TIFF, PCL, SVG, etc.
 - Use of XSL-T 2.0 for Populating/Validating the View
 - Resilience to dataset schema changes
3. The solution must have
 - Vendor independency (lock-in avoidance)
 - Technology longevity (technology shelf life)

Compound Document Examples



SmartDoc-Sample-1.zip

- META-INF
 - container.xml
 - manifest.xml
 - signatures.xml
 - SMARTDocCore.xml
- Data
 - LoanData.xml
 - RecordingData.xml
- View
 - Mortgage.pdf
 - RecordingInfo.pdf
 - View.htm

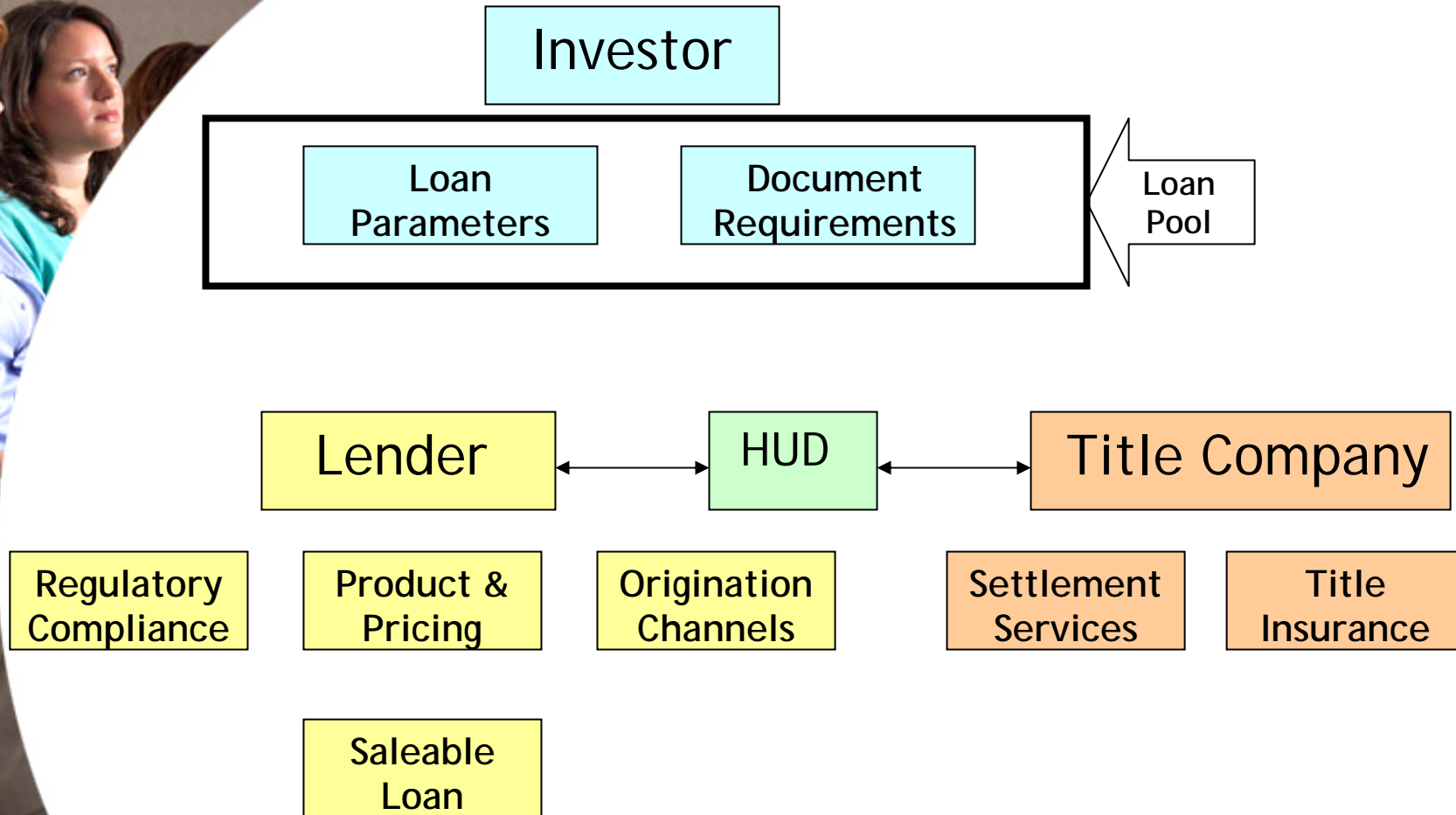
SmartDoc-Sample-2.zip

- META-INF
 - container.xml
 - manifest.xml
 - signatures.xml
 - SMARTDocCore.xml
- Data
 - LoanData.xml
- Map
 - HUD-TRANSFORM.xsl
- View
 - HUD-VIEW.html

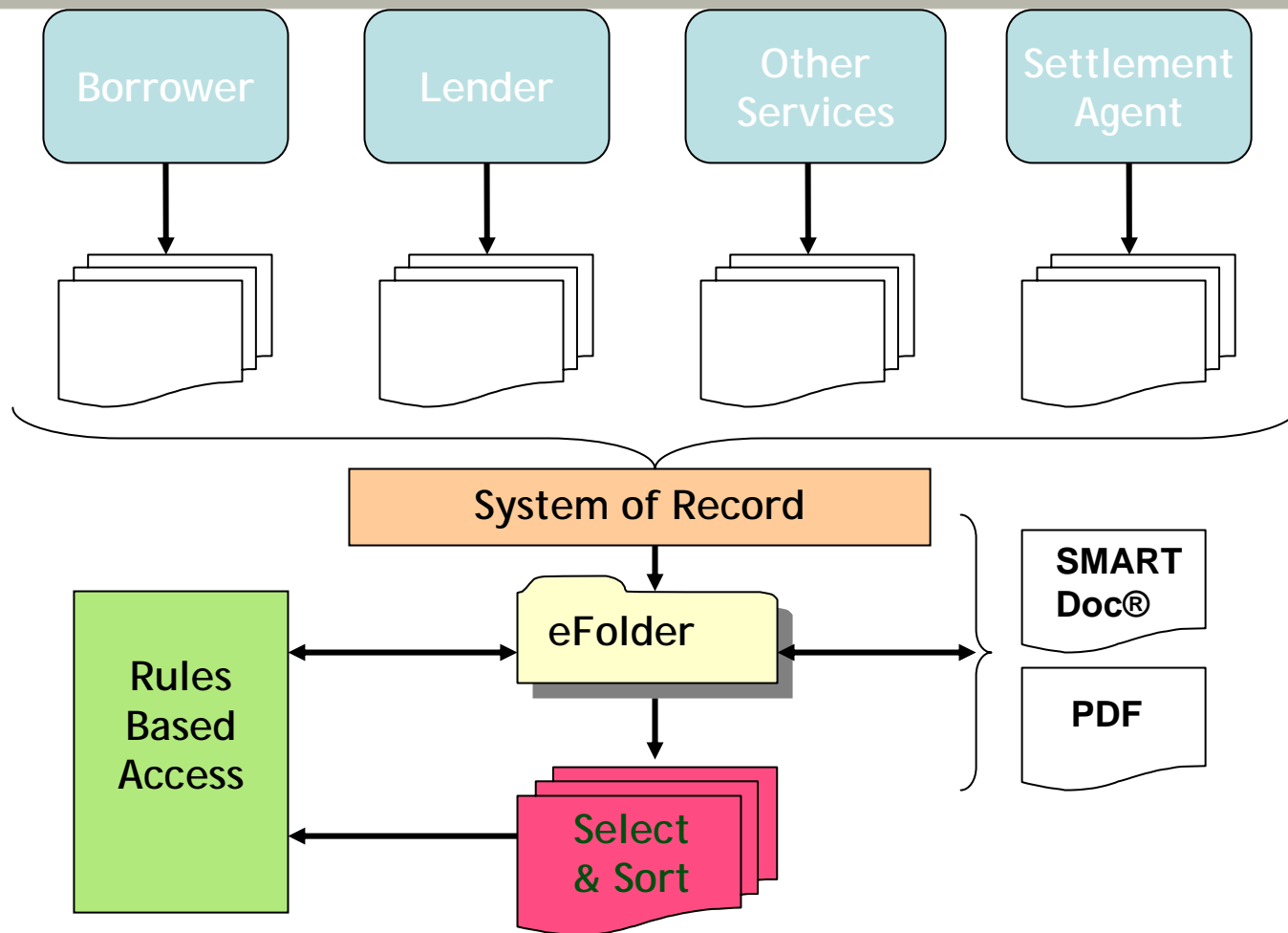
MISMO eMortgage Closing Interface Transactions

1. Initiate Closing
2. Schedule Closing
3. Data and Document Exchange
4. Schedule signing
5. Closing Can Proceed
6. Queries/Provide Status
7. Opt-In/Opt-Out of Closing
8. Cancel Closing
9. Closing Complete

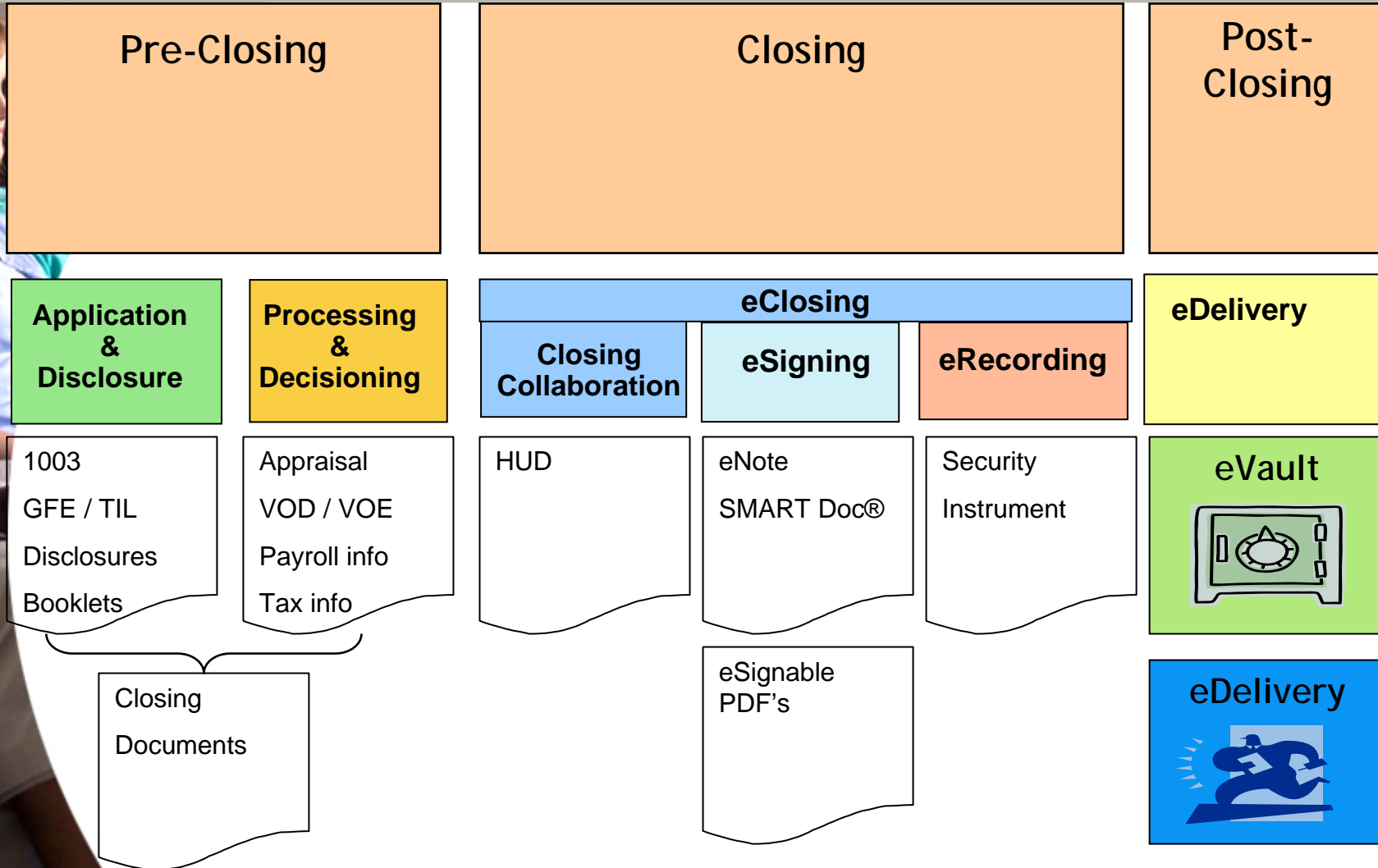
Collaboration Triangle



eFolder



eClosing Flow



Major Challenge Facing Organizations Today



1. Consistency across multiple Lines of Business
 - Data and document management
2. Create a single, accurate, uniform, and timely view of your customer
 - Critical for Regulatory Compliance

How you gather, manage and use **information** will determine whether you win or lose

Summary

- “Paperless office”
 - Any day now
 - Phrase goes back to 1973
 - 95% of all information remains on paper

Thank you

Roger.Gudobba@WoltersKluwer.com

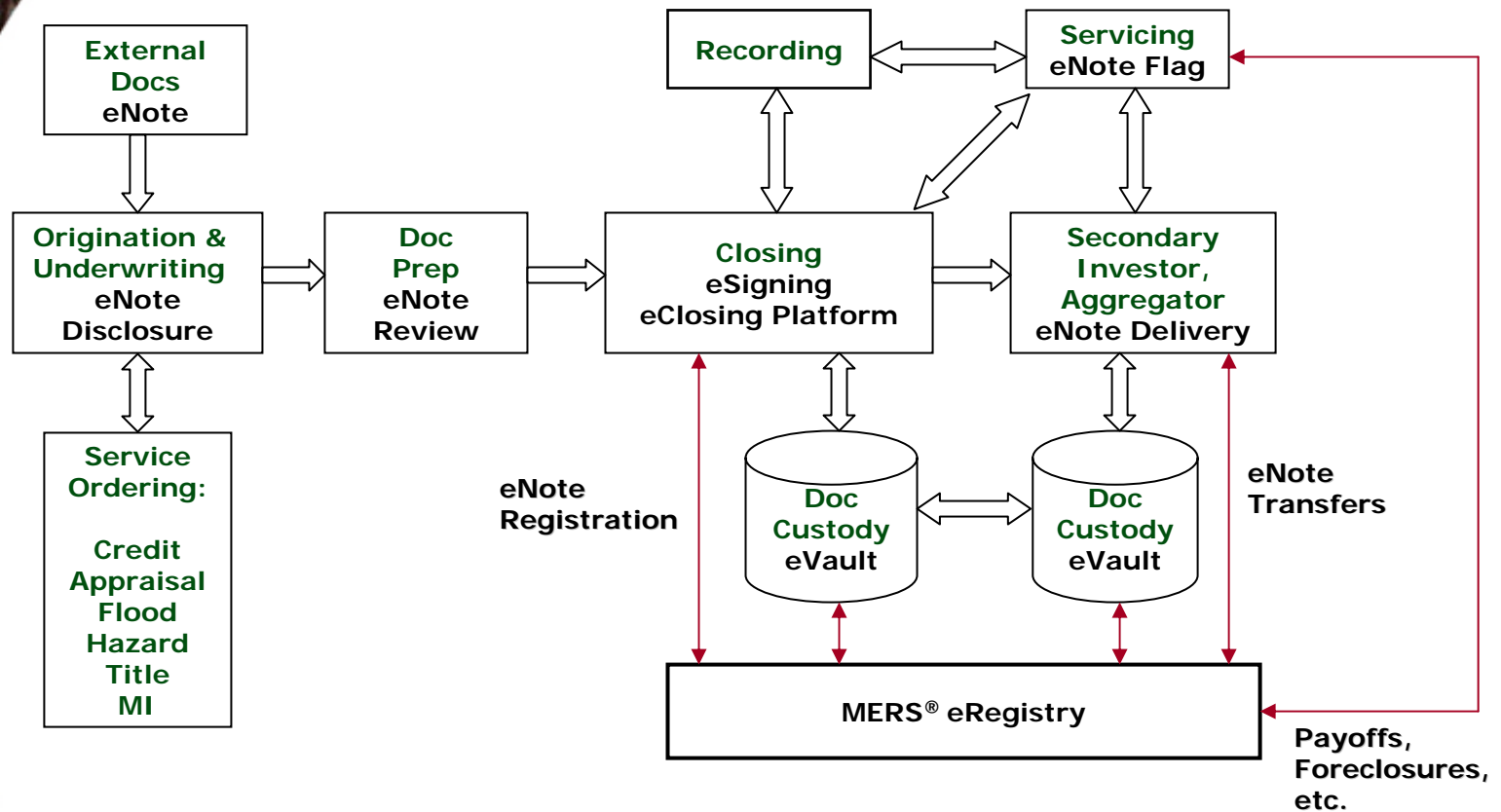


eWorkflow Rodeo

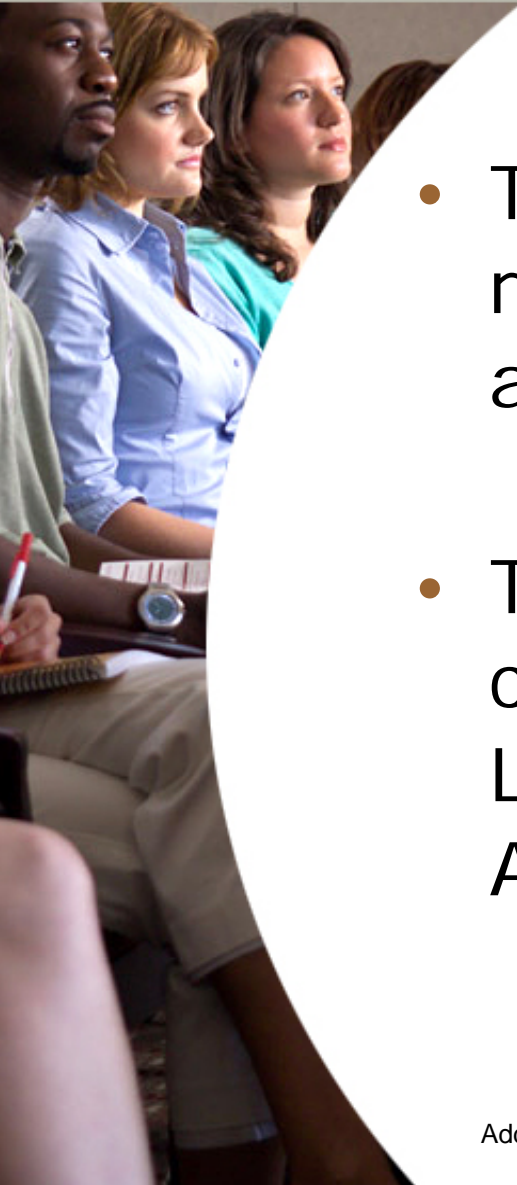
The MERS[®] eRegistry

Gary Vandeventer
MERS

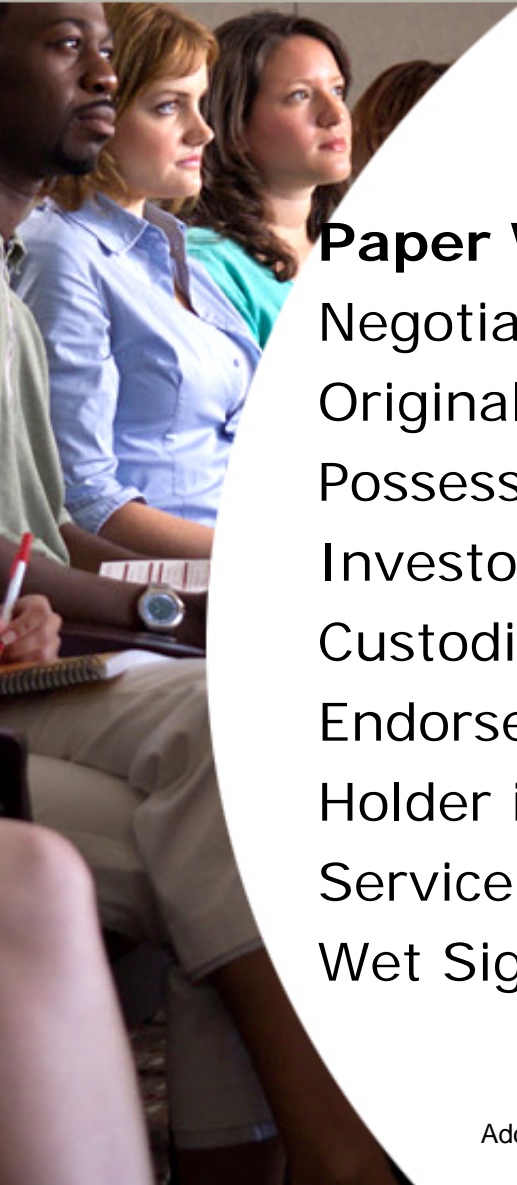
eNotes in the Mortgage Process



What is the MERS® eRegistry?

- 
- The industry's response to the requirements imposed by UETA and E-SIGN
 - The central location to identify the current Controller (holder) and Location (custodian) of the Authoritative Copy of an eNote

New World, New Language



Paper World



Electronic World

Negotiable Instrument

Transferable Record ("eNote")

Original Note

Authoritative Copy of eNote

Possession

Control

Investor/Holder

Controller

Custodian

Location (eVault)

Endorsement and Delivery

Transfer of Control

Holder in due course

Transferable Record Audit trail


Servicer

Controller's Delegatee

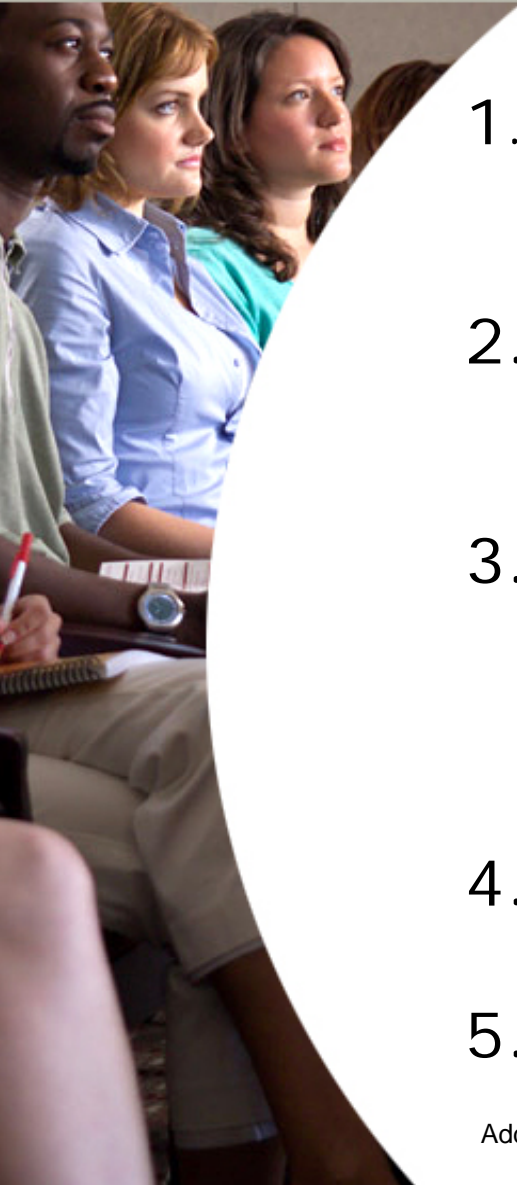
Wet Signature

Electronic Signature

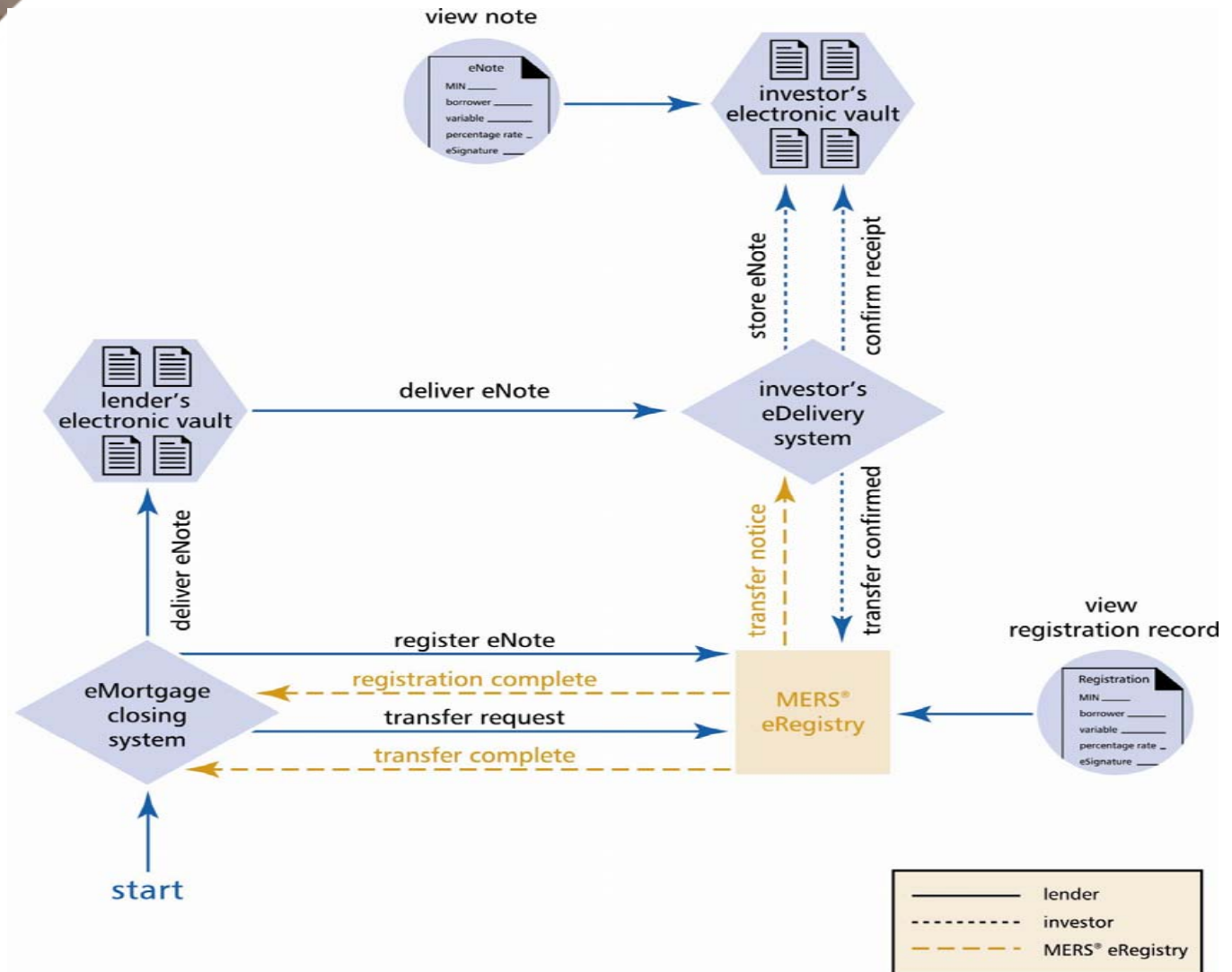
What's Different?

- 
- Create an eNote in electronic format
 - Execute eNote with digital signatures
 - Store eNote in an eVault
 - Deliver eNote to investor
 - Transfer eNote from one eVault to another
 - Service eNote
 - Interface with MERS[®] eRegistry to record these steps


The Process

- 
1. Borrower eSigns eNote using an eClosing platform
 - eNote contains MIN and MERS® eRegistry operator language
 2. Immediately, Lender registers eNote on the MERS® eRegistry
 - Lender is Controller, Location and Delegatee (if applicable)
 3. Upon sale, Lender initiates a Transfer of Control to the new investor
 - Lender transfers Location if required by investor
 - Lender delivers eNote if required by investor (MERS® eDelivery available)
 4. New investor confirms the transfer request(s)
 - Investor is now Controller (and Location, if applicable)
 5. Controller (or Delegatee) reports servicing events to the MERS® eRegistry


Registration & Sale Process




Transfer Action Types

- 
- Transfer of Control
 - Transfer of Location
 - Transfer Delegatee
 - Transfer All
 - Transfer of Control and Location
 - Transfer of Control and Delegatee


Life Cycle of an eNote

- 
- Changing Data on an eNote Record – Submit Change Data Request
 - Update
 - Borrower information
 - Property address
 - Delete Delegatee
 - Add Delegatee


Life Cycle of an eNote

- 
- Change Data Request – continued
 - Assumptions
 - Current Borrower information added
 - Original Borrower record maintained
 - Modifications
 - CEMA – new note is paper
 - CEMA – new note is an eNote
 - Modification Agreement is paper
 - Modification Agreement is electronic

Life Cycle of an eNote

- 
- Changing Status of an eNote
 - Life of loan events reported to the eRegistry via Change Status Request
 - Change Status reported in error can be reversed
 - Controller or Delegatee may initiate Change Status Request

Change Status Request Action Types

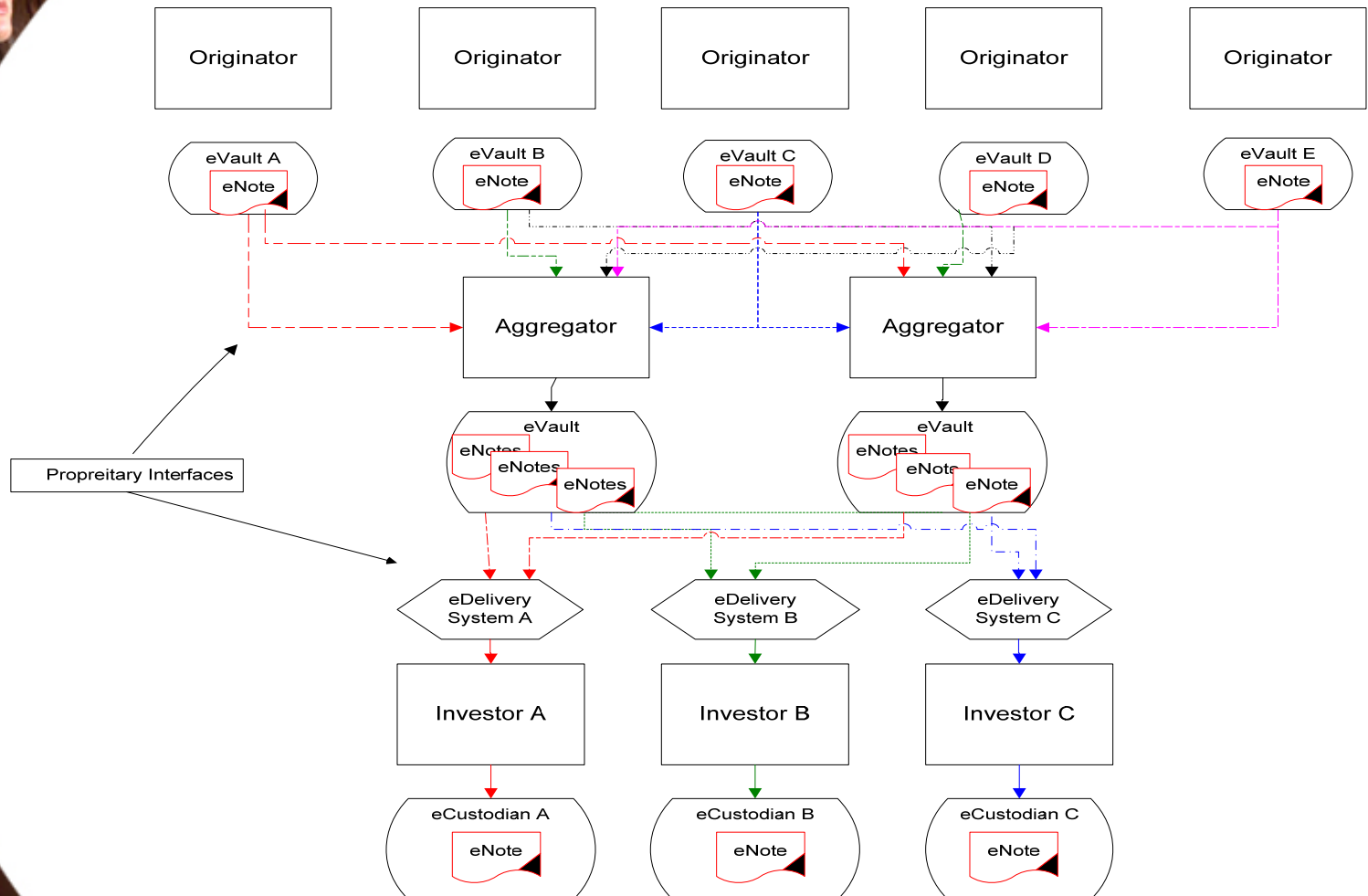
- 
- Paid off
 - Charge off
 - Converted to paper
 - Reversals

What is MERS® eDelivery?

- Delivers eMortgage packages from one MERS® eRegistry member to another, using the existing MERS® eRegistry infrastructure and transaction security requirements
- Leverages standard MISMO request/response envelope messaging and eMortgage Packaging standards
 - Requires encrypted frame relay or VPN connectivity
 - Utilizes Mortgage Identification Number (MIN) for loan level ID and MERS Org ID for trading partners
 - Must be an active MERS® eRegistry member

eDocument Delivery Dilemma

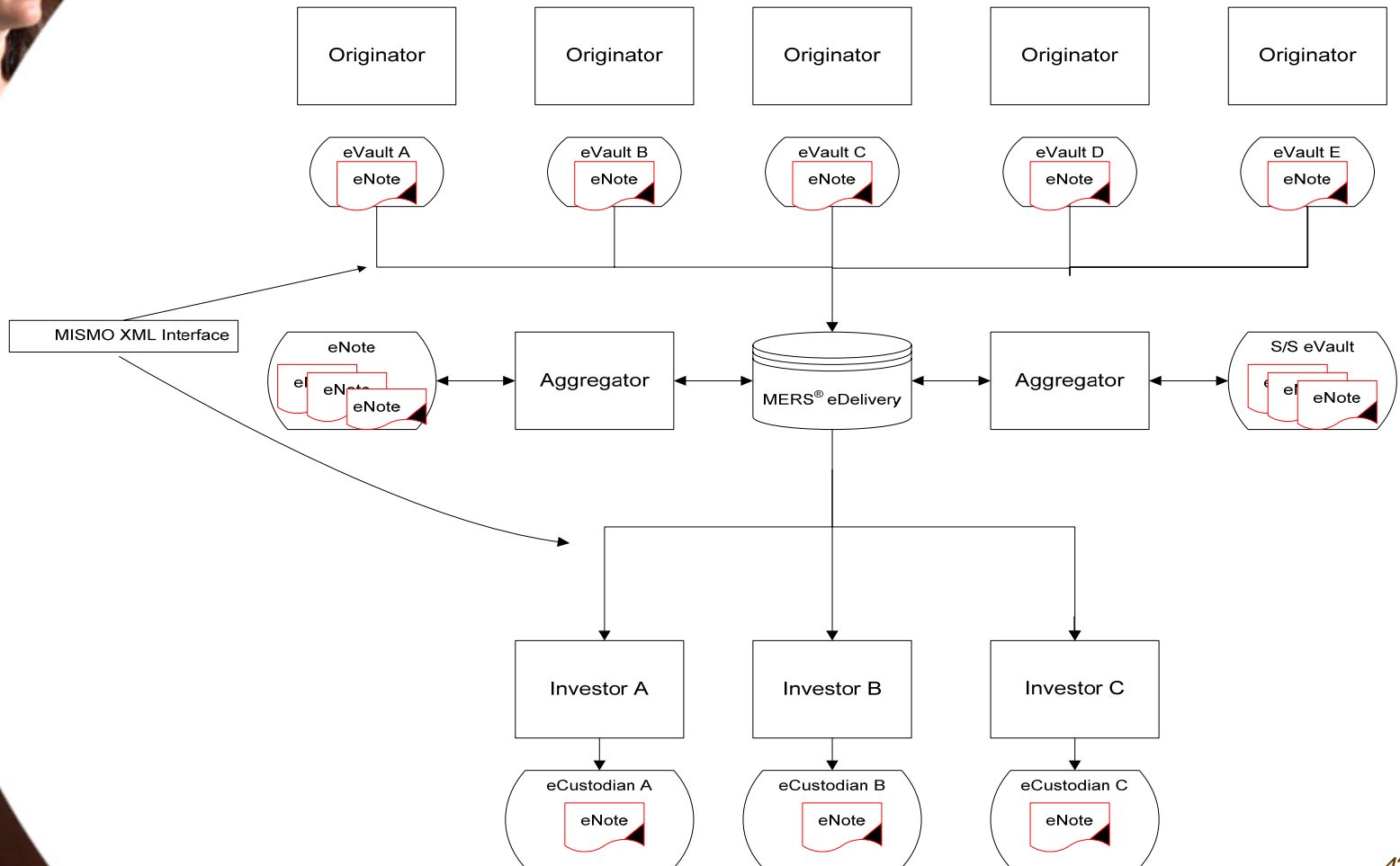
Aggregator Perspective



Add Your Company Logo Here

MERS® eDelivery

Aggregator Perspective



Add Your Company Logo Here

Questions?



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More information is available
from the MERS Web Site
(WWW.MERSINC.ORG) under
the “MERS® eRegistry” Tab.





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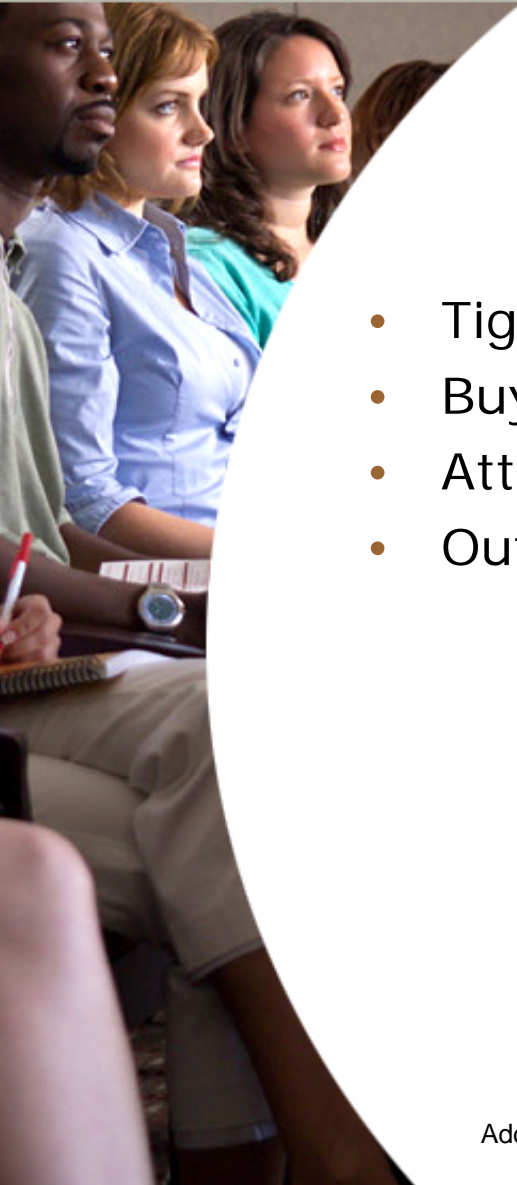
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- 
- Full Eagle, 10 year old mortgage bank
 - Little Guy
 - Retail
 - Multi-state
 - Internet / Traditional / Affiliate



Add Your Company Logo Here

- 
- Tighter Margins
 - Buy Backs
 - Attrition
 - Outsource / Offshore



E-Selling Despite Debate

- First End to End Paperless Transaction
- First Houston's definition of paperless is ?



- Implementation
- Staff Buy In ?
- Vendor Buy In?

Constructive Destruction



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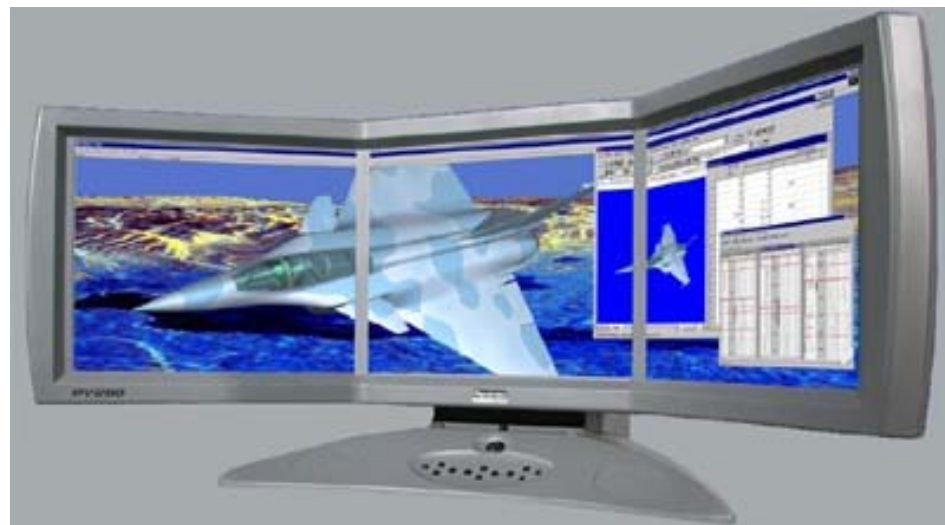
- K.I.S.S.
- McDonalds





Bring it to the Screen !!!

- Data
- Los's
- Web Apps





- The US system
- The best in the world



- The "mortgage" system
- The best in the world??

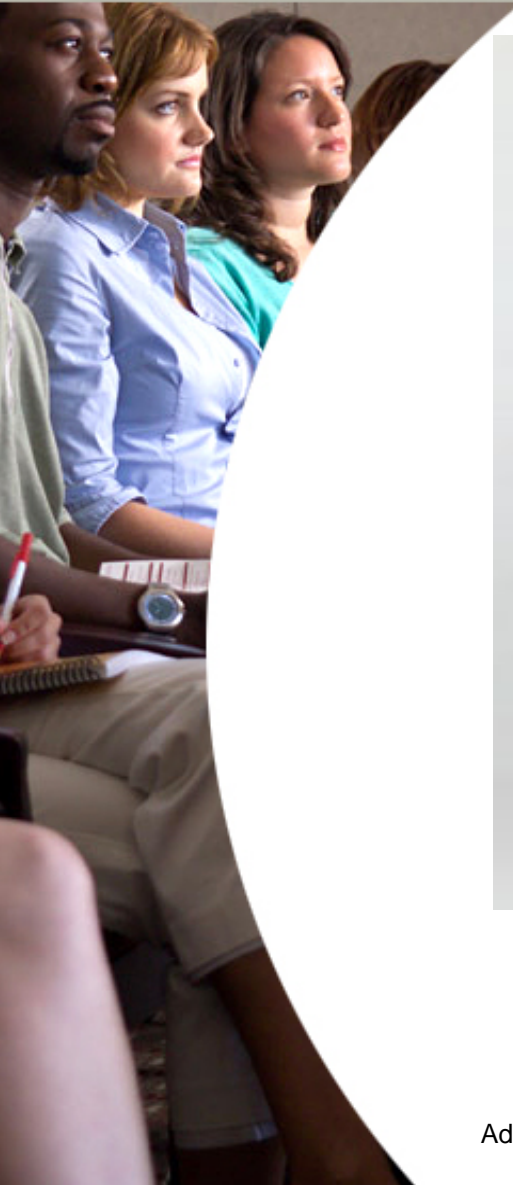


You are the Leaders !!!!



Cast:

- The Mortgage Origination Units -- Retail
- Title Companies
- Warehouse Lines
- Mortgage Co-Operatives



Add Your Company Logo Here



Add Your Company Logo Here

- Title Companies

- Warehouse lines



- Origination Units
- Where it all starts



- Cons ??? Really ??



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