

Implementing MISMO
Answering the Call for Empirical Economic Evidence

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Different People See Different Things

- **Our beliefs and perspective shape how we present the benefits of MISMO to the Mortgage industry**
 - We believe that MISMO reduces the cost of developing beneficial, innovative mortgage technology
 - We tend to see the mortgage industry the way that conforms to our beliefs
 - We hang around people that support our beliefs
 - We interpret information that supports our beliefs in a favorable light
 - We view un-supportive information as less-than-credible
 - To date, most of the evidence supporting the economics of MISMO has been 'soft'
- **Industry wants to judge MISMO based on hard science**
 - Our filters want us to believe in the economics of MISMO
 - We see "soft" rationale as supportive
 - Industry views "soft" rationale as an indication that there is no cost savings with MISMO
- **Let's develop a body of knowledge around real, empirical economics on the value of MISMO**

Background – Who Is Dexma?

- **Loan Origination / Processing Software Provider**
 - Retail Lending Center: Consumer facing origination platform
 - Loan Fulfillment Center: Workflow driven processing and fulfillment platform
 - 100% web based, hosted solution
 - Multiple business channels including retail, wholesale and correspondent
- **We Create New Markets and Market Leaders**
 - Prime Alliance Solutions - Serves 1,300 credit unions, and handles about 40 percent of all credit union 1st mortgages
 - The Lender's Edge™ – Strategic partnership aimed at community bankers and mid-sized lenders
 - Wholesale Lending – Large wholesale lenders, Mortgage Insurance Portals
- **Twelve Years Old**
 - Produced a lot of technology – we've had our share of successes and failures
 - Core expertise is in connections which drive our transaction platforms

Case Study: Retail Lender

- **Business Need - Faster Time to Market**
 - Retail Lender originating \$3.3 B annually
 - Desire to bring on a better, cheaper credit provider
- **Cost / Benefit**
 - 55 hours of design, development, deployment
 - Leverage existing MISMO based credit connections
 - Connection up and running in less than a month

Case Study: MISMO MI Interface Conversion

- **Business Need - Lower Total Cost of Ownership**
 - Reduce long term support costs as well as mitigate risk to Dexma due to:
 - Diminishing resources with EDI knowledge
 - Lack of support for 3rd party tools used to generate EDI transactions
 - Utilize technologies and skill sets easily found in the market - XML, HTTPS
 - Reduce infrastructure costs through leveraging existing, redundant, load balanced public network (internet)
- **Current Technology**
 - EDI file format via FTP over Goldworks (dedicated communication line)
- **Cost / Benefit**
 - Cost: Estimated 150 hours design, development, testing, deployment
 - Benefit: Eliminate dedicated primary and backup network connections
 - Payback: Approximately 6 months
 - Actual expenditures: 385 hours which translates to **11** month payback

Case Study: Subsequent MISMO MI Interface

- **Business Need - Lower Total Cost of Ownership, Faster Time to Market**
 - Leverage development work done in previous MISMO MI conversion
 - Utilize technologies and skill sets easily found in the market - XML, HTTPS
 - Leverage existing, redundant, load balanced public network (internet)
- **Current Technology**
 - EDI file format via MQSeries over dedicated communication line
- **Cost / Benefit**
 - Cost: Estimated 210 hours design, development, testing, deployment
 - Benefit: Eliminate dedicated primary and backup network connections
 - Payback: Approximately 6 months
 - Actual Expenditures: Came in on time, on budget
 - 45% faster implementation due to shared interface characteristics

MISMO – At the Heart of the Cost/Benefit

- **MISMO was directly responsible for these cost savings**
 - Common, consistent interface definition speeds development time
 - Built upon industry standard technologies including XML and HTTPS
- **This could not have been done without MISMO as MISMO brings together the industry to:**
 - Create a single, shared definition of mortgage loan data elements
 - Construct common implementation guides and samples

Strategies for Success

- **Building Blocks**
 - Transaction sets build upon each other
- **Build for variation**
 - Some variation among vendors, plan for it
 - Multi-step process, build the base data structures, vendor specific step at the end
- **Build one the rest will follow**
 - One's curiosity, no one notices
 - Two - creates some momentum
 - Three, and you have a stampede