

Online Channel Remains a Winner

Despite declines in volume overall in Q3 07, online originations continue to climb upward.

Overall the news was bad, as most expected it would be, when originations among the top 25 producers fell by 16% in the third quarter of 2007 as compared to one year prior. Among all originators, originations fell by 17% during this time period. However, the story online was very different.

The online channel showed considerable gains during these very trying times. Between Q3 06 and Q3 07, online originations increased by 49% among top producers and by 47% overall.

Another interesting number released for Q3 07 tracked customer satisfaction among borrowers. Although the housing market has been in turmoil for much of 2007, most borrowers have not been negatively impacted and overall satisfaction across the mortgage lending industry has remained stable since 2006, according to the J.D. Power and Associates 2007 Primary Mortgage Origination Study.

The study, which measures customer satisfaction with four key factors of the mortgage origination experience – application approval, interaction with the loan representative, closing, and problem resolution – finds that overall satisfaction is 750 on a 1,000–point scale, and is consistent with 2006 results.

Is it just a coincidence that as online originations increase so does customer satisfaction? The correlations between these two events, online originations and customer satisfaction, continue as half of the lenders ranked among the top 15 in terms of customer satisfaction are also among the top 15 online.

“In doing the study I thought sat-

isfaction would either go way down because of the state of the industry or way up because people would be so relieved to even qualify for a loan as we move to a conforming market,” said Tim Ryan, senior director of the mortgage practice at J.D. Power. “We found that it evened out really.

“The big takeaway, I believe is that borrowers have a better experience when dealing with lenders vs. brokers. Going into 2008 I think we’ll see this trend of increased customer satisfaction in the mortgage industry continue because there will be fewer subprime

loans, which means borrowers that get loans will be more qualified, and fewer brokers, which means people will be dealing more directly with their lender’

But retail lending is far more costly when compared to wholesale. That’s where the online channel comes in because it takes a lot of the cost out of interacting directly with the borrower. Lenders that have a robust, user-friendly website that allows for a lot of transparency between the lender and the borrower may find that their chances of surviving this downturn have just increased tenfold. **MT**

TOP ONLINE ORIGINATORS IN Q3 2007

(DOLLARS IN MILLIONS)

RANK	ORGANIZATION NAME	LOCATION	ONLINE ORIGINATION VOL.		%
			Q3 07	Q3 06	CHANGE
1	CitiMortgage, Inc.	O’Fallon, MO	\$25,533	\$10,284	148%
2	Chase Home Finance	Iselin, NJ	\$17,457	\$9,600	82%
3	IndyMac Bancorp, Inc.	Pasadena, CA	\$6,726	\$11,722	-43%
4	Amtrust Bank	Cleveland, OH	\$5,402	na	na
5	Provident Funding Associates	Burlingame, CA	\$5,085	\$3,226	58%
6	Washington Mutual	Seattle, WA	\$4,738	\$4,982	-5%
7	Quicken Loans, Inc.	Livonia, MI	\$3,580	\$3,754	-5%
8	Bank of America	Charlotte, NC	\$2,701	\$1,653	63%
9	SunTrust Mortgage, Inc.	Richmond, VA	\$2,212	\$4,801	-54%
10	HSBC Mortgage Corp. USA	Depew, NY	\$1,854	\$2,056	-10%
11	Taylor, Bean & Whitaker	Ocala, FL	\$1,783	na	na
12	ING Bank, FSB	Wilmington, DE	\$1,191	na	na
13	Wachovia	Charlotte, NC	\$685	\$1,112	-38%
14	Branch Banking & Trust Co.	Wilson, NC	\$677	\$295	129%
15	First Horizon Home Loans	Irving, TX	\$641	\$549	17%
Top 15 Totals:			\$80,263	\$54,034	49%
Totals Submitted:			\$82,539	\$56,144	47%

Notes: QDR defines an online origination as any new loan where the consumer applied or pre-applied online. Some firms include their tele-sales numbers in with their online volume which will cause distortions in these results. Countrywide and Wells Fargo no longer disclose this figure.

Source: Mortgage Technology/Quarterly Data Report.

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