

Online Retail Declines Modest

Despite the current downturn, **online retail** volume slips, but **outperforms** overall origination declines.

The mortgage industry was not surprised when it was reported that the fourth quarter of 2007 brought some bad news in terms of overall volume. By the numbers, residential mortgage bankers funded \$496 billion in the fourth quarter, which represented the industry's worst quarter in nearly seven years.

However, overall online volume during the same time period showed a glimmer of hope as this channel's volume bunked this downward trend and actually increased by 27%. Online retail numbers weren't as cheery, but did hold up better when compared to volume drops overall.

Specifically, fourth-quarter retail online volume slipped by 12% as compared to one year prior. This number will be interesting to track this year as several large players have opted to drop out of wholesale in favor of retail.

The cost for a lender to originate using a retail channel is higher when compared to wholesale, so conventional wisdom would dictate that lenders might put more emphasis on doing retail online to cut some of

that cost out of the process during a time when lenders need to spend less originating a loan in order to survive the current downturn.

No matter how volume may fluctuate over the next few months, Quicken Loans remains the No. 1 online retail lender. The lender's chief information officer Frank Lara noted that online lending is becoming the preferred method of getting a mortgage, regardless.

"Online lending provides better customer service," he said. "As folks become familiar with transacting online they expect this. It also enables faster service."

E-closing pioneer Navy Federal Credit Union also saw a bump in its online retail numbers. The credit union has stopped doing e-closings and has automated the point-of-sale. If these numbers are any indication this strategy has paid off. Later this year Navy Fed plans to launch a fully automated process from end-to-end.

Going electronic certainly pays off. "If someone is doing a manual task we can put that talented person to a more critical place," said Mr. Lara. "We accomplish this by going electronic and offering more online. It also shortens the lending timetable. We can also be more in control of the data." **MT**

TOP RETAIL ONLINE ORIGINATORS IN Q4 2007

(DOLLARS IN MILLIONS)

RANK	ORGANIZATION NAME	LOCATION	ONLINE RETAIL ORIG VOL		%
			Q4 07	Q4 06	
1	Quicken Loans, Inc.	Livonia, MI	\$3,614	\$4,722	-23%
2	Bank of America	Charlotte, NC	\$2,782	\$1,819	53%
3	Chase Home Finance	Iselin, NJ	\$2,250	\$2,322	-3%
4	CitiMortgage, Inc.	O'Fallon, MO	\$496	\$576	-14%
5	Navy FCU	Merrifield, VA	\$478	\$338	41%
6	SunTrust Mortgage, Inc.	Richmond, VA	\$393	\$724	-46%
7	First Horizon Home Loans	Irving, TX	\$326	\$419	-22%
8	Wachovia	Charlotte, NC	\$150	\$805	-81%
9	American Internet Mortgage	San Diego, CA	\$148	\$124	19%
10	Provident Funding Associates	Burlingame, CA	\$127	\$110	15%
Top 20 Totals:			\$10,764	\$11,959	-10%
Totals Submitted:			\$11,292	\$12,875	-12%

NOTES: Results may be incomplete because some lenders would not disclose this data point. 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.

Source: Mortgage Technology Magazine/QDR.

Questions? Email: Paul.Muolo@SourceMedia.com.

CORRECTION

In the last edition of this section the stats chart was labeled "Top Online Retail Lenders in Q4 2007" when in fact both the numbers and the story discussed total online originations. By contrast, this edition of Tech Stats is dedicated to just online retail originations. We apologize for the error.