

## Online Retail Survives

Despite the huge downturn in lending originations in the first quarter, online retail has **remained steady**.

In the first quarter of 2008 total originations came in at \$525 billion, a 30% decrease from one year prior. In terms of overall originations, 2008 may be the worst year since 2001 when total volume was \$2 trillion.

The story for online retail lending during the same time period was very different, however. In the first quarter of this year online retail was only down by 5% compared to one year prior. Online retail made up 3% of originations done in the first quarter of this year overall.

Why is online retail proving to be a more resilient channel? "Outside of market conditions, I think online retail will grow slowly," answered Todd Lunsford, chief marketing officer at the No. 1 online retail lender Quicken Loans. "The market will dictate that more is done online.

"However, the market is also forcing a lot of players out of the space. So, there are fewer options for the client as well. As a result, the use of the Web will increase to better serve the client, just with far less competition."

For several years now, Quicken has remained at the top as the No. 1 online retailer. Mr. Lunsford attributes this success to the company's culture. "From senior leadership to everyone down the line, we're focused on responding to the client. I think that's a key ingredient to any good online strategy. We also focus on training our employees well. If our trainers aren't in class they're walking the floor. We leverage technology to make sure clients are followed up on."

A defining element to any online strategy is to have a fully functional website with a number of features built in. "We go out of our way to present an accurate message on our website," explained Mr. Lunsford. "We lose a lot of business on the front end because we don't break promises. We try to nurture our leads. If we can't offer the best deal we encourage the borrower to go elsewhere.

"Also, the consumer wants to see where their loan is so we give them complete access on the Web. Our CEO gets involved personally with every client complaint. I don't think you'll find that anywhere else."

But do lenders get the value of online retail? "Many lenders get the value," answered Mr. Lunsford. "It's just hard. Just generating leads is a challenge. Then you have to create a website that appeals to the borrower. There are barriers to entry for sure.

"Further, we launched Quizzle. It was developed for people looking for ways to manage their finances, even outside of their mortgage. It's a financial management tool. We provide free features like credit reports every six months and an interface to AVMs so the borrower can see what their home is worth. This is a whole new level of client service." **MT**

### TOP RETAIL ONLINE ORIGINATORS IN Q1 2008

(DOLLARS IN MILLIONS)

RANK	ORGANIZATION NAME	LOCATION	ONLINE RETAIL ORIG VOL		%
			Q1 08	Q1 07	
1	Quicken Loans, Inc.	Livonia, MI	\$4,190	\$5,495	-24%
2	Chase	Iselin, NJ	\$3,301	\$2,514	31%
3	Bank of America	Charlotte, NC	\$2,870	\$4,498	-36%
4	CitiMortgage, Inc.	O'Fallon, MO	\$1,256	\$785	60%
5	Navy FCU	Merrifield, VA	\$765	\$337	127%
6	PHH Mortgage	Mt. Laurel, NJ	\$507	na	na
7	Banco Popular/E-Loan	Pleasanton, CA	\$396	\$808	-51%
8	SunTrust Mortgage, Inc.	Richmond, VA	\$371	\$500	-26%
9	First Horizon Home Loans	Irving, TX	\$366	\$402	-9%
10	Ace Mortgage Funding, Inc.	Indianapolis, IN	\$307	\$163	88%
Top 10 Totals:			\$14,329	\$15,502	-8%
Totals Submitted:			\$15,589	\$16,395	-5%

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.

Source: MT/Quarterly Data Report.  
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