A man in a dark suit and light blue shirt is sitting at a wooden chessboard. He is looking intently at the camera with his hand resting on his chin. He is holding a white chess piece (a king) in his right hand, as if about to move it. The chessboard is set up with various pieces, and the background is a plain, light-colored wall.

Xerox Mortgage Services' Greg Smith discusses how lenders can thrive by going electronic.

CHECK MATE, **XEROX** HELPS LENDERS

SURE THE CURRENT MORTGAGE market is difficult for originators used to the days of volume overload. However, that doesn't mean that lenders can't succeed if they think strategically about technology and move toward a more electronic and efficient process. Lenders can still play the lending game and succeed.

Late last year Xerox Corp. acquired e-collaboration vendor Advectis Inc., which is now known as Xerox Mortgage Services. The combination of Xerox and what was Advectis has brought new technologies to the mortgage market to help lenders craft the right "e" strategy. Xerox Mortgage Services' vice president and general manager Greg Smith talked with our editor Tony Garritano about what lenders need to do in this market.

Photography By Robin Nelson

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MORTGAGE TECHNOLOGY: *Talk about the benefits of having Xerox behind you.*

GREG SMITH: It's been a challenging year for all of us serving this industry. Xerox is providing resources to us to provide better solutions to our industry. They've been very supportive of our partnership with Wave Systems. They do document processing to extract data. They call it smarter documents. I don't want to confuse that with SMART Docs. We're caught in a situation where we can drink from a firehose. There's so much available to us. In one year I feel good about the progress made around identifying these technologies and discussing them with our clients to gauge interest. There's OCR, and a whole host of things offered through the smarter document technology.

MORTGAGE TECHNOLOGY: *Has the Xerox name gotten the company more attention from top 20 lenders?*

GREG SMITH: There is one lender in particular that we're negotiating with that will be big. The ability for us to leverage one of the most recognized brands in the world and bring a *Fortune 100* company into the mortgage fray is a benefit. We were successful as Advectis, but there were always questions about whether we'll be around. That's not a question anymore. We're in a dialogue with several big names. We probably would have talked to them anyway, but we can now offer them more services. It's a big benefit for us to be Xerox Mortgage Services.

MORTGAGE TECHNOLOGY: *Explain the Xerox DataGlyph technology and how it can benefit lenders.*

GREG SMITH: One of the biggest challenges of bar coding is to get a bar code on every closing document embedded so you could print them out and e-sign them without white sheeting, that would be a big benefit. We found that about two-thirds of the docs have enough real estate to insert a bar code. Our thinking is that if you can't capture all the docs you have two processes that you have to run concurrently. DataGlyphs were invented by Xerox to embed computer-readable data on a document. So they're flexible in terms of size and shape. They also have an error-prone technology to make them more reliable. There's redundancy built in so that even if a pen goes through the glyph, the data is still readable. The end goal is an e-closing, but there is also technology like this that we can offer to give lenders the ability to automate paper as we get there. The work we've done has been very promising. Our clients have been very responsive.

MORTGAGE TECHNOLOGY: *In general, define electronic adoption in this market.*

GREG SMITH: We're moving forward. Trident Mortgage Co. selected us in February of this year. They started going "e" in post-closing and they're rolling us forward. They use Harland, one of our partners, as their LOS. They're also interested in using DataGlyphs. Universal American Mortgage Co. went live last summer. They started in origination and moved to post-close. They went paperless and we're their imaging partner. The ease of integration to best-of-breed solutions is extremely important these days. You shouldn't have to compromise on a one-size-fits-all. We're seeing our customers wanting to do more and more. We're investing resources to make the process easier. Guild Mortgage is using us for e-signatures. This is an example of a BlitzDocs customer

that wants to move into the "e" space. Wisconsin Mortgage is extensively using DataGlyphs. We're also looking at other Xerox technologies. They spend billions a year on document-centric technology. One of the great things about our platform is that we have the benefits of Software as a Service. Over the years the platform has grown in terms of features and functionality. We can offer customized implementation so the customer can get customized code based on their needs. The industry is moving forward.

MORTGAGE TECHNOLOGY: *Any integration areas that you're looking to complete?*

GREG SMITH: We're looking at point-of-sale applications that have a data collection element. So, we're looking at pricing vendors, LOS software, e-mortgage integrations, etc. Also, a lot of our customers own real estate firms or title companies so we'll expand into those areas as well. Think of it this way, if we're a frog on a lily pad we don't want to jump across the whole pond, we want to go somewhere close and eventually span the whole pond that way.

MORTGAGE TECHNOLOGY: *A recent integration that Xerox Mortgage Services did with Wave Systems puts the company firmly in the "e" space. How is that going?*

GREG SMITH: We're well underway with Wave. We started production with e-signing and e-vaulting in the end of September. We'll have the MERS integration done at the same time. You can't have an e-closing solution without MERS and e-vaulting. We could have built an e-signature platform, but we feel that you need strong platforms provided by strong partners. We like Wave. We like their technology. We like the people. We think we can grow faster this way. The e-mortgage space is one of those spaces where being first to market isn't always best.

Players like BCE Emerges spent a lot on e-mortgages very early on, but that investment won't be recouped. However, if you're starting now and you're doing it right I think those players will drive the price point down and thus accelerate adoption.

MORTGAGE TECHNOLOGY: *There's also a lot of emphasis on Software as a Service. How is SaaS different from the ASP model?*

GREG SMITH: ASP is a late '90s or early 2000 phrase. However, with that market's collapse it became a dirty world. SaaS is a better descriptor. SaaS introduced on-demand to the mortgage space. It's re-introducing the term in a better way. When we were launching

this business years back there was a lot of discussion about how you can't call it ASP, you had to talk in terms of being on-demand. SaaS will be sustainable though. Looking back, SaaS was a tough sell in the IT department at first. They would prefer to work on a lot of those projects. However, we've had a few years of market contraction. What did that do? It convinced the CEO that he needs a variable-cost model. *Mortgage Technology* magazine just wrote a nice article about what Flagstar Bank did in adopting the e-mortgage, but that was a process at Flagstar that stretched over years. They also invested a lot to make that happen. They did a great job and they are

to be commended for what they have done, but lenders today don't have the time and money to go down that same road. SaaS is quicker and you leverage the vendor more.

MORTGAGE TECHNOLOGY: *Every year Xerox Mortgage Services surveys your clients' broker partners. What, if anything, surprised you about the findings this year?*

GREG SMITH: First of all there are fewer brokers this year. We ask a series of questions to this population each year as you noted, nonetheless. One question is: Does BlitzDocs streamline the process? This year the broker survey underscored that we have provided a network with less

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manual touch-points. As we add more features our customers are leveraging that into more value. Also, half of those surveyed said they originate six more loans a month. That's a 6% increase over last year. A byproduct of installing BlitzDocs is that it enables the sales people to sell and spend less time in the corporate office.

MORTGAGE TECHNOLOGY: *What would you say is your greatest contribution to mortgage automation?*

GREG SMITH: We introduced the word paperless. At the next MBA annual you saw half a dozen vendors with paperless in their tagline. Then we talked about collaboration and now others have followed there, too. It's flattering to see competitors use our taglines to describe their business when their business is so different. We're still bringing new customers in and will be well positioned for the market rebound. When we first entered the space lenders weren't sending documents over the Internet at all. We said you need to put these parties together and define their participation in an electronic world. There are a number of offerings that have one or two levels of security and that's it. That's not the right path. Still a lot of the documents are paper sourced, but as we're able to use digital signing and e-mortgage practices, we're leveraging a better process overall. We're always thinking of the paperless world and how that fits within mortgage. There are technologies expanding what paperless means today vs. just three years ago. You have to have the best technology. We've grown up in mortgage so we know how it works. Second, you have to have the right delivery people to support the customer. There has to be someone there with the customer all the time. Finally, you have to have an infrastructure with the redundancy



Spotlight on GREG SMITH

Mr. Smith is vice president and general manager of Xerox Mortgage Services Inc. Prior to Xerox, he co-founded and served as CEO of Advectis Inc., the exclusive provider of the BlitzDocs Collaboration Suite, an electronic document collaboration tool.

The BlitzDocs solution enables a network of mortgage participants to manage the process needed to underwrite, audit, collaborate, deliver and archive loan documents electronically via an on-demand, Web-based application. Advectis Inc. was acquired by Xerox Corp. in October 2007.

Mr. Smith has experience dealing with vertical market development, application software and Software as a Service deployment. He is responsible for the conceptualization and creation of BlitzDocs.

Before co-founding Advectis, Mr. Smith was instrumental in launching products in a number of vertical markets, including the insurance and commercial real estate industries, as general manager of mortgage services for InterTech, a provider of Web-enabled document management and workflow solutions for document-centric business commerce transactions.

and bandwidth to make that world class.

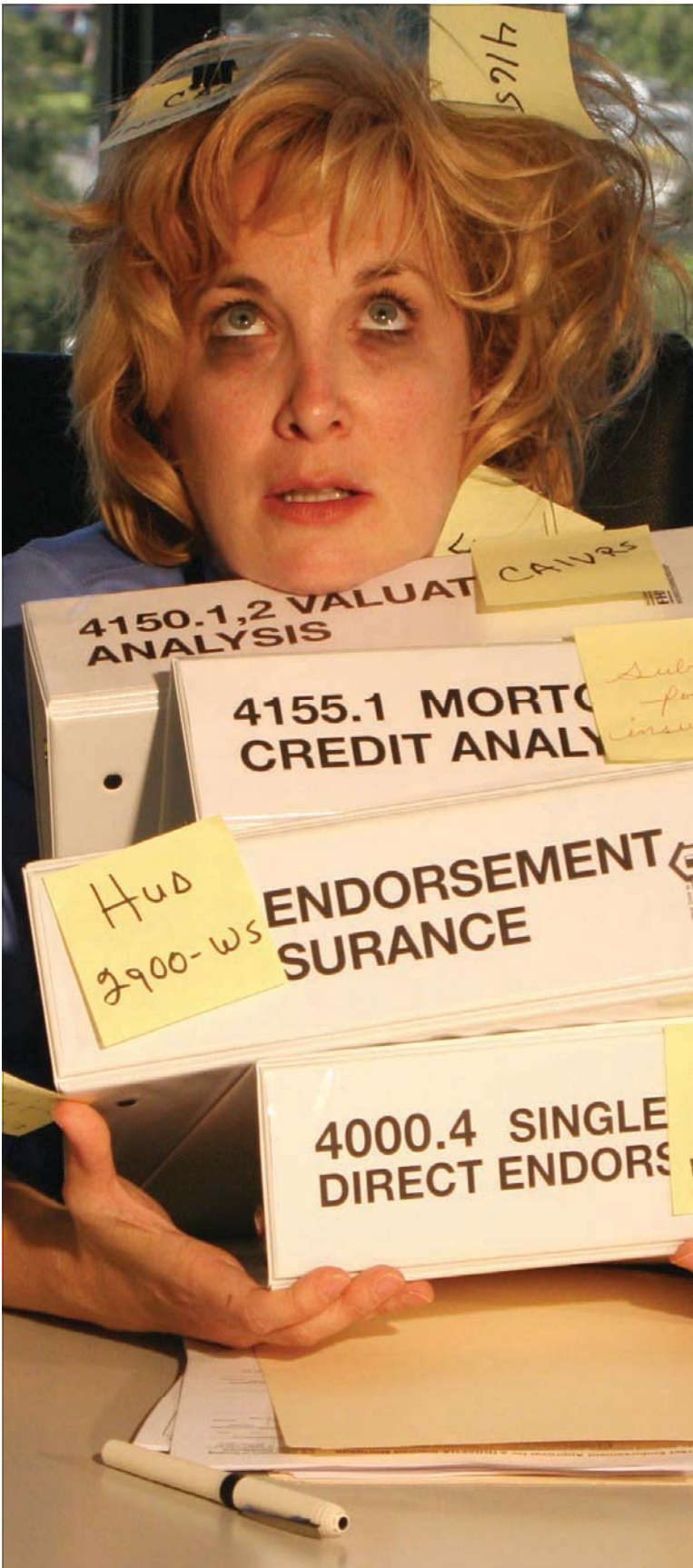
MORTGAGE TECHNOLOGY: What will the current market correction mean for mortgage technology going forward?

GREG SMITH: This market correction is going to introduce more streamlined processes. However, because of regulatory pressure, which is going to increase, and the number of sources needed to verify the loan, there will still be paper. However, you'll see electronic documents introduced alongside the paper process. You'll see more usage of e-signatures and paper driven out of the process. Over time you'll see that technology going into lower-labor force jobs to do that cheaper.

If you want to reduce friction you have to take aim at the paper. You need to remove paper as early in the process as possible. From there, you're talking about fine-tuning. You talk about things like e-signing and e-delivery. You can do a paperless closing, but that misses the mark in the front end where you can use paperless to move "e" business all the way to closing. As archaic as it is to get a mortgage, it's still a better process here in the U.S. when compared to other places of the world. The challenges facing many senior executives, because of the credit crunch, is a keen focus on what they're doing to prepare for the future is now based on much more short-term strategies. The last 18 months have been traumatic. As part of this environment those CEOs need to get started on the e-mortgage path now. You need to investigate the vendors and pick one that's going to be around. You have to look at the technology itself and the individual vendor as a long-term partner.

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