

BEAT THE ODDS. BET ON TECH

# TECH 09

NATIONAL  
TECHNOLOGY  
IN MORTGAGE  
BANKING  
CONFERENCE  
& EXPO

## eMortgage Update

Moderated by Brian Boike, First Vice President, Flagstar Bank

Add Your Company Logo Here

# Agenda

- **Panel Introduction**
- **Adoption Overview**
- **eDisclosures**
- **eModifications**
- **eClosings**
- **MISMO Version 3.0**
- **Questions**

# Panelists

TECH•09

- **Tim Anderson**

President  
SigniaDocs



- **Roger Gudobba**

Chief Strategy Officer  
Compliance Systems, Inc.



- **Abdias Lira**

Principal Software Architect  
Wolters Kluwer Financial Services



- **Kim Weaver**

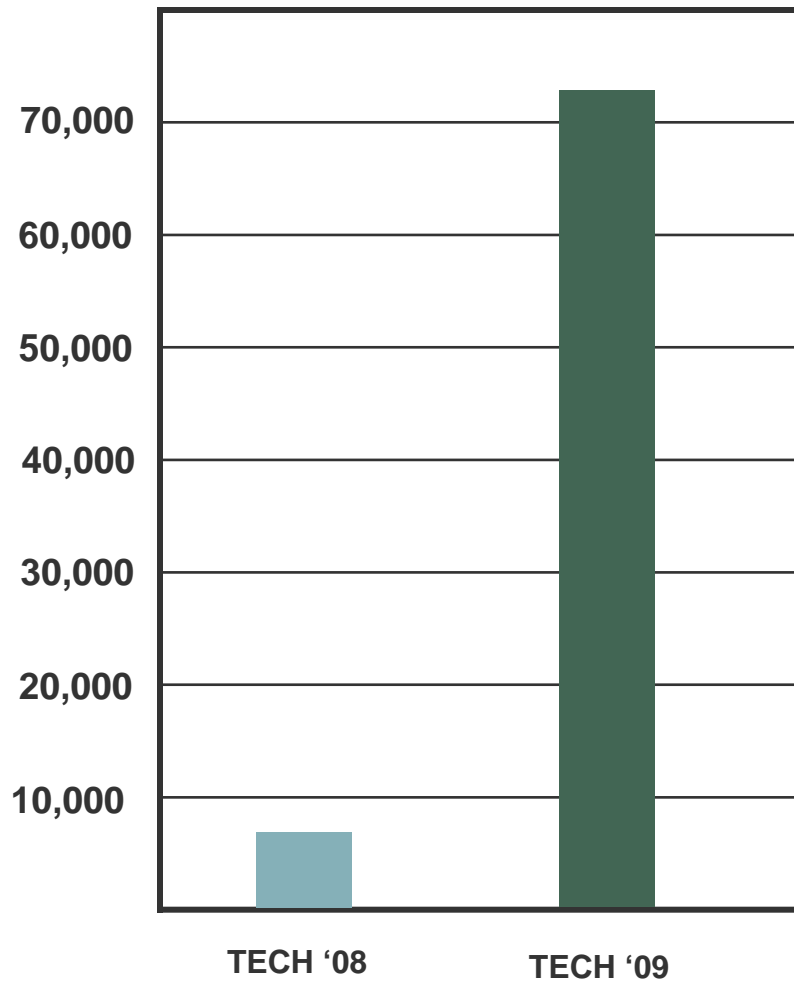
Vice President of Product Management  
Fiserv Lending Solutions



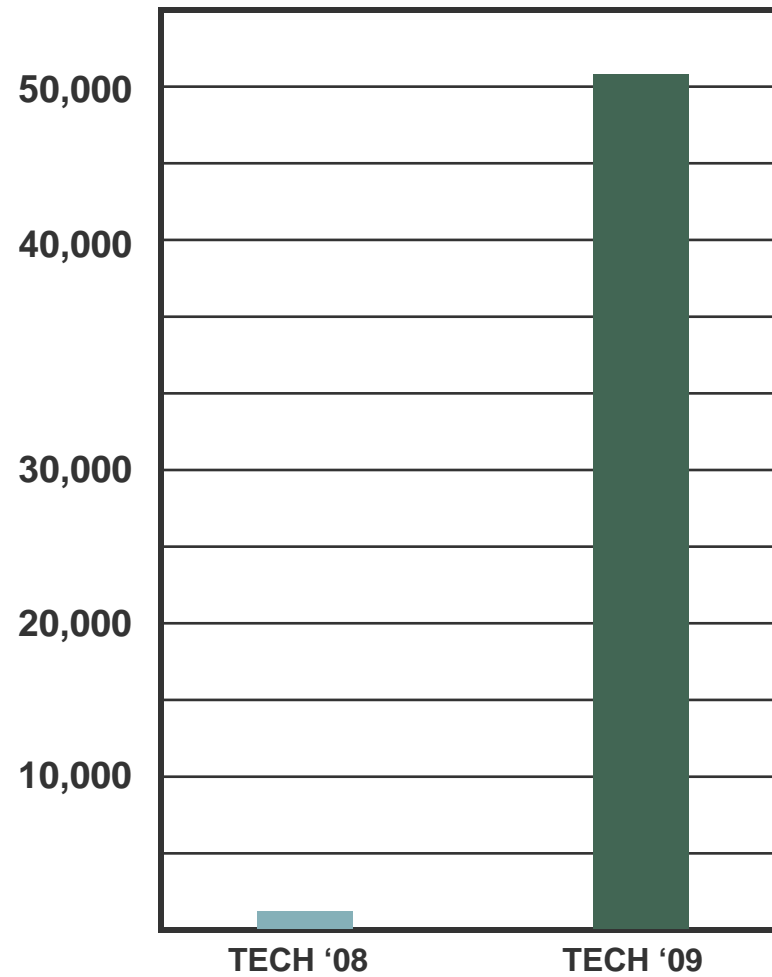


# Adoption: More eNotes

MERS® eRegistry

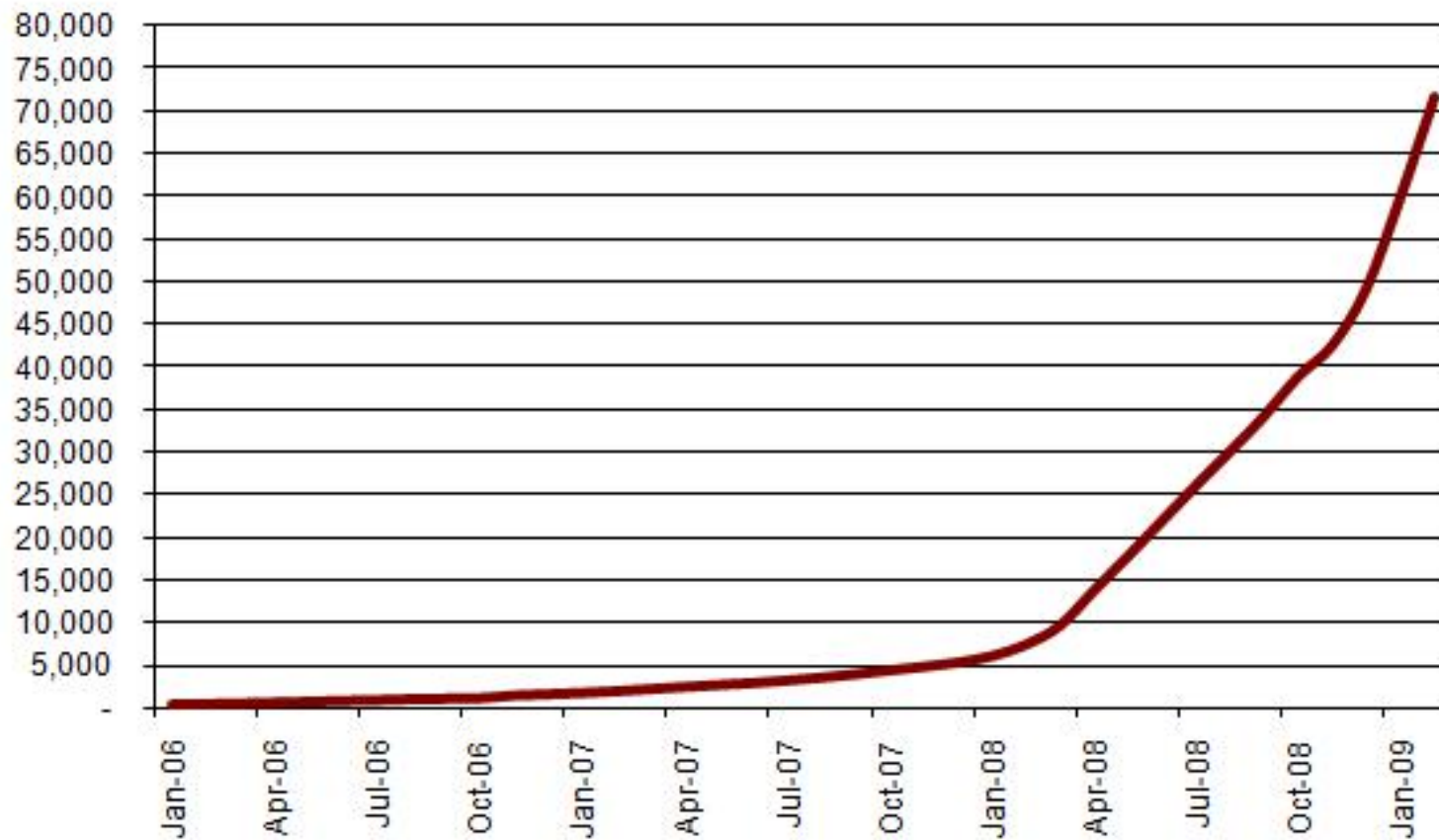


MERS® eDelivery



# Adoption: More eNotes

The MERS® eRegistry Cumulative Registrations  
Total 71,754



# Adoption: More Players

## MERS® eRegistry: Lender/Investor

TECH '08	TECH '09
1st Advantage Mortgage, LLC	Bank of America
American First Credit Union	CitiMortgage Inc
Amtrust	TIB
Boeing Employee Credit Union	Fidelity, Wichita Falls
Century Bank	Dyck-O'Neal
Fannie Mae	<u>In Integration</u>
First Collateral (pilot)	Bank of America (LaSalle)
First Houston	SUSA
Flagstar	ENY Federal Credit Union
Freddie Mac (Pilot)	South Florida Educational Credit Union
GMAC	EverBank
Greenlight Mortgage (Pilot)	
Navy Federal Credit Union	
Wells Fargo (pilot)	

## MERS® eRegistry: Vendors

TECH '08	TECH '09
	<u>In Integration</u>
Fiserv	WAVE
Encomia	SigniaDocs
Settleware	MBMS
Digital Docs	Silanis
DPS	

## Adoption: eNoteworthy

- MBA ResTech: Emortgage Adoption Task Force
- MERS® eRegistry Users Group
- MISMO®, ESRA and ALTA Release White Paper Confirming the Legality of eNotes

# eMortgage Update

## Electronic Disclosures

Roger Gudobba, Chief Strategy Officer  
Compliance Systems, Inc.



# Disclosures are a Constant



- Consumer Information Booklet
- Good Faith Estimate
- Truth in Lending
- RESPA Servicing Disclosure

- Updated Good Faith Estimate
- Updated Truth in Lending
- Loan Program Disclosure

- Lock in Letter
- Updated Truth in Lending

- HUD-1
- Affiliated Business Arrangement (AfBA) disclosure

- Annual Escrow Disclosure
- Servicing Transfer

...and more, depending on the lender

# Benefits of eDisclosures

Problem	Electronic Solution
Compliance – which version is the correct version?	Electronic library always available
Customer Service – how fast can we get them to the borrower?	Immediate, secure delivery (SAS 70)
RESPA – when were the disclosures sent?	Time and data stamps
Tracking – were the disclosures received?	Ability to invisibly track
Execution and receipt	Fastest method
Costs of paper, ink, postage, etc	Eliminates

1. eConsent
2. eNotification
  - Authentication
3. eDelivery
  - Secure web site (eMail alone not secure)
4. eSignature / eAcknowledgement
  - eSign, UETA best practices
  - Investor acceptance (check first)
  - Signature applied to document
  - Automatic print fulfillment
  - Audit trails (Reporting)
5. Storage of electronically signed documents to preserve trustworthiness (eVault)

## Considerations

- Branding
- Scalability

# eMortgage Update

## Electronic Closing & Vaulting

Kim Weaver, Vice President

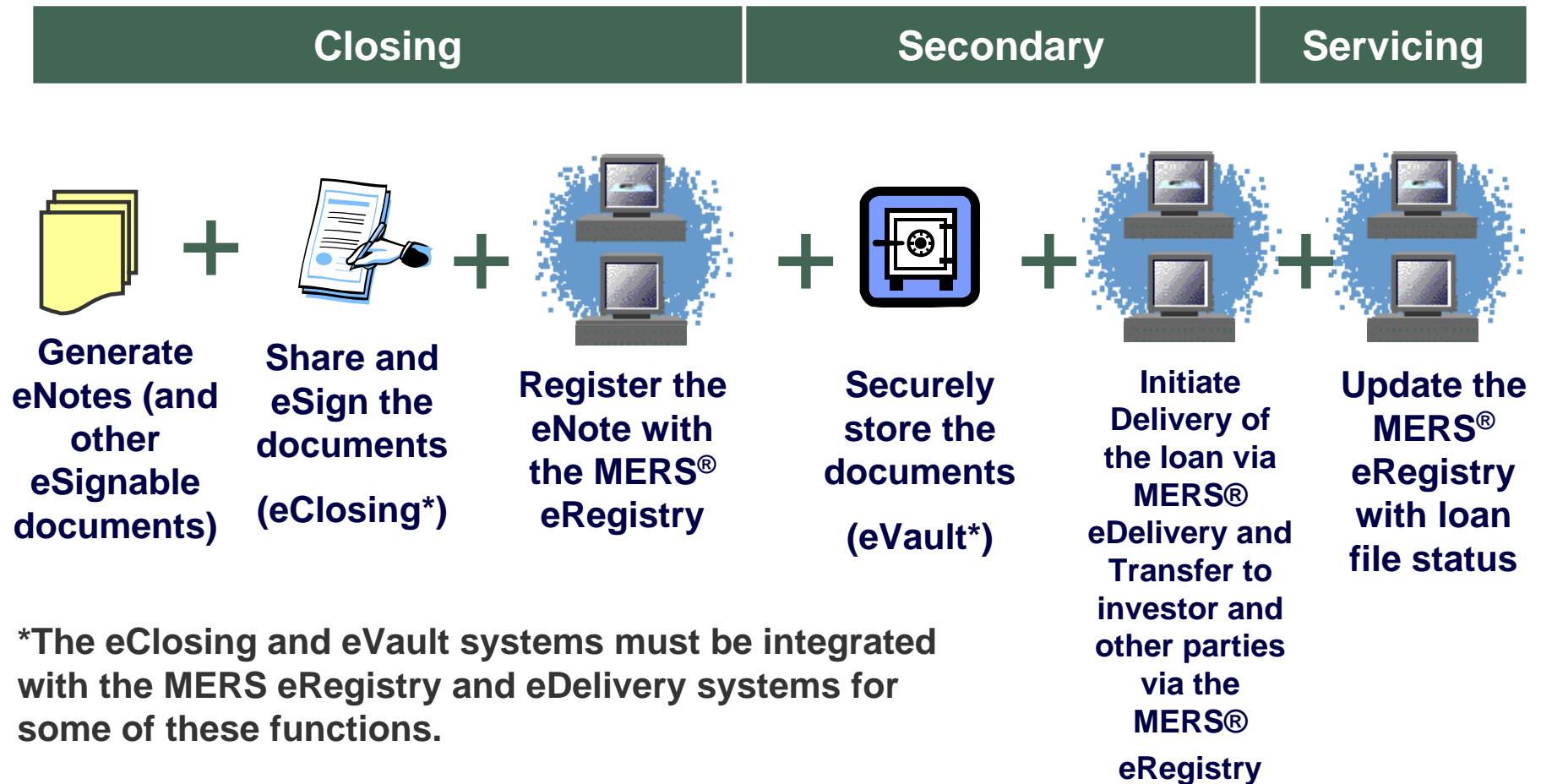
Fiserv



- Borrowers can review documents ahead of closing
  - Borrower “QC” before closing
  - Borrowers can even eSign some documents ahead of closing
- Control over closing process
  - Lender retains control over document content
  - No more missing signatures, or undersigned documents
- eSigned documents instantly available to lender and investors
  - Documents can be auto-reviewed with 100% accuracy
  - Tamper-evident seal and MERS eRegistry information can be auto-checked
  - Minutes for delivery from closing table to lender to investor
- Risk Management
  - Reduce commitment delivery issues
  - Verify ownership prior to purchase
  - Eliminate “where’s the note” in servicing

# Originating eMortgages

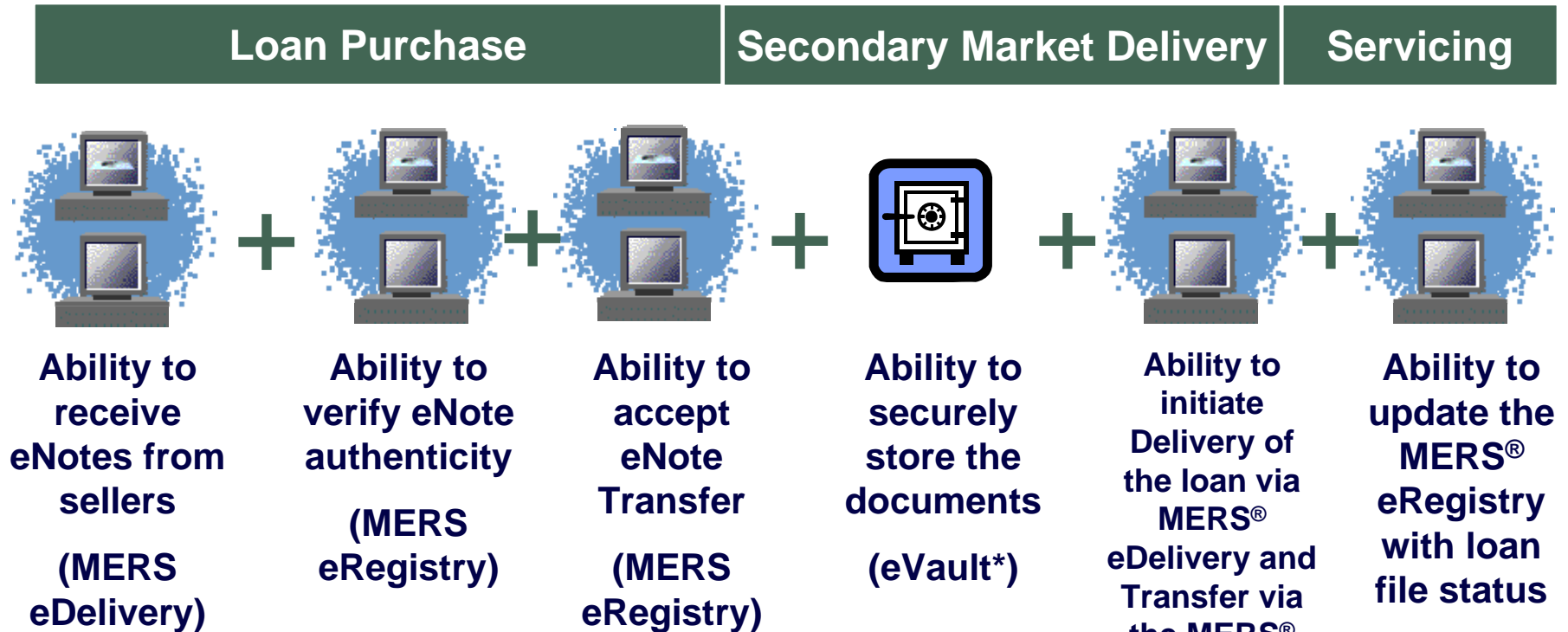
To originate eMortgages you need:



\*The eClosing and eVault systems must be integrated with the MERS eRegistry and eDelivery systems for some of these functions.

# Buying eMortgages

To buy eMortgages for resale, you need:



\*The eVault must be integrated with the MERS eDelivery and eRegistry systems for these functions.

## Uses:

- GSE investor closings
- Portfolio loan closings
- eHELOCs/seconds

## Considerations:

- Borrowers must agree to eSign
- Investor acceptance/fungibility
- Servicer ability to support
- eNotarization
- eRecording

- **29 states:** AR, AZ, CA, CO, FL, IA, ID, IL, IN, KS, MA, ME, MI, MN, MO, NC, NH, NJ, NM, NV, OH, OK, PA, TN, TX, UT, VA, WA, WI, and the District of Columbia
- Statewide ER Web Portal Initiatives Led by **Recorders:**
  - NJ (in operation; 13 counties)
  - IA (in operation; 94 out of 99 counties)
  - MO (in operation with about 6 counties)
  - CO (underway; planning to incorporate with State portal)
  - CA (planning stages)
  - PA (considering)
  - NC (considering)
  - FL (considering)
  - MN (considering)
- Over 370 counties e-connected with e-recording

SOURCE: Property Records Industry Association (PRIA); PRIA periodically updates and validates this information.

*Slide provided by Carmelo D. Bramante of CDB Consultancy LLC*

# eMortgage Update

## eModifications

Tim Anderson, President

SigniaDocs



- 2/17/09 Obama announces \$75 Billion dollar Homeowners Affordability & Stability Plan (HASP)
- Roughly 60 million loans with @ 10% in some delinquency status = 6 m loans at risk
- 3 – 4 million could qualify for some sort of modification plan
- 4 – 5 million refi
- On average of those qualified, 50% of modification offers are not even opened much less returned
- Under the FDIC, IndyMac has mailed more than **23,000** loan modification proposals [*and completed 5,000 loan mods*] to borrowers, and will mail over 7,000 more soon.

- Once work-out program is selected invite immediately sent to borrower to view documents
- Borrower clicks on secure link to view and eSign documents online in minutes
- All disclosures, calcs and documents carry full compliance rep and warrant
- All activity is date and time stamped for tracking and audit verification purposes
- System supports electronic notes, expiration notification and other alerts
- Documents can be accessible online in secure eVault for as long as you want
- Increase acceptance and pull-thru by over 80%
- Fast, easy, reduce time, cost, steps and errors

ESign-Consent - Windows Internet Explorer

http://lab.signonline.com/SmartSigningRoom/ESIGNConsent.aspx?SigningRoomGUID=2444a023-2251-4e23-b83d-55726dd

File Edit View Favorites Tools Help

Google G Go Bookmarks 131 blocked Check AutoLink AutoFill Send to Settings Links

ESign-Consent

**SIGNIADOCX**

Change Password | Update Profile | Logout | Help

Transaction ID: 1404414329  
 Friendly Name: Broker Jones  
 Invitee Name: Sarah Jones

Logged in as sjonesroom

### Agreement To Do Business With Client (Electronically)

Before we can engage in this transaction electronically, it is important that you understand your rights and responsibilities. Please read the following and affirm your consent to conduct this transaction electronically.

- 1 Conducting this transaction electronically requires your consent. Your consent will apply to all your Wave Systems online transactions.
- 2 Conducting this transaction electronically is an option to do business with Wave Systems. Please call Wave at 800-555-1212 to revert to the traditional, paper-based process.
- 3 You have the right to withdraw your consent at any time. If you decide to later withdraw your consent, you can do so by calling <800-555-1212.

If you require paper copies of your signed documents, you will be able to do so by downloading them from your SmartSigning Room. Use of the SmartSAFE requires access to the Internet. For a description of the software you will need to have installed on your computer, see <http://www.esignsystems.com/sysreqs>. Your computer hardware must be able to connect to an Internet Service Provider and run all the required software. To print the documents, you will need access to a printer compatible with your hardware and the required software. If you have difficulty printing out the copies of the documents, you may obtain copies by calling 800-555-1212.

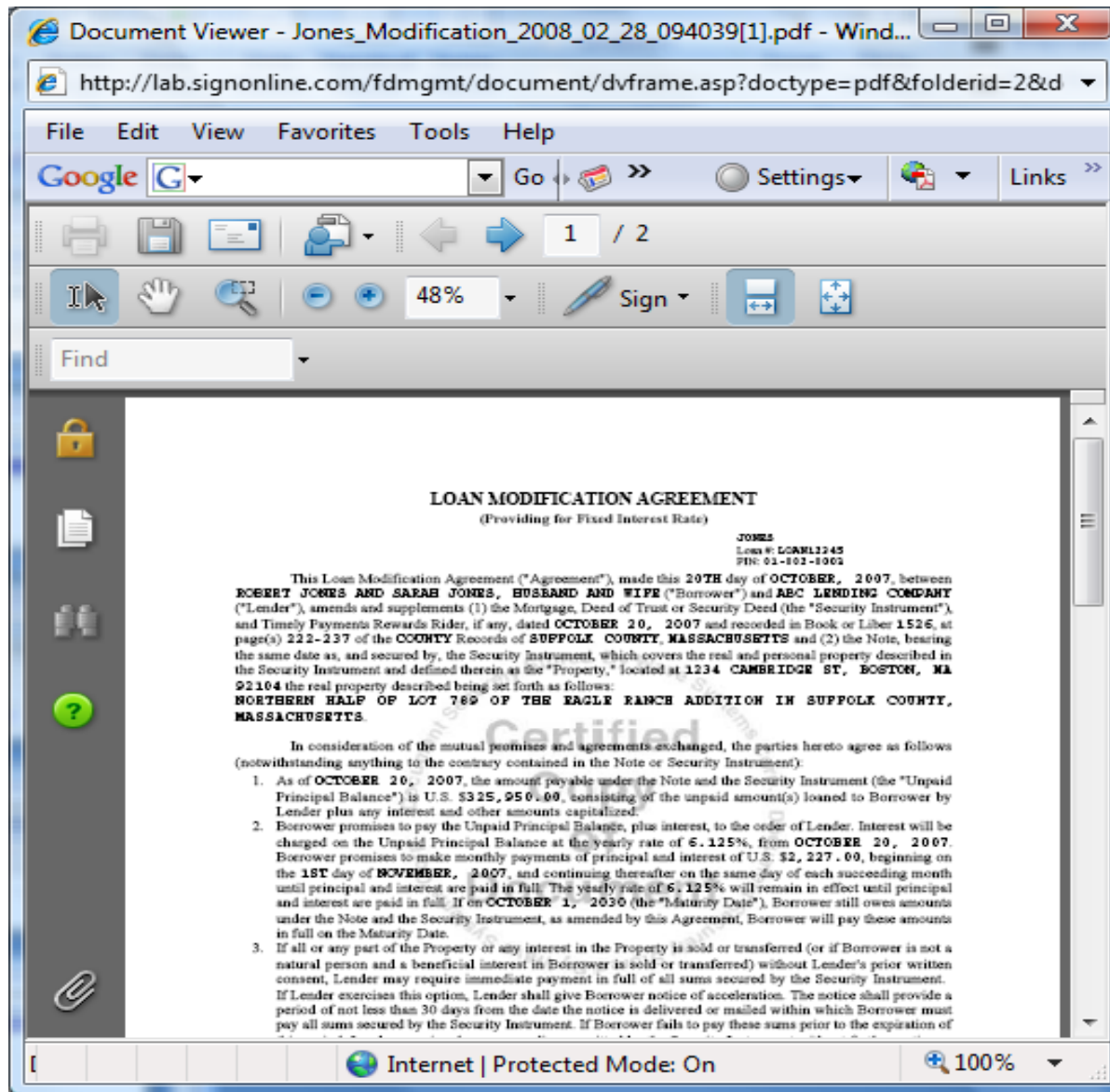
- 4 <http://www.esignsystems.com/sysreqs>. Your computer hardware must be able to connect to an Internet Service Provider and run all the required software. To print the documents, you will need access to a printer compatible with your hardware and the required software. If you have difficulty printing out the copies of the documents, you may obtain copies by calling 800-555-1212.
- 5 If the software or hardware requirements change in the future, you will be notified by e-mail. If you choose to withdraw your consent upon notification of the change, you will be able to do so without penalty.
- 6 If you need to update your e-mail address or other contact information with us, you may do so by calling 800-555-1212. You may also update your SmartSAFE account information at any time, at <http://lab.signonline.com>.

Please click the "I Agree" button below if you would like to continue this transaction electronically.

I Agree  I Disagree

Copyright © 2007 www.wavesys.com

Internet | Protected Mode: On 100%



# Click-to-Sign in Seconds

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The screenshot shows a Windows Internet Explorer browser window displaying a document signing interface. The address bar shows the URL: <http://lab.signonline.com/SmartSigningRoom/SigningRoom.aspx?&popup=true>. The browser's address bar contains the text "Google". The browser's menu bar includes "File", "Edit", "View", "Favorites", "Tools", and "Help". The browser's toolbar includes "Go", "Bookmarks", "131 blocked", "Check", "AutoLink", "Settings", and "Links". The browser's status bar shows "Done" and "Internet | Protected Mode: On".

The main window displays a document with the following text:

Security Instrument, unless stipulated otherwise by Lender.  
f. Borrower agrees to make and execute such other documents or papers as may be required to effectuate the terms and conditions of this Agreement which, if applicable, shall bind and inure to the heirs, executors, administrators, and assigns of the Borrower.

ABC LENDING COMPANY

\_\_\_\_\_  
MARY SMITH  
VICE PRESIDENT

\_\_\_\_\_  
- BORROWER - ROBERT JONES - DATE -

*Sarah Jones 2/28/2008 9:41:13 AM*

\_\_\_\_\_  
- BORROWER - SARAH JONES - DATE -

The pop-up window, titled "Jones\_Modification\_2008\_02\_26\_082912[1]...", displays a document management interface. The address bar shows the URL: <http://lab.signonline.com/fdmgmt/document/document>. The pop-up window has tabs for "General", "Signers", "Details", and "Comments". The "Signers" tab is active, showing a table of signers:

Name (CommonName)	Signed	Rvkd	Valid
Sarah Jones	02/26/2008 08:25:23AM EST	No	No

The pop-up window also shows a list of "Intended Signers" including Robert Jones and Sarah Jones. The pop-up window has buttons for "View Document", "Apply", and "Close". The pop-up window's status bar shows "Internet | Protected Mode: On" and "75%".

The screenshot shows a Windows Internet Explorer browser window displaying a web application for document signing. The address bar shows the URL: `http://lab.signonline.com/SmartSigningRoom/SigningRoom.aspx?&popup=true`. The browser's menu bar includes File, Edit, View, Favorites, Tools, and Help. The toolbar contains various icons for navigation and settings, including a search bar with "Google" and "Go" buttons, a "Bookmarks" list showing "131 blocked", and a "Settings" dropdown. The main content area features the "SIGNIADDOCS" logo and navigation links: "Change Password", "Update Profile", "Logout", and "Help". Below the logo, the following information is displayed: "Transaction ID: 1404414329", "Friendly Name: Broker Jones", and "Invitee Name: Sarah Jones". A "Logged in as: sjonesroom" indicator is visible in the top right. A navigation bar contains "Back", "Sign Document", and "Download Documents" buttons. The central "Document List" table is as follows:

View	Document Name	Document Type	Reviewed	Ready To Sign	Signed	Comments	Download	Size
	Jones_Modification_2008_02_28_094039[1].pdf	Services Agreement						15 KB

Below the table, a copyright notice reads: "Copyright © 2007 www.wavesys.com". A modal dialog box titled "Windows Internet Explorer" is overlaid on the page, containing a warning icon and the following text: "You have successfully signed the document. If no additional signers need to sign at this time, please click Submit in the next window to complete the signature process. If an additional signer is present and desires to sign at this time, s(he) should enter signing credentials and click Additional Signer button prior to submitting document." An "OK" button is located at the bottom right of the dialog box. The browser's status bar at the bottom shows "Done", "Internet | Protected Mode: On", and a zoom level of "75%".

eSign Systems Secure Accessible File Environment - Windows Internet Explorer

http://lab.signonline.com/

File Edit View Favorites Tools Help

Google G Go [131 blocked] Check AutoLink AutoFill Send to Settings Links

eSign Systems Secure Accessible File Environment

**SIGNIADOCS™**

Home Change Password Update Profile Logout Help

**Functions**

- Folder Explorer
- Folder Search
- Document Search
- Document Transfer
- Create Signing Room
- Enter Signing Room
- Modify Signing Room
- Delete Signing Room

**Reports**

- Doc Receipt & Error
- Document Signing Status
- Document Storage
- SmartSAFE Access
- SmartSAFE Transfers
- Cert Request Status
- Signing Room Details
- Signing Room Log
- ePackage Upload Log

**Administration**

- Client Mgmt
- Lookup Table Mgmt
- User Mgmt
- Branding

**Folder Explorer**

**Folders**

- Root
  - Demo
  - Initial Disclosures
  - Loan Modifications
  - NDA's
  - Princeton
  - smartdoc
- System Folders
  - To File
  - Transfers
- Folders Shared to Me

**To File**

Client Owner: Wave Systems

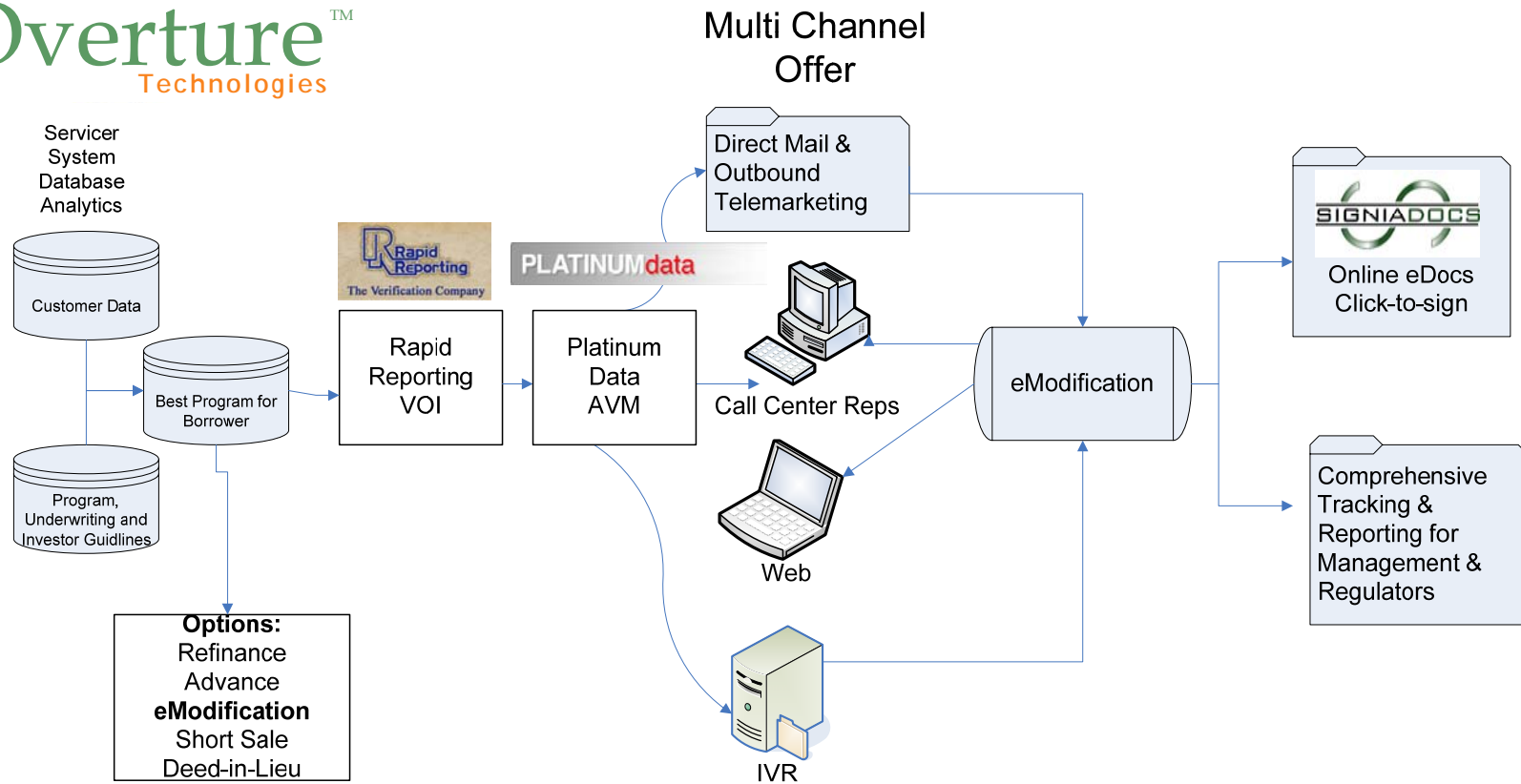
Category:

Description:

Jones_Modification_2008_02_26_081810.pdf	Jones_Modification_2008_02_26_081810.pdf	Yes
Jones_Modification_2008_02_26_082912.pdf	Jones_Modification_2008_02_26_082912.pdf	Yes
Ⓢ Jones_Modification_2008_02_26_082912[1].pdf	Jones_Modification_2008_02_26_082912_20080226_082539.wsol	
Jones_Modification_2008_02_26_083340.pdf	Jones_Modification_2008_02_26_083340.pdf	Yes
Ⓢ Jones_Modification_2008_02_26_083340[1].pdf	Jones_Modification_2008_02_26_083340_20080226_082949.wsol	
Jones_Modification_2008_02_26_092831.pdf	Jones_Modification_2008_02_26_092831.pdf	Yes
Ⓢ Jones_Modification_2008_02_26_092831[2].pdf	Jones_Modification_2008_02_26_092831[1]_20080226_092759.wsol	
Jones_Modification_2008_02_26_122419.pdf	Jones_Modification_2008_02_26_122419.pdf	Yes
Jones_Modification_2008_02_27_040055.pdf	Jones_Modification_2008_02_27_040055.pdf	Yes
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Jones_Modification_2008_02_27_044910.pdf	Jones_Modification_2008_02_27_044910.pdf	Yes
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Jones_Modification_2008_02_27_054349.pdf	Jones_Modification_2008_02_27_054349.pdf	Yes
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Jones_Modification_2008_02_27_112653.pdf	Jones_Modification_2008_02_27_112653.pdf	Yes
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Jones_Modification_2008_02_27_123036.pdf	Jones_Modification_2008_02_27_123036.pdf	Yes
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Jones_Modification_2008_02_28_094039.pdf	Jones_Modification_2008_02_28_094039.pdf	Yes
Ⓢ Jones_Modification_2008_02_28_094039[1].pdf	Jones_Modification_2008_02_28_094039_20080228_094232.wsol	
Newby_Disclosures_2007_10_11_011307.pdf	Newby_Disclosures_2007_10_11_011307.pdf	Yes
Ⓢ Newby_Disclosures_2007_10_11_011307[2].pdf	Newby_Disclosures_2007_10_11_011307[1]_20071011_131846.wsol	
Newby_Disclosures_2007_10_11_012016.pdf	Newby_Disclosures_2007_10_11_012016.pdf	Yes
Ⓢ Newby_Disclosures_2007_10_11_012016[1].pdf	Newby_Disclosures_2007_10_11_012016_20071011_142515.wsol	
Newby_Disclosures_2007_10_11_015950.pdf	Newby_Disclosures_2007_10_11_015950.pdf	Yes

# eModification Service

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# eMortgage Update

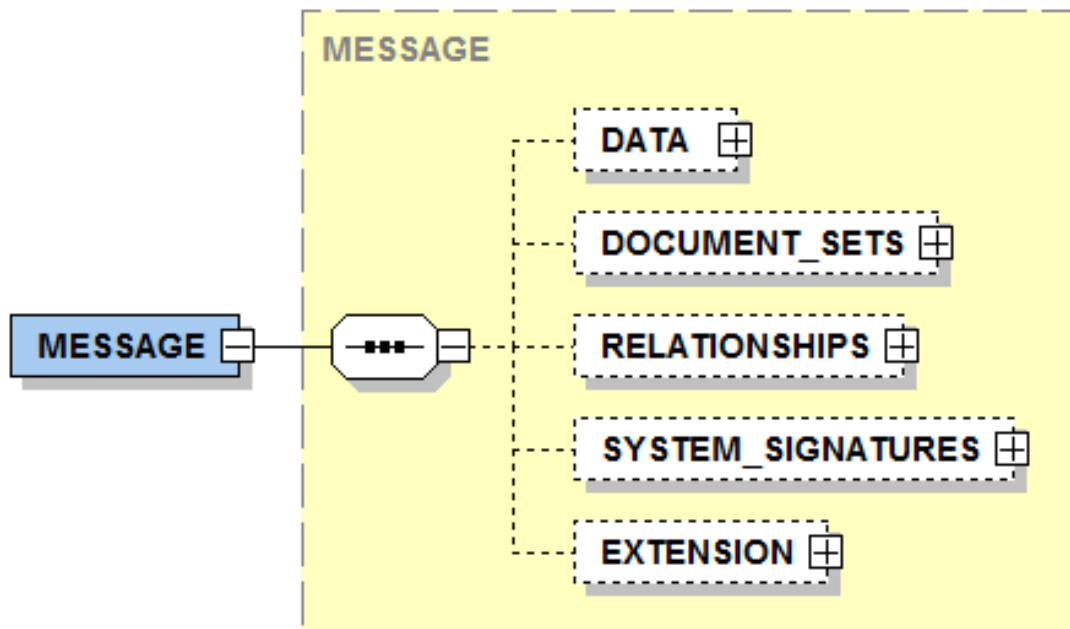
## Electronic Documents in the MISMO Version 3 Data Standards

Abdias Lira, Principal Software Architect  
Wolters Kluwer Financial Services

- Multiple inconsistent, conflicting ways of representing common business objects
  - 14 different definitions for Loan, Borrower, Property, etc...
  - Little sharing across MISMO process area workgroups
- Same problem also exists for documents
  - Most MISMO V2 messages have provisions for delivering documents
  - Each workgroup developed its own definition in V2
  - SMART Doc® 1.x, PRIA\_DOCUMENT, EMBEDDED\_FILE

- A uniform way of representing a document across all MISMO V3 Messages
- Standards-based views
  - Like PDF, HTML, TIFF
- Complemented with
  - Easily accessible data (loan, recording, etc)
  - Electronic signature
  - Tamper-evident seals
  - Audit trail
  - Data-view map (XSLT 2.0)
  - ...

- Uniform placement of documents in all MISMO V3 messages



- Interoperability
  - All players will work with the same structure for representing data and documents
  - Each may implement only the subset they need and subtract or ignore the rest
  - Better interoperability among systems with different capabilities
  - No need to translate between conflicting XML representations

- Reusability
  - Implementers that play in several areas will be able to reuse development artifacts
  - Ability to leverage third-party document tools
- Extensibility
  - Implementations can add functionality over time, without losing compatibility
  - MISMO V3 Extension Model
- Adoption
  - No separate adoption path for SMART Docs®

- Questions
- Panel Prognostications
- Conclusions

- Besides the various MISMO workgroups, what other organizations participated in the development of MISMO V3 Document standard?
- What will happen with the SMART Doc® brand name?