



EDITOR'S NOTE

Innovators Shine

For those that say nothing innovative ever happens in the mortgage space, they must not have been at Innovations 2011. At that event seven top innovations were honored. Over 140 executives gathered to talk about the future of mortgage lending at the event as well. In fact, we gathered the Innovations 2011 Winners to chat more in this issue's Cover Story about the subject so you can get caught up if you couldn't attend.

In starting PROGRESS in Lending Association, we sought to give innovators a voice and innovators have shown up to do just that. Nobody said innovation was easy, but especially given market conditions, it's necessary. Sometimes you have to dare to do something new and great so you can get back to doing the mundane. So, let's put our heads together and reinvent the way mortgages are done.

And let's face it, we as an industry face a lot of obstacles. Nonetheless technologists have answered the call. The applicants were so stellar this year that we chose to honor seven instead of five like we did last year. The world of mortgage technology is evolving. Now we just have to get the industry to evolve as well. Old habits need to be broken. Old processes need to be updated. Old attitudes need to be scrapped.

Just look at the debacle at JP Morgan Chase. It's a mess. Why is it a mess? It's more of the same-old, same-old practices that got us in this mess. We all have to do a better job of being risk averse. The bank recently said that it lost \$2 billion in six weeks in a trading portfolio designed to hedge against risks the company takes with its own money.

The company's stock plunged almost 7 percent in after-hours trading after the loss was announced. Other bank stocks, including Citigroup and Bank of America, suffered heavy losses as well.

The trading loss is an embarrassment for a bank that came through the 2008 financial crisis in much better health than its peers. It kept clear of risky investments that hurt many other banks.

"The portfolio has proved to be riskier, more volatile and less effective as an economic hedge than we thought," CEO Jamie Dimon told reporters. "There were many errors, sloppiness and bad judgment."

We can't hope to move forward in a meaningful way if we cling to the old, bad habits of the past. Things have to change. Innovation has to happen. ❖

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