

EXECUTIVE INTERVIEW

Future Lending Success

Joe Dahleen of Axia Home Loans talks about what his fellow lenders need to do in order to thrive.

The Mortgage Bankers Association (MBA) announced that it forecasts \$1.10 trillion in purchase mortgage originations during calendar year 2017, an 11% increase from 2016. In contrast, MBA anticipates refinance originations will decrease by 40%, resulting in refinance mortgage originations of \$529 billion. In total, mortgage originations are expected to decrease to \$1.63 trillion in 2017 from \$1.89 trillion in 2016. Further, for 2018, MBA is forecasting purchase originations of \$1.18 trillion and refinance originations of \$410 billion for a total of \$1.59 trillion. So, we sat down with Joe Dahleen, Vice President of Consumer at Axia Home Loans, to discuss how lenders can be successful in the current mortgage market. Here's what he shared:



Q: What do you see as the future of straight through processing?

JOE DAHLEEN: Purchase certainty is important. DSD + STP= GPC, which means direct source data plus straight through processing equals greater purchase certainty. I am doing this at the point-of-sale today. I take the path of least resistance. I do the VOE and the VOD at the point-of-sale. If I get those two data points, I can get a good idea on if I qualify and I can turn the file very quickly.

Q: How will things like outsourcing verification and calculation of income change over time?

JOE DAHLEEN: I outsource the calculation of income. I drop it into FACTCheck, The FACTCheck tax transcript report returns the proprietary FACTCheck rules engine analysis on all income sources in a detailed, interactive report that contains both calculated qualifying income and messages of explanation and instruction. These rules are designed to test for GSE compliance, as well as a borrower's ability to repay (ATR) under Appendix Q. In the end, underwriting doesn't want to see it until it's a full file. So, my POS allows the customer to submit data, upload data and consent for us to get their data electronically. Once I get that I put it into FACTCheck. I do all of that at the point-of-sale. My assumption is that more lenders will jump on that bandwagon.

Q: How does the mortgage industry craft a process where the user experience has no friction?

JOE DAHLEEN: My next goal is to eliminate fraud when you inject the driver's license. Using technology you can scan the driver's license and it will pull that data and populate the 1003 electronically. For U.S. driver's licenses, Mobile Verify put out by a company called Mitek has the ability to find and decode enhanced security features. When this feature is found, a document is 100% authentic. When a document is authenticated by Mobile Verify, it is a genuine government-issued identity document. If fraudulent, it is immediately rejected. Documents

Industry Predictions

Joe Dahleen thinks:

1. The adoption of e-notes will lower the cost to produce by 25%.
2. Verification of assets and income will be done at the point-of-sale.
3. The confluence of title and appraisal as one quoting platform will be the next big innovation.

that are suspicious are returned with warnings indicating that additional checks on the consumer are required. You want to do identification verification at the point-of-sale and pre-population that data. HELOCs will be big in 2017 and we can automate all of that at the point-of-sale. You want to get rid of any ambiguity during the process.

Q: How will the recent governmental changes impact the mortgage market in 2017 and beyond?

JOE DAHLEEN: We'll see some loosening of regulations. We won't see too many changes in what has been activated so far. Only 44% of the rules promised in Dodd-Frank have happened, so some of those new rules to come may be eliminated or streamlined, but we won't get rid of the CFPB or anything that has happened so far. I do think there will be better oversight of the CFPB, though.

Q: How do you think lenders

handled this year's regulatory challenges and what key lessons can we take from those examples?

JOE DAHLEEN: Lenders have gotten better at dealing with change. Deploying additional technology has gotten better. The pace of innovation on the mortgage technology side has caught up. I'd still like to see more adoption of the e-note. Change management has gotten better because the teams have gotten more used to change. The independent mortgage bankers have done a good job of pivoting to deal with new situations. We can't fear change.

Q: When evaluating their technology strategy, what elements should lenders keep in mind?

JOE DAHLEEN: Lenders always have to consider the customer experience. They should be thinking: What is the customer's journey? You need to make everything easier for the consumer. You better make sure they have a good experience. If your customer has to download a document, wet sign it and get it back to you, you've failed. We pester the consumer all through the process and we don't have to do it that way. You may not lose the loan this way, but that customer is not going to refer you.

Q: What do lenders need to do in 2017 to remain competitive?

JOE DAHLEEN: Lenders need to lower the cost to produce so you can lower your rates and do more loans. You can't spend \$6,000 to originate a loan. The only way you get there is by lowering cost. ❖

INSIDER PROFILE

Joe Dahleen is currently Vice President of Consumer at Axia Home Loans. Prior to joining Axia, Joe was Senior Vice President of Marketing at Primary Capital Mortgage, a Resource Capital Corp. company, and Executive Vice President and Head of Mortgage Originations at Elevation Home Loans, LLC, which was a start-up residential mortgage company acquired by Resource Capital Corp. Joe is a veteran of the mortgage industry who specializes in executive management and strategic marketing. He is known for being a strong advocate of technology and an expert in leveraging the latest communication methods to support successful growth.

