

A New MINDSET

Sharon Matthews of eLynx shares her thoughts about how the view of technology is changing and what is needed to move toward and maintain a healthy mortgage market.

Gone are the days when lenders can use a point solution to get a quick fix here and another quick fix there. Why? Two reasons, really. First, consumers want a seamless, on-demand experience that is totally transparent and consistent. Second, new rules and regulations are forcing lenders to look at their entire process, and not just pieces of their process, to ensure compliance. For lenders this does require a new mindset in some cases, and change can be hard. The good news, however, is that there are technology vendors that have been pioneering true electronic collaboration from end to end for literally years and years. One of those vendors is eLynx. To this end, Sharon Matthews, eLynx's President and CEO, recently sat down with us to share her thoughts on the future of mortgage lending. Here's what she said:

Q: Do you buy into the headlines that say the market is recovering?

SHARON MATTHEWS: I think the market has absolutely turned. I think people are getting confident and, as a result, they're prepared to start buying existing homes. Also, we're starting from a more solid place this time. You're seeing prices rise pretty broadly across the country, and particularly in the places that have been most devastated. Look at Detroit and Phoenix; and parts of Florida, the prices have popped back up 12%, 14%, 15%; which is giving consumers some confidence. Of course, the rates are still really low for refinancing, as well. Data also came out that shows that consumer credit has risen a little bit while housing credit is still flat. So, people are really keeping their mortgages better under control. I suspect a few cars have been bought and a few other things, as well, because consumers are feeling better about conditions.

Q: What does this mean for the lender's appetite to buy new technology?

SHARON MATTHEWS: A lot of lenders are certainly

looking at a new LOS for sure, and some of that is driven by the new regulation that has already been applied to our industry by the CFPB. But, I have to say, it's not just an LOS that they're looking at. When I joined this industry, lenders were looking at point solutions. Lenders were saying things like: "Fix my closing docs," or "I want to use an electronic signature to address this problem." By contrast, today I see lenders looking at more of an end-to-end workflow. Lenders are saying, "I want the technology to fit into that end-to-end cycle, so I get compliance for sure, but also so I get a solution that could be broadened to go across my entire bank." Lenders want to know that if this technology solves this problem for retail lending, for example, it will also work for wholesale. That thinking demands that we technology providers think more broadly. It's about integrating the technology fully into the business. I love that idea. It's gratifying to see lenders come around to this way of thinking. The mortgage business should be fully integrated.

Q: We'll get back to talking about the industry, but I want to talk about you for a minute. Tell me a little bit about why you got into the mortgage industry to begin with.

SHARON MATTHEWS: American Capital, who is the parent of eLynx, asked me to come in and help them integrate the acquisition that eLynx had made in 2006, when eLynx acquired SwiftView, which was at the time, our largest competitor. It was a great acquisition because eLynx worked largely at the high-end of the lender market and SwiftView worked at a lower level in the market. The acquisition was a market and customer segmentation play. I've got a lot of experience in doing business integration and turn-around work. Originally, it was expected that I would be in the company only for a short period of time, but, let's just say, I've just started my seventh year with eLynx and I wouldn't change it for the world. It's been an extraordinary experience. It's been a great opportunity.

EXECUTIVE INTERVIEW

Q: How has the industry changed since you first entered the mortgage space? What's different?

SHARON MATTHEWS: Oh, boy. When I came in the subprime market started to collapse and the customers that were in that segment started to collapse, literally weeks after I joined in early 2007. Today industry volumes are at about 60% of what they were when I joined. So, we're looking at a much smaller industry. By the way, the good news there is that there is opportunity to grow. What's that famous quote? "There's nothing like the prospect of death to focus the mind." Lenders have faced phenomenal pressure and many of the most famous names in the industry are no longer there. Washington Mutual was acquired by JP Morgan Chase, Countrywide by B of A, MetLife by PNC and many, many, many others are simply no longer in business at all. Think of New Century, for example. The prospect of death has put new demands on lenders and on the technology companies, as well.

What I've seen happen in the last seven years, and what I think will keep happening for some period into the future, is that continued regulatory demand is putting pressure on lenders and technology companies need to help them remain compliant. Instead of just picking technology to solve a particular point problem, lenders are looking for solutions that could be used bank-wide to solve much broader sets of problems. I am seeing better integrated technology that addresses specific workloads. One of those examples is the 4506-T. It was the last document that required a wet signature in the disclosure set. We at eLynx now offer a workflow that is fully integrated, fully electronic, end-to-end, all the disclosures can be handled electronically without having to paper out. So, you're getting a much broader, fully integrated technology that makes for a complete workflow, not point products.

Q: Personally, Sharon, what do you think you have brought to the table both at eLynx and to the broader mortgage industry over the past seven

Industry Predictions

Sharon Matthews thinks:

- 1.** The rise of the consumer will demand and provide the opportunity for a great and consistent borrower experience across the entire bank.
- 2.** Document workflows continue to be replaced with data-based workflows, which will speed up the lending process end to end, lower cost, and reduce fraud for borrowers, lenders, and investors.
- 3.** The continued spread of mobile technologies and social interactions will make it easier to reach consumers anywhere, anytime, prompting lenders to more tightly integrate these channels into their loan workflows, which will all lead to greater process efficiency and higher applicant pull-through.

years? What do you hope to do personally as the head of a major company in the mortgage industry going forward?

SHARON MATTHEWS: I always find it very hard to separate my personal objectives from the company objectives. My responsibility is to provide leadership for a great company providing vision and business integration that helps our lender customers and helps our partners deliver solutions that really work. We like to participate in the industry standards bodies. We like to bring new solutions to market that are fresh and provide really high quality solutions that are business oriented. I've never been a person who thought technology, for technology's sake, was valuable. But, technology that applies to the business problems that our customers deal with is hugely valuable. In addition to that, my personal goal is to provide a great workplace for my people to work, to grow, to develop in their jobs. That's something that has always meant a great deal to me.

Q: Now let's switch gears again and talk a bit about what eLynx is up to.

On your website there is an announcement that says that eLynx is advancing data standardization efforts through MISMO in response to regulatory change. What does that mean exactly?

SHARON MATTHEWS: Six years ago, seven years ago, we were moving documents around to get a loan from origination through to selling it to an investor. What's happening now is an evolution very quickly to a data-based workflow solution. The documents certainly represent the process, but it's about what's underneath those documents, it's the data in the documents, about the loan, about the loan officer, about the borrower, about the settlement agent, about the property, that really matters. All that data is what makes that loan a very desirable one for the borrower, for the lender and for the investor. So, working with MISMO and with our partners in the industry to ensure that documents and data are passed in a standard format that works efficiently, that brings cost benefits associated with being data oriented, that brings the speed to process loans that is certainly possible, and that eliminates every possible kind of fraud, is why we're involved with MISMO.

Q: eLynx also recently announced that you are 4506-T e-sign ready. You also announced that you have a full-service 4506-T processing capability. Can you talk to me a little bit about what you're offering exactly?

SHARON MATTHEWS: As I said earlier, the 4506-T was the last document in the disclosure set that required a wet signature. We've had customers electronically signing their disclosures for 10 years now, 11 years now. So, having the e-signed 4506-T form now accepted by the IRS means that we can give customers a fully integrated, end-to-end disclosure set electronically signed and, by the way, paper out where those customers can't accept an electronic delivery. The offering for the 4506-T is not only a set it and forget it environment where the lender can send off the disclosure set and the customer just signs it and returns it and gets

processed from there, but we can also process the interaction with the IRS, which gives the lender a complete, turnkey solution.

Our proof of capacity or capability for doing that is that if you look at our total fulfillment solution today, you can direct a document to eLynx to send to a borrower or you can accept it electronically. If they don't accept it for some reason, maybe they're on vacation, or their network is down, or they gave the wrong e-mail address or something, we can then deliver it to them through paper, through a fully integrated total fulfillment solution. Total fulfillment is a big thing for us. The ability to handle both the electronic and the print in one seamless flow is the future of the mortgage space.

It's all just one process for the lender, which allows that lender to deliver a better experience to that borrower, too. As the borrower, you get the huge mortgage package and you don't want multiple directions, you don't want to read a set of instructions that says, "Okay, flip to the tenth page, and you'll see an IRS form there. Sign that and you can send that one back to this number here. For the rest of the documents, here's what you do." You don't want to split that up. With us, you have one, consistent way of doing it, one set of instructions. It makes it a lot easier for the borrower.

Q: What should a next-generation e-signature solution do?

SHARON MATTHEWS: We were one of the early providers of e-signatures and it's been over 10 years now that we've offered this technology. Originally, e-signatures were used to solve a problem

for a particular set of documents, particularly signing disclosures. We have customers who have used e-signatures for many, many years as a means to get disclosures signed, rate locks signed, get a good quality borrower signed up and into their loan process quickly, and in a way that was attractive to the borrower and valuable to the lender. Now, because of 4506-T announcement and because of the evolution of the signature products, the IRS accepting e-signed 4506-Ts legitimizes electronic signatures in many, many ways, not just for the 4506-T, but for the whole process. I think it's going to accelerate the use of e-signatures significantly. Further, those vendors that can offer a completely integrated e-signature process coupled with paper fulfillment if necessary will be very successful.

Q: Talk to my readers about the evolution of the eLynx expedite platform. What can we expect from that product offering?

SHARON MATTHEWS: Expedite is our industry platform to help lenders, borrowers and partners collaborate to produce the highest quality loans. It's as simple as that. So, you're going to see us continue to enhance the platform. Underneath that is the current generation of our delivery product. Under that fits our inbox product, which is the consumer experience product, allowing lenders to offer their consumers a single experience for processing loans whether they are mortgage loans, whether they are consumer loans, whatever.

You'll see those products continue to evolve. We've had just an outstanding response to the release of that inbox

product. You're also going to see continued development of our fraud product. We're going to use the platform to combat fraud. There are so many good settlement agents in the industry who are doing a great job for borrowers and for title underwriters, but there are a few bad apples who give the industry a poor reputation. In the end, by knowing who they are through our service, businesses can be directed to the good guys in the industry. So, there's a lot going on with our expedite offering, and much more to come.

Q: My last question is: What innovation really needs to happen over the next 12 months for the industry to thrive?

SHARON MATTHEWS: I think that there are a couple of trends going on that really matter. One is, and I said this earlier, the rise of the consumer. Technology has to work around how consumers want to work. Giving consumers a way to work the way they want to work is so critical. Mobile comes into that, too. Consumers want to be able to receive all their communications from a lender and all the borrower documents and process what they need to give the lender in one fully integrated way. I think meeting consumers where they are, meeting them on a mobile basis too, giving them a user interface that's consistent and easy to use – that's one of the things that gets me up out of my chair and walking around. I think that will bring real value to our industry. It will make lenders more attractive.

We've been through a very tough time; lenders, technology providers, the country has. But, at this point, I am optimistic. Confidence will return and I think with it comes confidence and trust in a couple of things. First of all, in technology, because lenders are implementing new technology. Second, regulations are going to start to level out a little bit and we're going to finish up with a really robust housing market over the next two to five years. So, I am really optimistic about where we are as an industry and what it's going to mean for what services we provide. It's a good thing. It's a really good thing. ❖

INDUSTRY INSIDER

As President and CEO, Sharon Matthews oversees the overall operations of the company and is responsible for the growth of eLynx's market leadership position providing data-driven document distribution, collaboration, and connectivity services for the financial services, mortgage banking, and real estate industries. Matthews came to eLynx with more than 25 years of senior executive experience.

