

Mortgage Life in the Fast Lane

Closing loans quickly is a priority for everyone in the industry

By Brian Honea



Illustration by Dennis Wunsch

Speed has fascinated the world for decades. Einstein studied and measured speed extensively, and people have been captivated by the fastest Olympic swimmers, sprinters and skiers — not to mention race car drivers and test pilots — for as long as humans have competed against one another.

Clearly, speed is a big draw — in almost everything.

This “life in the fast lane” mentality has intensified in the digital age. Speed has become the hallmark of the Digital Revolution, with most industries integrating technologies into their everyday operations to provide customers with faster — ergo, better — products and services. Take the internet, for example. The biggest selling point for online service providers is the speed of their data.

For most of the 20th century, however, the homebuying process was largely thought of as a slow, painstaking, cumbersome process requiring endless steps, numerous participants and a never-ending stream of paperwork. All of that is finally changing.

Mortgage technology aims to reduce costs and streamline the homebuying process but, arguably, the main objective to applying the latest technological advancements to the housing market is to make the industry move infinitely faster. If mortgage originators want to remain relevant to today’s homebuyers, they must learn to live life in the fast lane.

Repurposing old tech

In some cases, it is not new technology that has changed the housing industry, but existing technology applied in a new way. One big

obstacle to speeding up the homebuying process is the amount of administration required. The use of blockchain technology, which helps prevent double-spending on electronic

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currencies like bitcoin, is attempting to eliminate administration from the equation.

Several countries, including Sweden, have commenced pilot programs applying blockchain technology to manage real estate transactions. The idea is to create a simple database using blockchain, which is like a digital ledger, to house all the documents associated with obtaining a mortgage loan for all participants — buyers, sellers, originators, title agents, etc. — to easily view at any time.

The use of blockchain technology removes the need for endless pages of paperwork, saving huge amounts of money and time for mortgage processors. But the beauty in using blockchain technology for a residential mortgage loan is in quality control and compliance. With blockchain, when a lender is audited, all of the documents related to a particular mortgage loan are easily retrievable from one location.

Although blockchain technology has been around for nearly a decade, other industries — including mortgage lending — are now looking to repurpose it for their own uses. This past March, Texas-based technology startup Factom introduced a host of new blockchain mortgage products designed to create chains of documents to easily provide evidence of compliance.

Blockchain technology is still a long way from becoming an industry norm, however. Debbie Hoffman, a compliance attorney who specializes in technology in the financial services industry, feels blockchain could be a real game changer for the mortgage industry, but she doesn't believe it will become common place for at least five years. The reason? Because blockchain's cost-saving benefits won't be realized quickly enough for an industry driven by the bottom line.

Quickening the industry

The introduction of Quicken Loans' Rocket Mortgage in early 2016 — and promoted heavily during that year's Super Bowl to an estimated 110 million people — promises a speedier return on investment. It also incited

the wrath of many naysayers, however, who claimed that quickly issuing loans via a "Push Button, Get Mortgage" method was akin to the subprime loans that caused the 2008 mortgage crisis.

The idea was simple — would-be homebuyers could use their phones to get approved for a mortgage loan through a transparent yet quick process that takes only minutes. The goal, according to the now-famous Quicken commercial, was to "turn an intimidating process into an easy one."

Quicken responded to this barrage of criticisms by tweeting that "Quicken Loans does not, nor has it ever, written subprime loans. All Rocket Mortgage loans conform to gov. guidelines." Now more than a year and a half since Rocket Mortgage launched, none of the cynics' predictions of doom and gloom for the mortgage industry have come to pass.

In fact, the Rocket Mortgage promise of an ultra-quick and overall simpler mortgage loan process that eliminates paperwork seems to have struck a chord with would-be homebuyers seeking to increase the speed at which they can qualify for a mortgage loan. Out of the \$96 billion in loans that Quicken closed in 2016, \$7 billion were closed through Rocket Mortgage, according to Quicken. That \$7 billion would rank Rocket Mortgage itself in the top 30 of all U.S. mortgage companies.

Quicken attributes much of Rocket Mortgage's 2016 volume to first-time homebuyers, largely composed of the millennial demographic that is universally believed to be the key to the future of homeownership growth in America.

Regis Hadiaris, senior product manager with Quicken Loans, noted earlier this year that Rocket Mortgage has been popular among all demographics as well. He stated that consumers "expect technology to service their demands and simplify their lives, whether it's shopping, dating, arranging an Uber, trading sneakers or even a complex infrequent transaction such as a home loan."

Speeding up appraisals

Although Rocket Mortgage can digitally verify a property appraisal quickly, performing

appraisals quickly enough to meet borrower demand has been a big issue over the past few years. Enter Valuation Express from United States Appraisals (USA), a new solution that has been introduced to the residential housing industry.

USA has adopted "Point. Click. Value." as the Valuation Express battle cry, hoping to achieve for the residential appraisal process what Rocket Mortgage has done for obtaining a mortgage loan. The goal of Valuation Express is virtually the same as that of the Rocket Mortgage — to turn out a transparent and compliant product of the highest quality at the highest speed through an all-digital process that eliminates paperwork.

Valuation Express is powered by search-engine technology that greatly speeds turn times. It uses a "Smart Selection" process to make assignments to top appraisers in the highest-volume markets. The solution offers prearranged inspection times and real-time messaging to streamline the process. A cloud-based platform performs a thorough analysis of every appraisal against a set of 2,000 data points, after which the report is verified and any problems are addressed.



The mortgage industry has spent years in the slow lane, but innovations like Valuation Express, Rocket Mortgage and applying blockchain technology to mortgage documentation are answering the industry's newfound need for speed. The word "speed," interestingly enough, is derived from an Old English term that means success. This should come as no surprise to today's mortgage originators, who know that the saying, "the faster, the better" really means, "the faster, the more successful." ■