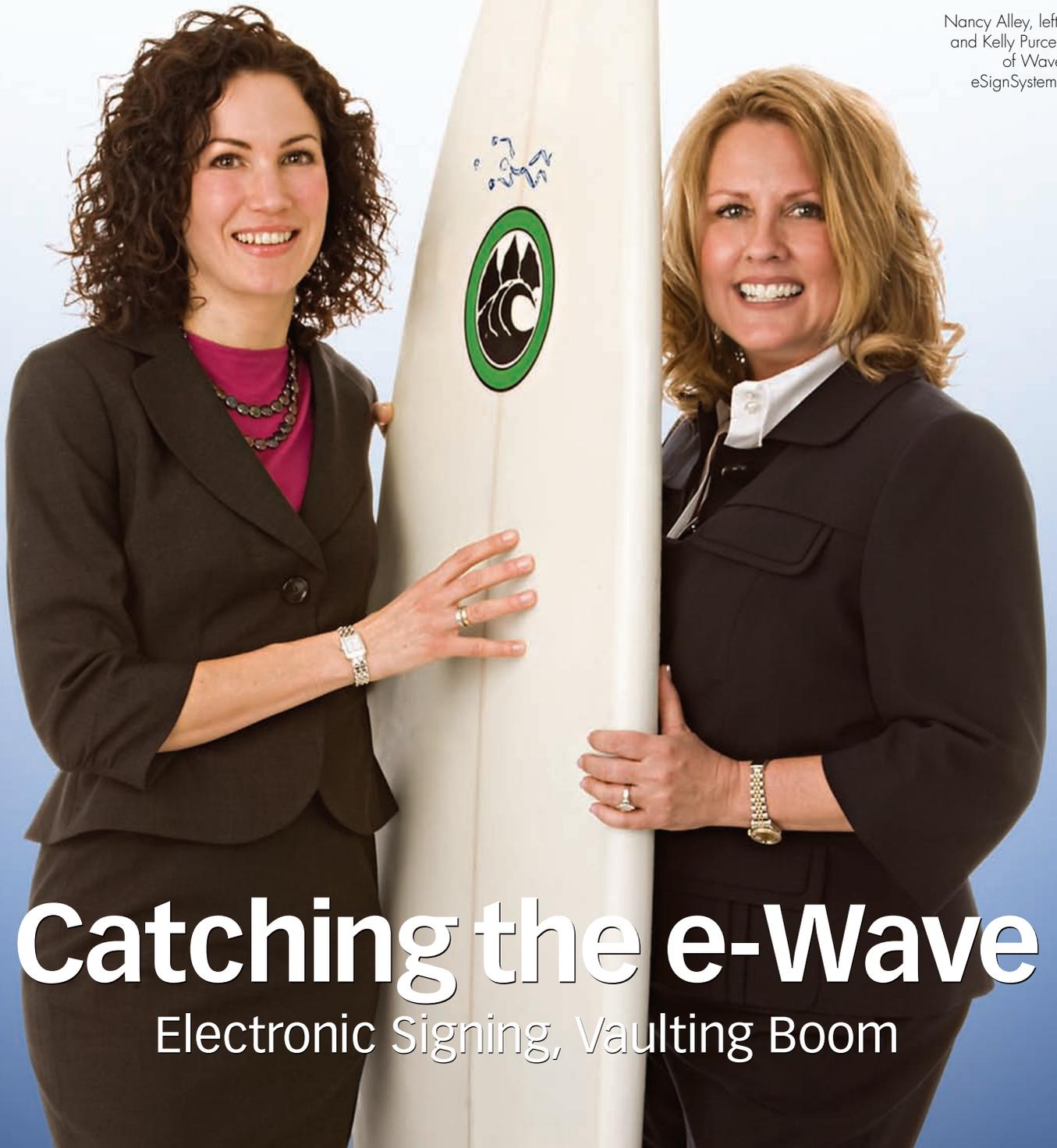




MORTGAGE TECHNOLOGY

Nancy Alley, left,
and Kelly Purcell
of Wave
eSignSystems



Catching the e-Wave

Electronic Signing, Vaulting Boom



The “E” Adoption Wave

Wave eSignSystems is noticing that the wave of “e” adoption is so great that it can no longer be ignored.

Dating back to 1999, Kelly Purcell (left) and Nancy Alley started SignOnline to deliver e-signing and e-vaulting technology to the mortgage industry. They were ahead of their time. Realizing the future potential of the technology, in 2001 Wave acquired the company, which is now dubbed Wave eSignSystems. Today, market conditions have forced lenders to look at everything “e” for efficiency, cost savings, transparency, speed and compliance reasons.

The wave of “e” adoption is finally going mainstream. Where you might ask? Lenders are embracing e-signing around upfront disclosures in record numbers, the number of e-closings continues to increase at an astounding rate and servicers are getting in the game by embracing e-signatures around loan modifications to handle the current mortgage default crisis. It’s happening everywhere and those mortgage participants that don’t adopt will soon be obsolete. Ms. Purcell and Ms. Alley talked to our editor Tony Garritano about the past, present and future of “e” adoption.

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MORTGAGE TECHNOLOGY: *Before there was a need or even a market for e-signatures and e-vaulting, you both entered the market. Why?*

KELLY PURCELL: Nancy and I both come from a background in financial services. We worked together back in the GE Capital days. And at that same time we saw a very paper-intensive industry along with really the emergence of the Internet. We were kind of bold in our thinking. As we were working with customers such as E-Loan, back in the day they were kind of the Golden Child of the Internet, we were meeting with them and stumbling over thousands of FedEx envelopes. That was the light bulb going off. There's got to be a better, more efficient way to transfer all these documents. We knew the Internet represented a tremendous opportunity to e-commerce. Hence, that was the birth of SignOnline back in 1999.

NANCY ALLEY: I witnessed early on the adoption of LP and DU and worked extensively on mortgage scoring. You could sense the industry shift towards technology. It was definitely a leap of faith from automated underwriting to electronic signatures, though. I did, however, believe there was an industry mind shift going on towards accepting more technology to better the process.

MORTGAGE TECHNOLOGY: *Let's talk about that mind shift. How far has the industry come since you started out? Where do you see adoption today?*

KELLY PURCELL: Waves do not represent smooth water; they really represent energy through the water. And we really look at the adoption rate as that energy in the industry today. The adoption rate that first started happening and the first crest so to speak of, the wave, really has been e-disclosures.

Wave has one vendor partner that alone has completed over two million e-disclosures. They experienced record volume in the month of January for e-signed disclosures. That's quite a tribute to adoption in probably one of the worst economic times in the mortgage industry. It just further validates that the segment that is growing is the on-line segment.

NANCY ALLEY: We saw the trend really pick up in e-disclosures and a little slower going on the true e-mortgage side. I think we're seeing really promising numbers. Despite what's going on in the industry, the highest day ever for registration on MERS was in January of 2009. MERS had close to 750 registrations in one day. We're seeing a clip of over 500 per day.

If you look back at the end of December of 2007, we were at somewhere like 500 registrations on MERS. The last time I checked, we were getting closer to the high 60,000s, close to 70,000 registrations. You can see huge momentum in that wave of adoptions over the last 12 months.

MORTGAGE TECHNOLOGY: *Let's talk a little bit more about e-disclosure adoption. You mentioned record highs in January. How much of that is attributed to the rate situation and how much do you think is sustainable?*

KELLY PURCELL: I think it is both of those factors working together. A third factor I would add in there as well is that more and more investors are approving and certifying platforms out there for these types of e-transactions. This makes it easier and easier for that broker or that lender out there to have access to these kinds of systems. It's really been in the last year that we've seen more adoption, more investor acceptance, and additionally, people are trying to do things more efficiently and at better cost savings. It's really an

accumulation of all of those factors.

NANCY ALLEY: It's a bunch of different factors coming together. We're seeing a lot of adoption being furthered and done on e-platforms. That's a real positive for the industry. I think when you go back to the whole adoption curve, starting with e-disclosures and then furthering on down the product roadmap, disclosures are an easy place for people to start and ride out the product roadmap from there. Despite the overall down numbers, I still think people that are committed to the e-mortgage strategy are still going to try to grab the low-hanging fruit like e-disclosures and keep those numbers if not growing, then sustaining themselves despite the market.

MORTGAGE TECHNOLOGY: *Where are we in terms of investor acceptance? Is there some kind of standardization you're seeing among what "e" processes investors are accepting, outside of the GSEs of course?*

NANCY ALLEY: I think this is one area where we are seeing an interesting trend on the servicing side, where the loan can be controlled more by the servicer and investor and what they'll take in terms of modifications. I think we're seeing that they have some flexibility to do e-mods. Whether they determine if they need support or not, they are able to make those decisions. We're seeing a pickup on the e-mod side where investor acceptance and/or a combination of the servicer strategy drive things. The top five servicers, I believe, close about 67% of the market. So, this is a great place where having a few people that have a lot of control can help us in the adoption of "e". It's a little more fragmented on the origination side, but as we're seeing some of the channels shrinking, like the wholesale side, I think it is going to be encouraging.



Spotlight on KELLY PURCELL

Kelly Purcell is executive vice president, global sales and marketing at Wave eSignSystems. Ms. Purcell is responsible for the marketing strategy, business development and sales activities of the eSign Transaction Management Suite. She is also directly involved with standards groups and associations that are relevant to electronic commerce in various vertical markets.

Prior to Wave Systems, Ms. Purcell was president and co-founder of SignOnline, which was acquired by Wave Systems in 2001.

At SignOnline, Ms. Purcell's primary responsibilities included investor relations, capital structure and fundraising. She was also directly involved in the marketing and strategic planning for the company, along with the recruitment of key board members.

Ms. Purcell came from GE Capital Corp. where she had 11 years experience serving in various capacities in the mortgage and insurance industries. This included the sales, risk dispersion and loss ratio of various portfolios.

Ms. Purcell is also a certified Green Belt of the Six Sigma Business Practice. She also holds a broker license in the state of Arizona and has held several insurance licenses in several states over a period of time.

KELLY PURCELL: The forerunners, the AmTrusts and the Flagstars of the world, they really set the precedent. Other investors that have really been aggressive include Wells Fargo. Wells Fargo has a process where they will sign off on the e-disclosure system and then they can direct all of their correspondents, their brokers, all of their channels, to these systems that are approved and certified by Wells Fargo. We are seeing more of that approach primarily with some of the concerns concerning the broker segment and the quality of business. Those that are staying in the TPO origination market, now can control the quality of their loans by directing them to these systems that they themselves as the investors sign off on.

MORTGAGE TECHNOLOGY: *Continuing to talk about investors, I understand that Wave is a successfully tested Fannie Mae e-vault. What should that mean to lenders reading this article? Tell them a little bit about the process and what you had to go through.*

KELLY PURCELL: The Fannie Mae team is very easy to work with and committed to the various vendors in the mortgage industry that can deliver SMART Docs and go through that delivery process. What they are doing is certifying that a vendor or a technology can e-deliver to their vault. That is really where the industry is. The Fannie Mae announcement that they came out with in December, around promoting and accepting e-signatures on mods, that is very encouraging to the industry. They want those modifications signed. They think giving this designation is good for the industry and will help those types of e-transactions.

NANCY ALLEY: Vendors are being looked at. Lenders want to know if you completed this Fannie Mae testing. The message this designation

sends to the marketplace helps that confidence around "e" build, going back to your broader investor question earlier: Lenders want to go "e", but wonder who is going to take it. So, you go through the MERS testing, the Fannie Mae testing and it just gives the market that extra layer of confidence that if I do this, I can deliver my loans to Fannie Mae. While it may seem like an extra hurdle as far as the test goes, I think it is sending a great message from a confidence level to the market.

MORTGAGE TECHNOLOGY: *You talked a little bit about adoption around e-modifications. What is required to adopt electronic signatures when you're doing modifications and do you think it will have any play on electronic adoption on the origination side going forward as well?*

NANCY ALLEY: This is going to be a great thing for the industry. This gets back to being able to work with the vendor and know their technology fulfills your whole product roadmap. You can use the same technology and the same vendor to do e-mods as you could with e-disclosures, e-closings, etc.

KELLY PURCELL: Again, any time you are introduced to the e-process in any segment of the total mortgage process, you are then exposed. The lender is exposed to it, the consumer is exposed to it, they see that it works, they see it's accepted. Ultimately it opens up the discussion within the lender shop to see if I can execute in other areas. Why can't I do my disclosures electronic? Gosh, I should be doing e-closings comes next. We've taken the approach that everyone that has started with e-disclosures or e-modifications is going to really drive adoption in the future. It's getting a lot of attention. One of our partners, SigniaDocs, has done an excellent job in securing some great new customers. Wingspan and Over-



Spotlight on NANCY ALLEY

Nancy Alley is the vice president, product manager of the eSign Transaction Management Suite of Wave eSignSystems, leading the product management and engineering efforts for the e-sign division.

Prior to Wave Systems, Ms. Alley was a co-founder of SignOnline Inc. She also served as the company's chief information officer.

Wave went on to acquire SignOnline in 2001. At SignOnline, Ms. Alley was responsible for designing, developing and implementing the eSign Transaction Management Suite.

Ms. Alley has been dedicated to the electronic signing space in mortgage and other industries since 1999.

In addition, Ms. Alley spent eight years at GE Capital Corp. developing her product management and business development skills with a variety of GE Capital's technology initiatives in the mortgage banking area.

At GE, she marketed services to outsource and automate underwriting processes.

Ms. Alley was also the product manager for GE Capital's OmniScore application, a jumbo loan underwriting technology based on the statistical modeling approach.

She is also a certified Green Belt of the Six Sigma Business Practice.

ture, who are obviously experts in the field of servicing and address that market, are going "e" through our technology. Companies like SigniaDocs and Overture will be working specifically with those investors and delivering what that investor wants to tailor that e-modification program so that it can happen.

NANCY ALLEY: E-modifications save time and money. The faster you get to that borrower and get an agreement in place, the better chance you have of preventing foreclosure. This is where the whole "e" market scheme and being able to produce technology to be faster is probably going to affect their bottom line more than anything. I think it is a place where you'll see companies say, "We need to do this."

MORTGAGE TECHNOLOGY: *Given market conditions, will Wave become more of a presence in the market as a company in and of itself or will you continue to strategically align yourself with partners like SigniaDocs and others who can private label your technology and use Wave in the background?*

KELLY PURCELL: We were able to grow at a great rate this year through our existing partners. When you see the Xerox Mortgage Services of the world, they have a very nice client base of lenders across the country that we now tap by partnering with them. You have people like SigniaDocs who are very focused on the loan mod product and bringing on the Wingspan and the Overtures of the world. We've picked really good partners at this point. That's where our focus is in 2009.

NANCY ALLEY: Our partner's success is our success. Our being an industry "household name" I don't think that is important. We have technology that encompasses the entire product roadmap, which is important to our customers. They may not be ready to pull

the trigger right now on e-closings and e-mortgages, but they will need to do it someday. Our partners bring tremendous value in that they offer tremendous flexibility.

KELLY PURCELL: We have some exciting projects in the works for the rest of 2009. For instance, through our partnership with Xerox we're now working with DocuPrep. DocuPrep is very committed to enhancing their offering with e-signatures. Also, DocuTech is a company that we've had a long-standing relationship with. DocuTech is now embracing the e-signature piece as well and adding that to their offering. They have some big customers signed up to do e-disclosures that will mean a lot in furthering "e" adoption this year.

MORTGAGE TECHNOLOGY: *Lastly, if I'm a lender and I'm still skeptical about what it means to go "e" what would you tell me?*

KELLY PURCELL: Work with someone you trust. Work with a provider that can help you develop a strategy, and you do need a strategy to do e-mortgages. That strategy can start with something as simple as e-disclosures. Make sure the vendor can get you from origination to investor delivery. The lender should be given options and working toward that final goal of complete e-mortgages.

NANCY ALLEY: The other message that the skeptical lender needs to hear is we know these are difficult times and there's a tendency to put this on the backburner, but the time is now. You need to have a strategy. Choose a vendor that you can grow with to get there. Too often lenders pick a vendor that can do this one capability and then they have to backtrack to go further and work with another vendor.

KELLY PURCELL: So, we say to that lender, "Grab your board. Catch the wave. We'll see you in the 'e' world." **MT**