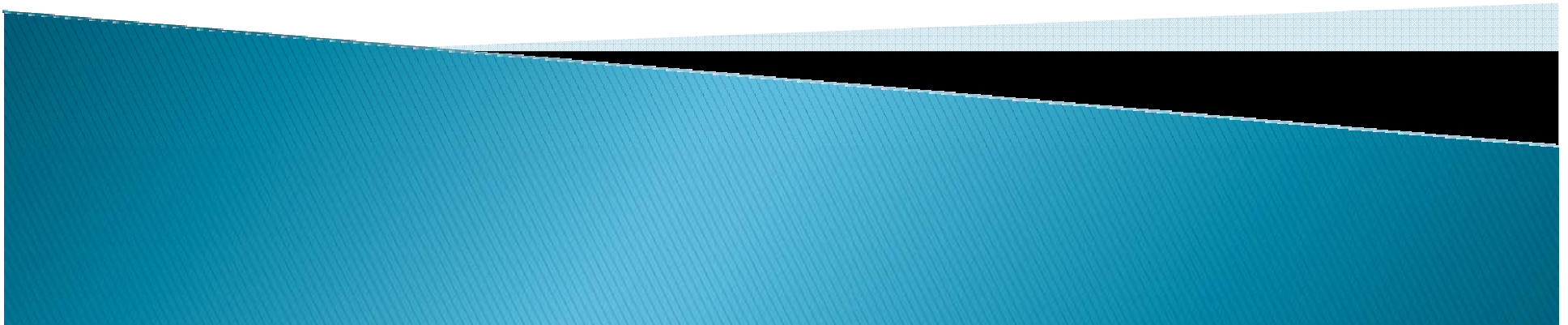


Using Electronic Documents to Streamline the Mortgage Process

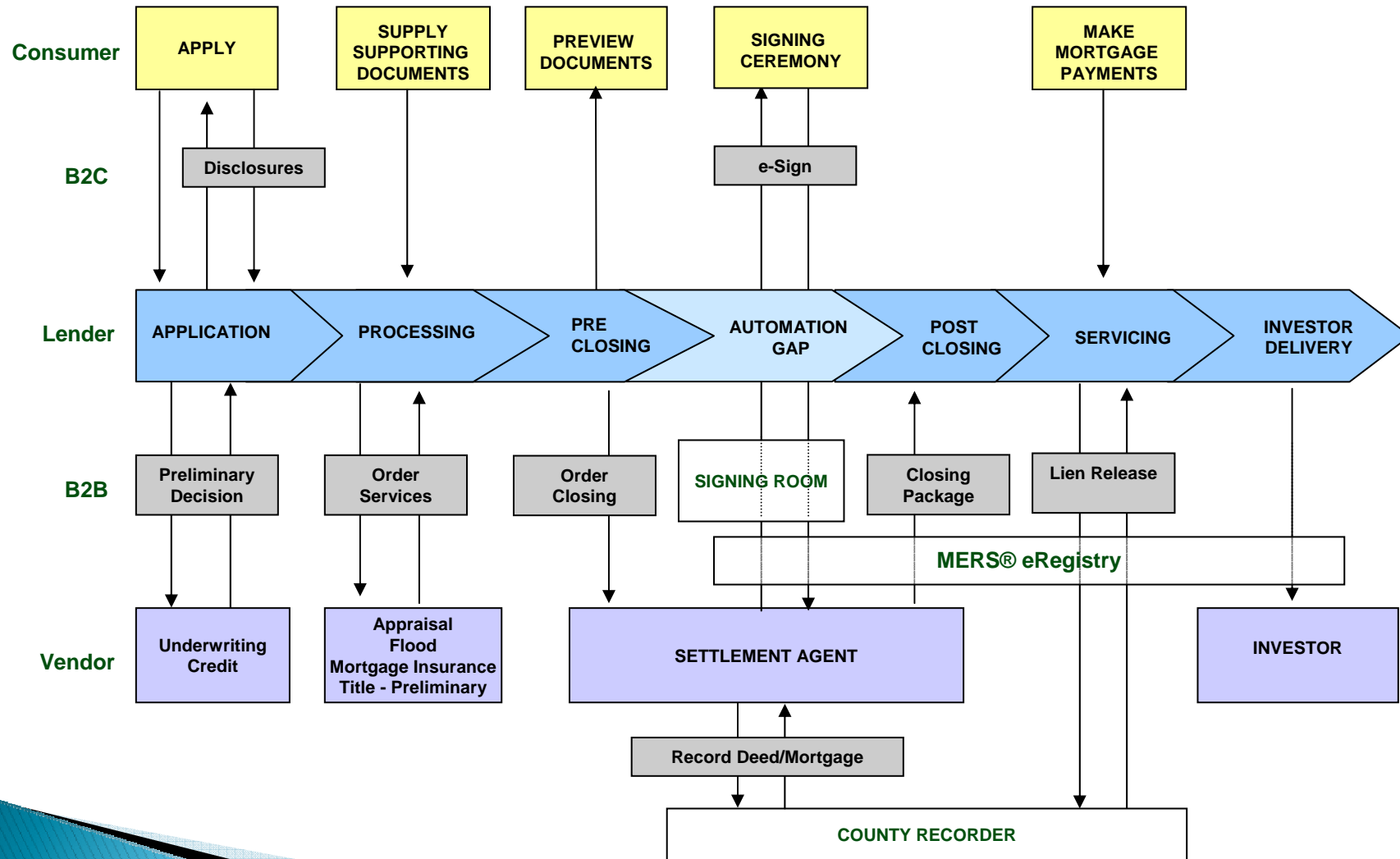
Harry Gardner
Senior Director, Industry Technology
Mortgage Bankers Association



eMortgage Components

- ▶ Signed electronically
 - eDocs (with e-signatures) for loan closing package and initial disclosures
- ▶ eDocument = Data + View
 - Ability to confirm that the document is exactly what the consumer e-signed
 - Data payload for automated processing
- ▶ eNote registered on MERS[®] eRegistry
 - Identifies owner and location of electronic “original” Note vs. copies
- ▶ Paperless
 - Scanned images for other documents

Bridging the Automation Gap

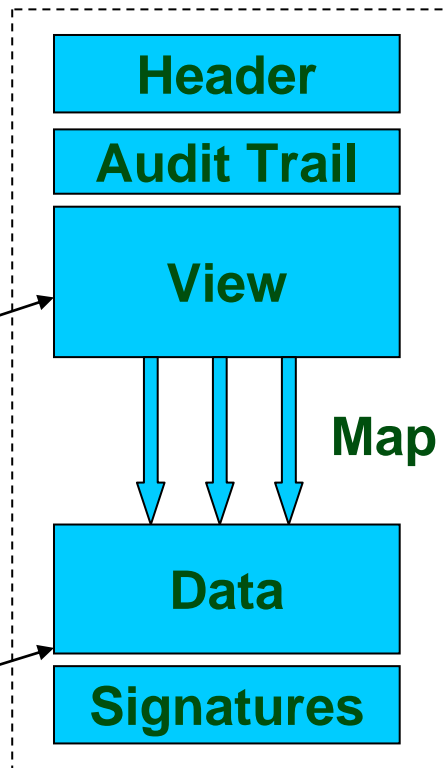


Document Management: SMART Doc[®] Concept

Securable
Manageable
Archivable
Retrievable
Transferable

May 1, 2003
Closing Date

<ClosingDate>20030501
</ClosingDate>



Document type, other info

History of events

What the buyer sees and signs

Maps View fields into Data

XML Data for lights-out processing

Electronic or digital signatures – buyer, seller, et al

Tamper-evident seal

Electronic Signatures

- ▶ **ESIGN & UETA: National infrastructure for legal validity of e-documents and e-signatures**
 - Electronic documents cannot be denied legal enforceability just because they are e-signed
 - Signer must agree to use e-docs and e-sigs
 - Intent to sign must be clear
- ▶ **Implementation options:**
 - Click-through (websites, software installs)
 - Signature pad (retail stores)
 - Digital certificate

What is the MERS® eRegistry?

- ▶ A “National eNote Registry”
- ▶ The industry’s response to the e–document requirements imposed by UETA and ESIGN
- ▶ The central location to identify the current Controller (holder) and Location (custodian) of the Authoritative Copy of an eNote
- ▶ *Not* an e–Vault or eCustodian

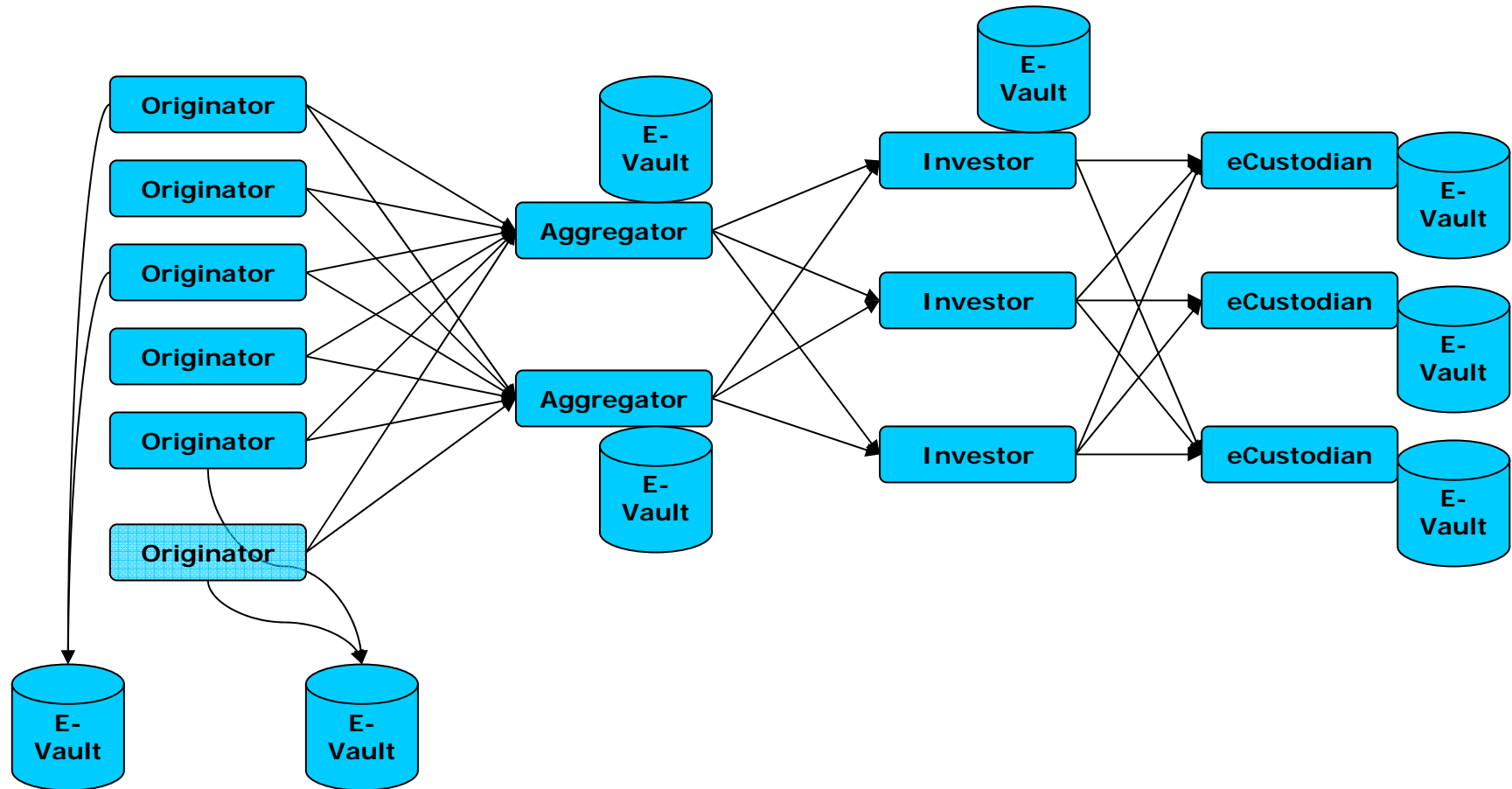


MERS® eDelivery

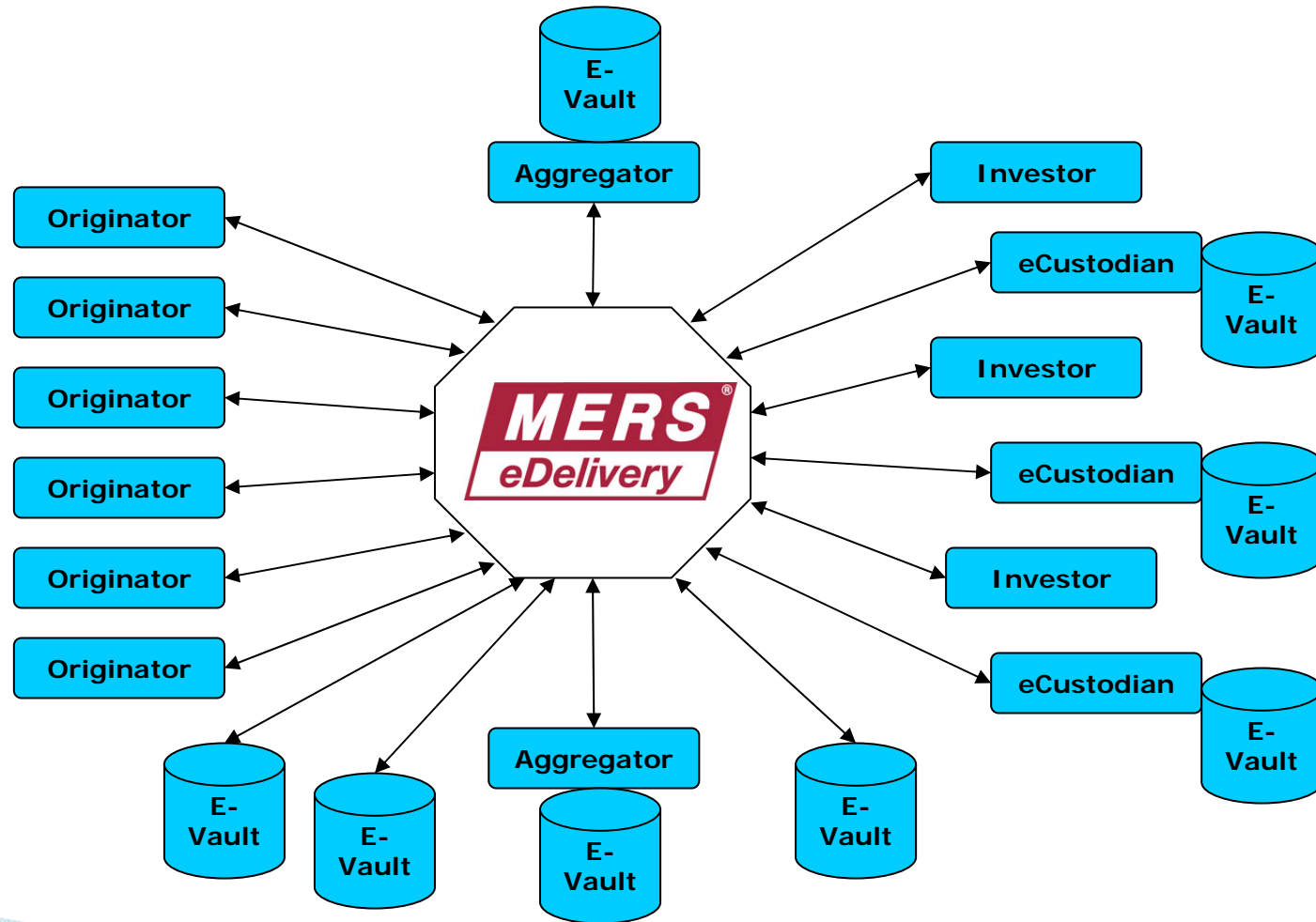
- ▶ Standardized delivery of electronic documents from one member to another
- ▶ Members use existing interface to MERS – eliminate multiple B2B custom interfaces
- ▶ Reuses MERS and MISMO standards of the MERS® eRegistry
- ▶ Required by Fannie Mae for delivery of eNotes



Without MERS® eDelivery



With MERS® eDelivery



A Hybrid World

- ▶ Hybrid loans: eNotes plus paper closing docs
 - Custodians must manage paper documents and electronic documents for the same loan
- ▶ Hybrid pools: eNotes and paper Notes
 - eNotes generally identified by Special Feature Code

eMortgage Benefits

- ▶ Cheaper / Faster / Better
- ▶ The Data is the Document
- ▶ Industry standards save time, money
- ▶ Eliminate re-keying, “stare and compare”
- ▶ Improved compliance, fraud detection
- ▶ Lowered risk
- ▶ Improved consumer experience

= Competitive Advantage

Resources

- www.mortgagebankers.org MBA
- www.mortgagebankers.org/emortgage MBA eMortgage
- www.mersinc.com MERS
- www.mismo.org MISMO
- www.pria.us PRIA
- www.sisac.org SISAC
- www.spers.org SPERS

Thank You

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