



NextGen Pricing Technology-A Vision to the Future

The NextGen pricing engine provides a technology backbone to improve the operational process flow and a guidepost to ensure transparent lending practices. Pricing engines have matured over the last ten years and now can play an even more important role as we look to the future. Technology providers are scrambling to best position their products and services to help mortgage lenders deal with loan defaults, modifications and rampant foreclosure activity. So what role does the pricing engine play?

In the near term, lenders can proactively leverage their existing investments in pricing technology to help provide a way to determine homeowner eligibility and best program for loan modification. Most systems provide the ability to establish business rules, test loan data against those rules and provide a result set to the user. It is imperative that loan modification activities become process driven and integrated into lending operation. This establishes the ability to scale operations and apply consistent business practices. The extension of pricing engines for this duty call leverages existing infrastructure investment for cash-strapped mortgage lenders.

Decision Engines-An Analytical Centrifuge

As we eye the future, the role of the pricing engine evolves to become an efficient “brain center” for a mortgage operation where it is an analytical centrifuge. All aspects of lending flow through the pricing engine which effectively evolves into an enterprise decisioning system. Product eligibility, pricing, workflow steps and loan modifications decisions are controlled by a well managed rules engine. This is a step in the right direction towards bringing transparency, better data and instantly applying new investor rules to the marketplace.

Analytics Streamline Decision Process

The next layer analytics integrates fraud detection, employment, IRS tax return verifications, credit, valuation models seamlessly into the process flow. Operational advantage is conveyed through accurate and transparent data flow. The days of minimal transactional data, manual entry, lagging delays and mistakes are failures of the mortgage industry that we can overcome.

By deploying a systematic technology-driven approach, lenders establish a best practices framework for zero tolerance to mortgage fraud. At the heart of this framework, the decision engine interconnects the network of secure partners for automated property valuation, anti-fraud detection tools and electronic documents. This is critical for the entire industry to evolve to this step as part of the natural progression to improve loan quality.



Data Transparency is an Important Step in Restoring Confidence

A vision to the future provides a transparent window from the decision engine to the investor. Whether new production or loan modification, data can flow electronically from the pricing engine to investors. The depth of data including result sets from integrated partners that provide verifications can easily flow upstream to investors. Instant and transparent data flow from point of sale through to the investor provides an electronic blueprint for the investors to really understand the underlying collateral. Clearly, this was short-circuited in the past for operational ease and technology mismatches.

Zero Touch Integration-A Game Changer

Operational advantage is conveyed to lenders that demand zero touch integration from their internal decisioning platform to both investors and vendors. Within the vendor community, this is can be accomplished through either vendor electronic networks or through open technology links. Whatever the technical method, the mandate of the best operations should focus on “zero touch integration”. Electronic process flow eliminates costly human interaction, mistakes and eliminates time. ***The game changer for the mortgage industry is to connect hundreds of process points, improve transparency and produce higher quality loan product that syncs with future investor demand.***

The Future of the LOS

With any change, there is an impact. The days of hard coded, inflexible loan origination systems are numbered. Flexible vendors with service-based offerings armed with strong analytical systems will survive the mortgage crisis. Lenders that invest in technology flexible, highly analytical platforms will be our new top originators and have a differential competitive advantage.

NextGen technology needs to embrace business rules management, workflow, open integration to decision models and electronic data flow. Lenders can lean on their decision engines to span across all channels of business.

Origination systems that embrace this concept will thrive. Mortgage originators should review very carefully how they can migrate their existing technology platform to embrace the electronic marriage of data across the mortgage process.



Making a Big Difference in the Mortgage Game

In a year that is marked by turmoil in the mortgage market, leadership is often sought but seldom offered. The future of the pricing engine within the mortgage technology shines bright as it evolves to provide a tool to help change the game for mortgage lenders. Many legacy investments in decision technology can be leveraged today to help climb the mountain of loan modifications.

As the vision for the future becomes clear, the decision engine emerges as a core foundation to promote transparent, consistent lending practices. This is a step in the right direction to consistently improve loan quality, decrease the cost of origination and provide timely and accurate information from the point of sale through to the investor community.

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