

LoanCity Launches Enhanced Underwriting System

BY SCOTT KERSNAR

SAN JOSE, CA—Calling its new system “the next generation of automated decisioning,” wholesaler LoanCity here has released its proprietary AU 2.0 that delivers recommendations and stipulations in the same format and timeframe as Fannie Mae’s Desktop Underwriter.

The system enables brokers to get a decision with three clicks on any loan except hardcore subprime loans — without exiting one AU system to run loans through another. “The bedrock of what we do is product pricing, product matching,” LoanCity founder and CEO Rick Soukoulis told *National Mortgage News*. “In a downward market, product and pricing efficiency are going to be the drivers.”

LoanCity has coined the term “sneakerware” for the nonproprietary AU systems some rival wholesalers deploy. “It is impossible to use a patchwork of systems to get the process efficiency we have achieved,” he said.

Whereas, like other wholesale lenders, LoanCity used to have full-time employees who did nothing but board loans, once a broker uploads a file from the LOS to the LoanCity website, boarding is reduced to five minutes. While most big lenders are trying to get 10 to 15 units done per full-time employee, he said, “I am at 25 and headed to 40 because each step is automated. We built our back-end system based on workflow automation.”

According to the announcement, AU 2.0 was developed in collaboration with Fannie Mae to integrate the company’s risk-based pricing engine with the custom DU platform. It took two years to complete. Michael Zugar, president of Los Gatos, Calif.-based broker Ameritec-Capital is quoted as saying, “AU 2.0 makes LoanCity a true single-source stop.”

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The system supports a range of LoanCity loan programs grouped in seven broad product bands: conforming, jumbo, expanded, alt-A, alt-B, FHA/VA and seconds. Within each band are thousands of credit, property, underwriting and documentation options to serve its client base of more than 5,000 brokers.

“It’s a system that is the same regardless of the product,” Mr. Soukoulis said. “If I’m a broker, what do I have to go to AssetWise for? The decisioning I give to the brokers is uniform, regardless of the product. The

market is shrinking and you have to do it all at once.”

An Internet pioneer for the mortgage industry, Mr. Soukoulis founded America’s Funding Source in 1987 and created the Electronic Mortgage Clearinghouse as the first multilender loan search engine. He entered a joint venture with Charles Schwab & Co. to create Schwab’s Personal Mortgage Broker. In early 1999, AFS changed its name to LoanCity.

LoanCity now has 15 processing centers across the country. The company funded \$7 billion in mortgages in 2005. Mr. Souk-



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oulis said LoanCity’s volume grew 27% in March and is on track to do \$1 billion a month for 2006.

Fingerprinting IDs Documents

BY ANTHONY GARRITANO

HACKENSACK, NJ—While using fingerprint technology may seem like a concept far into the future, PaperClip Software is using it today as a more foolproof way to recognize mortgage documents.

The new application called DocRec automatically classifies incoming imaged documents by type, rotates and aligns them as necessary, reports exceptions and fraud, and conducts document type translation, thus eliminating today’s time-consuming, manual process of handling incoming imaged documents. The application is already being deployed by one of the nation’s largest financial institutions.

In terms of price and delivery, the tech-

nology is leveraged in combination with PaperClip’s Internet eXpress electronic document delivery service, and is available both as a product and as a pay-per-use service, depending on a user’s needs.

“If you look at the technology the government uses in its flyers, why not use that same technology to apply to documents and images in the mortgage space,” said Mike

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**‘Now I can
 create an exception
 report more efficiently**

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Now, 50-year Nonprime Loan

BY BONNIE SINNOCK

Street Gets Tough on Buybacks

BY PAUL MUOLO

ments which potentially hurt smaller funders that do not have the

that sells a loan to a correspondent buyer must repurchase the mort-