



The mortgage lending business is a high volume business where transaction times are critical.

MARKET OVERVIEW:

Transitioning Paper-Based Mailings to Secure Electronic Delivery Systems

The Mortgage Loan Industry

The Mortgage Loan industry is an extremely high volume business. In 2003, the mortgage market hit a record \$3.76 Trillion in new loans. Mortgage lending is the process of originating, selling and servicing mortgage loans for single and multi-family real estate. Mortgage Lenders are intermediaries who bring together people who need to borrow money, and investors who are looking for investments and are willing to provide capital for the Mortgage Lending system. Mortgage Lenders earn revenues based on originating new loans, collecting application fees and loan origination fees. These revenues are used to offset the expenses of taking in loan applications, processing and closing loans. Typically, the profit margins earned on a per loan basis are very low; consequently, high volumes of loans are required to create a profitable operation. In a volume business such as this, borrowers tend to shop their loans. As a result transaction times become a critical factor in capturing new business. Money earned from actually servicing loans is where Mortgage Lenders make the largest contribution to their revenue. Servicing loans includes collecting monthly mortgage and tax payments, maintaining escrow accounts on taxes and insurance, and making monthly payments to investors. These servicing rights can be sold-off; however, most institutions tend to retain these rights to help generate a stable flow of income, to offset fluctuations in economic cycles in the primary loan origination market.

Management's Challenge: Ensure Regulatory Compliance and Improve Efficiency

Federal regulators have enacted laws such as GLBA to ensure privacy.

Good business practices suggest that protecting your company's information assets and your client's private data should be a matter of course. Given the reality of today's Internet, federal regulators have also enacted laws such as the GLBA (Gramm Leach Bliley Act) and the Sarbanes-Oxley Act to ensure the privacy and confidentiality of electronic messages. Those found in non-compliance can be subject to timely and expensive audits, costly fines and other severe penalties. Let's face it, no organization wants to find their company in the press regarding a security breach or that they are in violation of any federal regulations, it's just not good for business.

In the Mortgage Loan business, the processing of loans and the handling of loan closing documents is still managed to a great extent as a paper process, primarily to ensure the confidentiality of their client's credit histories. Rather than risk federal regulation penalties, many Mortgage Lenders still deliver their loan closing agreements to lawyers and clients using paper-based delivery methods.

Faced with reducing transactions times and slim profit margins in the loan origination business, it is critical for Mortgage Lenders to create strategies to come up with innovative ways to reduce their turnaround times and operating costs.

The GlobalCerts™ Solution: Improving Efficiency and Enabling Compliance

The GlobalCerts SecureMail Gateway makes it possible to communicate securely with anyone anywhere.

Once carefully evaluating their requirements, Mortgage Lenders and other financial institutions turn to GlobalCerts to help them with their needs. The GlobalCerts solution helps these institutions to adhere to federal regulations and industry guidelines for data privacy. GlobalCerts can also help increase their company's efficiency and reduce operating costs. The GlobalCerts SecureMail Gateway™ (SMG) makes it possible to communicate securely with anyone anywhere. GlobalCerts developed the SecureMail Gateway solution with the idea that users just want to send email, and not acquire specialized skills to send messages. The SecureMail Gateway is designed to make administration straightforward and simple. Automation is used to significantly reduce administrative burden and facilitate rapid secure messaging. Administration on the SMG really comes down to just creating secure users, and secure users can be added in minutes. Users can also be added by simply just doing what they do normally, send emails.

The SecureMail Gateway is implemented using widely accepted industry standards to ensure compatibility with other email products, and to ensure product longevity.

Mortgage Lenders find that there is no need to rebuild their network. The SecureMail Gateway is implemented using widely accepted industry standards to ensure compatibility with other email products, and to ensure product longevity. There is absolutely no desktop software required. This means that the SMG is completely compatible with the industry's most popular client email applications (e.g. Microsoft Outlook®, Novell GroupWise®, etc). This makes the transition for your network users virtually transparent. The SMG is also compatible with the industries most popular content-filtering, anti-virus, anti-spam and firewall products. The initial configuration is also made simple. Using system defaults makes the installation of the SMG a breeze. Once installed, the SecureMail Gateway requires very little if any follow up configuration. There is not desktop software required which greatly simplifies integration. It doesn't get much simpler than that.

Mortgage Lenders realize that with simplicity of operation, they can keep their employees productive, and not have to send them to extensive training or deal with added support calls. It is also comforting to Mortgage Lenders to know that tens of thousands of users secure their email on a daily basis with the field-proven GlobalCerts solution.

The Bottom Line: Financial Analysis

The GlobalCerts solution can create a number of savings efficiencies and revenue generating opportunities. A key opportunity includes transitioning paper-based mailings to secure electronic delivery. Revenue generating opportunities can include such things as secure electronic delivery of investment instruments.

Savings as Paper-Based Mailing Alternative

The pay back period can less than (4) four months for a fully redundant SecureMail Gateway.

A cost benefit analysis of the GlobalCerts implementation shows that Mortgage Institutions can yield hundreds of thousands of dollars in cost savings benefits from this alternative solution. A simple straightforward financial analysis shows that even in a low volume case such as 5,000 closings per year, the pay back period is less than (4) four months for a fully redundant SMG. In high volume situations the pay back period can be a little as (1) one month. The break-even point is just over 14,000 paper-based mailings. Additional savings are realized in improved productivity as well as reduced staff required to handle paper-based delivery. While loan processing fees are typically passed on to clients, these fees can now be used to generate profits, rather than just barely covering operating expenses. After the pay back period, mortgage institutions can begin to generate revenues.

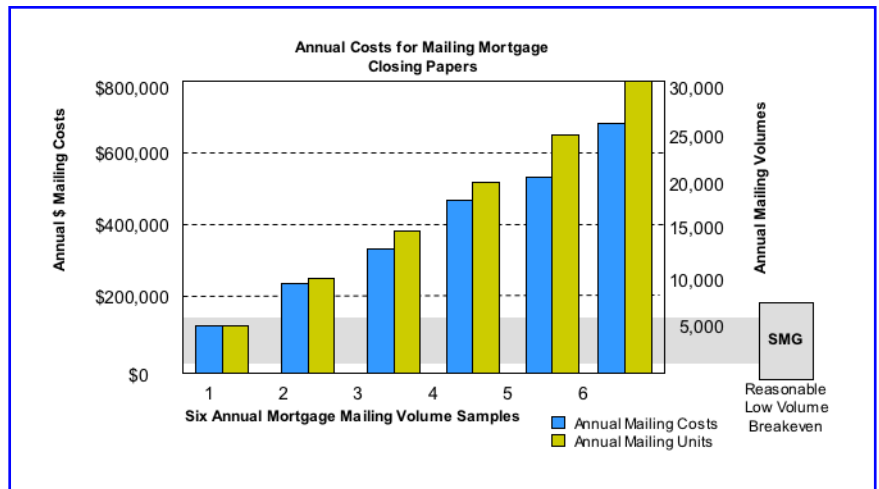
Using a straightforward method as shown in the following sample table helps to illustrate the financial analysis.

After the pay back period, mortgage institutions can begin to generate revenues.

Mailer Type (e.g. Express Delivery Service)	Sample Volume Percentage
Percentage of in-state mailings	75%
Percentage of mailings to lawyers/clients in neighboring states.	20%
Percentage of mailings to lawyers/clients in distant states.	5%
Percent of 1 or 2 day deliveries using common carriers.	15% 1 day, 85% 2 day
Actual postal delivery costs for 1 or 2 day deliveries.	\$12 for 1 day, \$8.20 for 2 day
Percentage of labor time processing closing papers for mailings.	15 minutes per item
Labor costs to handle processing of paper-based deliveries (including benefits overhead).	\$38,000/year

The following chart shows the annual costs associated with 6 different volume scenarios for handling closing documents. Annual mortgage mailing sample volumes used include: 5,000, 10,000, 15,000, 20,000, 25,000 and 30,000 mortgage documents.

The GlobalCerts solutions enables revenue generating opportunities.



The SMG offers you an incredible ROI

Potential applications can include secure electronic mailing monthly statements, mortgage payment receipts or payment slips, and secure electronic wire transfer notifications.

Revenue Generating Opportunities

Creative institutions can use the GlobalCerts solution to generate revenue opportunities. For clients who want the added assurance that their transactions are secure, financial institutions can charge secure transactions fees. Fees for secure transactions can be a little as \$5.00 or up to \$10.00 per transaction or more if the circumstances warrant. The break-even in these fee based examples can be as little as 3,000 transactions. Depending on your companies application volumes you can be generating profit in a very short time. With a little ingenuity your organization can use the SecureMail Gateway for a variety of secure applications to start generating revenues.

Value Statement

Clearly Mortgage Lenders like other financial institutions are faced with regulatory risks as well as business liabilities. GlobalCerts can help you minimize those risks while helping you add value to your operation.

The SecureMail Gateway can provide a more than reasonable return on investment (ROI) in just 3 to 6 months and help to generate positive cash flow. As such, secure messaging can begin making an important contribution to your company's bottom line in a very short time. It can also help you increase your company's efficiency and reduce operating costs.

The SecureMail Gateway makes it simple to send secure messages to anyone anywhere. Tens of thousands of users secure their email on a daily basis with the field-proven GlobalCerts solution. Contact us to learn why the SecureMail Gateway is fast becoming the financial industry's standard for secure messaging, and let us help your organization meet regulatory compliance.



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