

THE DISRUPTION OF THE SECONDARY MARKET RELIES ON EFFICIENCIES THAT CAN SCALE

RESITRADER BY OPTIMAL BLUE CONNECTS LENDERS AND INVESTORS IN REAL TIME TO ACCELERATE RESULTS

For the last several years, the mortgage industry has experienced a disruptive wave of technology innovation by vendors aiming to improve results and lower costs. Until recently, the vast majority of these innovations have focused on automating the front-end of the digital mortgage loan process, leaving significant opportunities to automate post-closing processes such as whole loan pricing and loan trading. Now, Optimal Blue has upended the status quo in the mortgage industry by building a revolutionary digital marketplace that is transforming the way loans are bought and sold in the secondary market.

Optimal Blue's recent acquisition of market leader Resitrader created the largest loan trading platform in the industry. In the last year, Resitrader saw a 350% increase in the number of sellers and more than 300% growth in loan trading volume, while also increasing the offer-to-purchase rate for sellers on the platform.

"Given Optimal Blue's unique and strong market share position, the acquisition put us in the front seat to create an industry-standard platform for whole loan pricing and trading," explained John Ardy, vice president of Resitrader by Optimal Blue.

By connecting lenders and investors in real time, Resitrader automates what used to be a manual, email-based trading process and makes it incredibly scalable. Besides the immediate time savings, the Resitrader platform fosters real relationships between engaged buyers and sellers, which is mutually beneficial to both sides.

Benefits for sellers

On the sell side, Resitrader empowers the lender to optimize true best execution by offering loans to an entire marketplace of buyers instead of the four or five investors they are used to dealing with. Originators can connect with new investors almost instantly and accelerate the traditionally protracted, difficult shadow bidding process, so what used to take weeks is now accomplished in seconds by clicking on someone's name to view their pricing.

Benefits for buyers

The transparency of pricing within the platform creates the opportunity for sellers to find investors quickly and provides investors with valuable insight into the competitiveness of their bids. Resitrader reports this information automatically, so investors can see why

they won or lost certain bids and adjust their strategy accordingly.

"Resitrader takes a function that was manual from end to end and fully automates all of it," continued Ardy. "It streamlines communication and eliminates the latency that occurs with the manual process. It's very exciting — in an area that was never very exciting."

Fannie Mae and Freddie Mac

Understanding their critical role as investors, Optimal Blue has paid special attention to streamlining connections with Fannie Mae and Freddie Mac. The company completed an early integration with Fannie Mae's Pricing and Execution – Whole Loan application last year and was first to integrate with Freddie Mac's Loan Selling Advisor in August. Because Optimal Blue operates in a SaaS environment, Resitrader clients had full access to the new capabilities on the same day.

The integration with Loan Selling Advisor allows the user to seamlessly acquire Freddie Mac pricing data and compare against alternative executions, such as bulk bids. It also enables the automated commitment of Freddie Mac loans by returning trade confirmations directly



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back to the Resitrader user, so they don't have to use multiple systems to conduct a single transaction.

Optimal Blue then followed up with an enhanced integration that fully automates the cash pricing and commitment process to include cash pay-ups for fixed-rate mortgages across all specified loan attributes. Prior to this integration, sellers would have to download and print a .PDF from Freddie Mac and calculate these loan details.

Now, that data pull takes seconds.

New efficiencies

Once buyers and sellers see the ability to interact at such a fast rate, the platform

quickly becomes indispensable to their business model.

Jim Glennon is the director of secondary services at Optimal Blue and he noted a major gain in efficiencies using Resitrader for Optimal Blue's full-service hedge advisory clients. “As we add new layers of innovation to our core platform, we are giving lenders and investors incredible new opportunities to get things done faster and better. This is part of the mortgage process that no one spent much time on, and now it has caught up to the rest of the digital mortgage process,” Glennon said.

As significant as the evolution of the Resitrader platform is individually, the seamless integration of Optimal Blue's

solutions across the entire secondary market platform is the true game changer.

“When Resitrader operated independently, we were able to grow to \$2 billion a month,” said Ardy. “Now, backed by the power of Optimal Blue's Digital Mortgage Marketplace, our growth rate will accelerate and catapult Resitrader into the largest industry destination for digital loan trading and bring considerable value to platform participants.”

As adoption of these interactive loan trading platforms flourish, Optimal Blue aims to continue looking toward the future of the industry with an ongoing commitment to deliver market-leading mortgage automation.