



**Office of Federal Housing Enterprise Oversight
(OFHEO)**

NEWS RELEASE

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**Technological Advancements, Challenges for Mortgage Industry
Examined in New OFHEO Research Paper**

WASHINGTON, DC – A new research paper by The Office of Federal Housing Enterprise Oversight (OFHEO) documents the technological advances and challenges facing the single family mortgage industry as it moves toward a more electronic future. The paper, entitled “The Single-Family Mortgage Industry in the Internet Era: Technology Developments and Market Structure”, examines how improvements in computer and telecommunications technologies have altered the industry and streamlined the lending process for borrowers and lenders.

The paper details the development of automated underwriting systems (AUSs) and how Fannie Mae and Freddie Mac have responded to and facilitated the adoption of technological innovations including marketing AUSs to their lender-customers. The Enterprises are also providing connectivity options to other related businesses, which in turn facilitates development of electronic commerce among mortgage firms and online mortgage originations.

According to the OFHEO research paper, full achievement of the potential benefits of recent technological innovations will require moving from paper-based to electronic mortgages, where the critical loan documentation is created, executed, transferred, and ultimately stored electronically. To gain momentum, electronic mortgages will require an extensive, long-term effort to reengineer business processes. The paper discusses how single-family mortgage lenders, Fannie Mae and Freddie Mac, and others in the industry are cooperating to address the challenges.

The research paper, written by Forrest Pafenberg of OFHEO’s Office of Policy Analysis and Research, is the first in a new series of occasional papers by the

agency in an effort to enhance public understanding of the U.S. housing finance system. The full text of the paper is available at <http://www.fhfa.gov/webfiles/1146/technologypaper12004.pdf>.

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OFHEO's mission is to promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.