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Nationally recognized expert on personal finance, the economy and markets

Making Mortgages Easier

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In the olden days, if you needed a mortgage you went to your local bank or savings and loan, where you had a banking "relationship." But those days were long, long ago. Technology has completely changed the mortgage industry, giving consumers instant access to rates and almost instant approvals (or pre-approvals) on mortgages for new purchases and refinancing.

While Chase and Wells Fargo compete for the top spot in making new loans, mortgage companies like Quicken Loans and Guaranteed Rate have grown quickly. In particular, [Guaranteed Rate](#) -- based in Chicago and licensed in every state, with more than 175 loan offices across the country and -- has provided \$80 billion in home purchase and refinance loans since its inception in 2000. So far this year, through June, it has completed nearly \$10 billion in mortgage loans.

How does a mortgage grantor gain this kind of market share so quickly, and what is the balance between technology and those loan offices staffed with loan officers? That was my big question for Guaranteed Rate President and CEO Victor Ciardelli. How has technology given his mortgage company the edge to become the eighth largest retail mortgage lender in the United States?

It's a story that inspires all entrepreneurs, as Ciardelli relates his start as a real estate broker who couldn't find financing for a deal that would have given him a big commission in the lean years of the early 1990s when the mortgage market was at a standstill. He vowed to learn the industry -- and was surprised at the inefficiencies in connecting capital providers with borrowers. That inspired him to launch his own mortgage company, which has become the behemoth Guaranteed Rate. Most of the company's growth has come from referrals from satisfied customers, he says.

Digital Technology Gives an Edge

Ciardelli explains that technology gives his company the edge both in purchase mortgages and refinancings, allowing approvals to be granted in less than a half-hour. The latest version of the Guaranteed Rate mortgage software uses encrypted cloud storage and e-signature functionality -- not only to verify credit but also to allow instant online document uploading for review by loan officers. The website is consumer friendly and allows even first-time home buyers to get pre-approvals before shopping -- or quickly submit documents for a loan.

The trend toward online mortgages has recently been acknowledged by the federal Consumer Financial Protection Bureau. It has conducted a pilot program to test online mortgage closings -- the next step in the mortgage process -- and its findings are encouraging.

According to the CFPB, a study of the pilot program revealed that borrowers "can benefit" from electronic closings. Specifically, "those who closed their mortgage using an electronic platform are generally better off on measures of understanding, efficiency and feeling empowered than borrowers who used just paper forms."

Guaranteed Rate's mortgage application process is digital all the way up to the actual closing -- and the company promises it will be ready to take that final step as soon as regulations are updated to allow digital closing.

Competitive Interest Rates are Key

But while technology gives an edge, the mortgage industry still revolves around interest rates. Ciardelli says his site posts not only the company's own rates on a wide variety of loans but also rates from competitors. And, he brags, "We beat their rates most of the time!"

Plus, the borrower works with one well-trained loan officer to complete the process, allowing efficient closings and swift updating of any outstanding issues in the mortgage process. Gone are the days of begging a lender to get the paperwork done in time. There simply is no paperwork -- only completely transparent processing of all necessary reports.

The Guaranteed Rate success story has been well documented with awards, including the Best Corporate Digital Innovation at the 2013 Moxie awards and Ciardelli's personal recognition as "CEO of the Year" at the 2014 Illinois Technology Association CityLights Awards. The company's innovation combines the engagement of technology with human contact to benefit consumers by cutting costs, while using time and information efficiently and transparently.

Just as Uber makes transportation more efficient, and online banking makes personal finances more efficient, now the American dream of home ownership has been demystified and made less costly. And that's The Savage Truth.