



COLLABORATION BRINGS CONTINUITY

Lenders and settlement agents benefit from being present in all parts of the closing process.

Validating data on each loan application is a necessary but costly and time-consuming activity. Additionally, fraud perpetrators are finding new methods for illegal schemes, requiring lenders to be more vigilant and constantly adapt. Lenders are especially susceptible to fraud during the closing process, perpetrated by closing agents who take advantage of the transient business relationship.

Because borrowers or their realtors select the closing agency, many settlement agents are unknown to lenders and it is difficult for lenders to track the information necessary to protect against fraudulent activities. It's critical for lenders to have methods for getting information about the settlement agent partner with whom they do business. The ability to identify and manage occurrences of fraud is key for lenders who already have to juggle keeping up with ever-changing compliance regulations.

By Sharon Matthews

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COMPLIANCE CONCERNS CONTINUE

With regulations like the Home Valuation Code of Conduct, Reg Z, the Real Estate Settlement Procedures Act (RESPA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act, lenders have a lot to contend with. Failure to comply with legislation results in delays, customer dissatisfaction, and costly penalties for lenders. And part of complying with the law requires lenders and their settlement partners to collaborate on key consumer documentation.

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Currently, the Consumer Financial Protection Bureau is working to combine the TIL and GFE documents into a single Settlement Disclosure Form, which must be completed in July of 2012. Whatever form this consolidated document ultimately takes; it will undoubtedly include additional compliance requirements from lenders. Given these changes, it's no surprise that compliance is a top concern among lenders.

COME TOGETHER, COLLABORATE

Lenders and their settlement partners face

immediate compliance challenges and an ever-growing need for timely, reliable data to manage risk and performance. A lender's ability to connect with closing partners and track the closing process has a direct effect on managing fraud and compliance risks.

What's needed is an open collaboration tool, a closing service that streamlines the closing process and addresses the challenges throughout the lending life cycle. eLynx's eClosingNet (eCN) is such a solution - it's an open hub that connects all parties in a mortgage transaction.

Through eCN, lenders, settlement agents, and title underwriters can collaborate quickly, easily, and securely. This collaboration provides greater continuity, shorter cycle time, lower costs, and better loan quality for all involved parties.

GET CONNECTED

With eCN, lenders are connected to a network consisting of many of

the nation's largest lenders, most of the nation's settlement agents, and a significant portion of title underwriters. Altogether, this represents a sizable network of participants with the same objectives - improving data quality, shortening cycle times, and preventing fraud. Through this network, eCN has revolutionized lender visibility - now lenders know who their closing partners are, and that those partners are in good standing.

UNMATCHED VISIBILITY

A core element of eCN is the Settlement Agent Management (SAM) module. There, 100,000 of the nation's closing agents are registered and validated. Dur-

ing the registration process, settlement agents must provide information about their business and the agents who work there.

This valuable information allows lenders to know whether settlement agents are in good standing before closing documents are released, delivered and funds dispersed.

Most importantly, using eCN, lenders no longer lose control over closing documents after they're delivered to the settlement agent. eCN gives total visibility into the various phases of the closing process.

Lenders are informed every step of the way, seeing the status, closing and disbursement dates, while getting instant access to valuable reports to manage the performance of settlement agents working on specific loans.

EARLY DETECTION

Furthermore, the extensive industry coverage of the eCN network gives lenders valuable information on closing activities. Instances of potential multi-lien fraud can be detected and reported to the lenders involved. Early detection and notifications allow lenders to proactively prevent losses prior to closing document delivery and funds disbursements. eCN's fraud capabilities will integrate seamlessly with a lender's existing closing workflows. These capabilities significantly reduce unnecessary costs for lenders that come from GFE and HUD-1 discrepancies.

AUTOMATING THE HUD-1

The most common pain points for lenders come from discrepancies within the HUD-1 statement. Traditionally, the disconnection between settlement agents and lenders has left lenders vulnerable, because regulations dictate that lenders pay the penalties and fees that come from GFE and HUD-1 discrepancies. Another module within eCN, eHUD provides real-time HUD-1 collaboration between lenders and settlement partners through a shared workspace.

This online tool automatically identifies discrepancies between data in the GFE delivered to the borrower and the HUD-1 being prepared by the settlement agent. Differences that fall outside of the tolerance set by RESPA rules are highlighted for resolution. eHUD allows both parties to review the HUD-1, where each can accept or reject the content, as well as request changes. Throughout the review and negotiation process a complete audit trail is maintained. After each party has approved the content, the final HUD-1 data is sent to both.

This automated process reduces per-closing costs, eliminates overhead, and supports more closings with fewer staff needed. These enhancements increase profitability while allowing all parties to maintain a higher performance level that

leaves more time to focus on executing day-to-day tasks with peace of mind.

GET EMPOWERED

Changes to the traditional closing process are necessary to better serve lenders and their closing partners. To stay compliant and reduce risks from fraud, lenders and their settlement partners must connect through a single, open platform. eCN's

innovative suite of services provide such a platform that is transforming the closing process into one that is more collaborate and more transparent—all in a secure environment.

Now is the time to become part of a visible network of trusted settlement agents, where greater continuity, shorter cycle time, lower cost, and better loan quality are achievable. ❖

ABOUT THE AUTHOR

As President and CEO, Sharon Matthews oversees the overall operations of the company and is responsible for the growth of eLynx's market leadership position providing data-driven document distribution, collaboration, and connectivity services for the financial services, mortgage banking, and real estate industries. Matthews came to eLynx with more than 25 years of senior executive experience running profitable large technology and software companies.



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