



RECOVERY TIPS - By DOMINICK MARCHETTI

Improving Production

As mortgage lenders we want it all: technology that addresses the global demand for regulatory reform, refines it according to the various and varied regulatory boundaries, and tailors it still further to the unique demands of our individual businesses and customers.

We want the technology to bring together our many disparate internal systems integral to our production workflows, without interruption. We want it to be straightforward for our users, and great for our bottom line.

Unfortunately most of today's loan production technology comes in the form of legacy systems and legacy strategies. As regulation and data quality expectations have changed, technology has tried to keep pace with add-ons and work-arounds, which has negatively affected our cost per loan.

TODAY'S CHOICES

The path of a typical loan carries it through a customer relationship management system, a point-of-sale system and a loan origination system, in addition to requiring data transfer between a litany of third-party services including compliance, disclosures, product and pricing engines, closing documents, credit, flood and so on...

Traditional **'database of record'** and flat-file based data solutions are not able to provide a repository to expose and manage all aspects of the loan lifecycle.

Originators and operations personnel are forced to re-key loan information between separate systems, resulting in a convoluted

process where they have to enter borrower information at their desk, print it off, run to the printer to pull the hard copy, run back to their desk and re-key much of that same information into a different system in order to move the loan through the production pipeline.

DETAILS MATTER

Subsequent touches throughout the process typically require an inordinate amount of time validating and revalidating information previously gathered and reviewed. There is not a clear picture of how the loan has changed over time except through a tedious process of inspecting a transaction log with a magnifying glass.

And worse of all, when a loan gets to the end of the process at closing, gap screens are used to capture additional new or non-integrated loan details, thereby negating the attention to detail throughout the file flow.

THE HARD REALITY

Despite being thoroughly tested and available, technology solutions that attempt to prevent some of these issues such as imaging, electronic document delivery and e-signatures have not been universally adopted as they require yet another handoff with yet another a third party solution.

Compounding the problem of a fractured workflow is the importance of maintaining data integrity throughout the entire loan origination process in today's regulatory environment. As an example, loan officer compensation requirements passed in April 2011, intended to prevent loan officers from guiding borrowers into loans that are not in their best interest, created the need for extensive reporting of historical loan data as an enforced requirement.

As if that weren't enough, states, counties and cities operate under their own unique laws and requirements, making it very difficult for originators operating in multiple markets to maintain regulatory compliance.

If this sounds familiar, it is because this process is routine for most lenders. There has to be a better way.

THE WAY FORWARD

While knowledgeable originators are a key factor to ensuring loan quality, there is no substitute for a strong business rules engine in place with full visibility to all aspects of the loan's data and compliance requirements. By integrating all the various stages of the workflow, and the vendors and partners necessary to each stage, mortgage lenders can enforce quality control, fraud prevention and compliance integrity throughout.

Traditional 'database of record' and flat-file based data solutions are not able to provide a comprehensive repository to expose and manage all aspects of the loan lifecycle. By comparison, the universal data model utilizes an advanced, extensible database, the ability for disparate vendor systems to write directly to that database, and a data audit framework to dissect the data quantitatively, qualitatively and historically. It eliminates the gaps, silos and redundancies that have historically been part of the daily life of a lender's production

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process, giving you a three dimensional view of your data that provides the total transparency that is demanded by the new compliance standards.

DATA INTEGRITY

Originators must maintain data integrity and transparency to produce high quality, compliant loans, while providing excellent customer service. With tighter lending standards and fewer qualified borrowers in the marketplace, the quality of customer experience is more important today than ever before. This interaction can be used by savvy lenders to broaden and deepen the lender-borrower relationship.

Therefore, we should take every opportunity to leverage the advanced technology available to us. That means integrating the various vendor platforms and writing to a single database. That means automating the process to improve the experience for the borrower. And that means planning for the long term.

FINDING SUCCESS

Ultimately, a successful lender can and should have control of every facet of the loan manufacturing process. The process should be automated and efficient, where the human element is reserved for the highest priorities.

It should be transparent enough to avoid investor push-backs and compliance issues, and it should be smooth and seamless enough to ensure a great experience for both the user and the borrower.

In today's mortgage industry, technology that integrates disparate internal systems, ensures compliance with industry regulations and minimizes downtime is critical. It's all possible with the right technology. ❖

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