



Extend Your Reach

The future of crafting a true successful mortgage operation is all about e-collaboration.

The mortgage industry is a tenacious one. Despite record low home sales and declining purchase prices, mounting foreclosures, high unemployment and cautious lending, the industry presses on. Determined to do more than survive the challenges, industry leaders are seeking to innovate and add transparency to mortgage processes, adopt new technologies to boost efficiency and customer service, and learn from past mistakes.

By Nancy Alley

The mortgage industry is proving its commitment to true success - but to succeed, mortgage professionals must work together to not only collaborate and

share information, but to support and adopt emerging regulations.

It's wildly debated as to when the market will fully recover, but most would agree that with many lenders currently working through a four-year supply of foreclosures, recovery can't come soon enough. Forced to tighten their belts, lenders are seeking ways to close the widening gap on their balance sheets. Fortunately, an opportunity does exist for lenders to position themselves to make the most of the loans that are coming through their doors. It's called intelligent collaboration.

By collaborating electronically, lenders can capitalize on current and future loans with the ability to originate, sign, underwrite, deliver, audit, service and archive loan documents all from their computers – eliminating the need to print,

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package and ship hard copies. In addition, recent advancements in technology allow lenders to extend this online collaboration to borrowers and other third parties, who have come to expect immediate service and access to their documents.

Today, lenders are accelerating the origination phase and offering better customer service by electronically delivering disclosure documents to borrowers. Borrowers access the documents through secure, online document portals, where they authenticate their identities, acknowledge receipt, confirm that they can view and read the materials, and eSign them. In addition, borrowers are able to deliver outstanding required documents, such as a backlog of bank statements, to the lender through the same portal.

For example, radius financial group inc., a privately-owned, full-service mortgage banker, implemented electronic document collaboration technology last year to support eDisclosure initiatives and found that consumers were thrilled

with the experience. “[Clients] say, ‘I can’t believe I just signed my application electronically in 15 minutes, have uploaded my paystubs to you and have nothing else to do,’” says Keith Polaski, principal, radius financial group inc.

The next step for extending the collaborative aspect of the loan process is to complete eClosings. Settlement agents and attorneys are already able to manage their work queues through online document portals, but in the near future entire closings will be completed electronically. When that happens, instead of being surrounded with documents requiring wet-signatures at the closing table, borrowers will sign their closing documents using the computer mouse as the pen and the PC as the paper. Not only does this simplify the process for consumers, it gives lenders more assurance that the

documents signed reflect any last minute changes, that all needed signatures are accounted for and all necessary documents are included.

BE OPEN TO CHANGE

A willingness to work together is a critical factor as the industry takes steps to improve communication and collaboration throughout the loan process. This willingness should extend beyond simply sharing documents to promoting process improvements by exchanging and delivering files in formats that work for all parties.

For instance, lenders face obstacles when it comes to working with PDF documents, often locked for viewing, printing or editing. This can significantly impact the ability to process documents and share them with investors if users or systems don't have the necessary passwords. Some lenders are utilizing print drivers or other conversion tactics to “unlock” the PDF prior to sending to investors, but

others aren't aware of the issue until an investor rejects their delivery. While intelligent document collaboration solutions can prevent the latter from occurring by notifying the lender of potential issues, lenders who aren't using these advanced technologies are being penalized – as a result of an error that originated from a different trading partner.

To truly improve the industry, lenders must find solutions for the significant barriers – specifically the various data formats that are housed in proprietary systems and currently slow the loan process. Using the aforementioned scenario, while a locked PDF may seem harmless in that the creator wanted to protect the data, it creates many potential issues downstream as the loans need to be processed and sold.

To push toward transparency, the Uniform Mortgage Data Program (UMDP) introduced new appraisal data and delivery requirements based on the latest standards from some of the industry's most tenacious change agents, the members of Mortgage Industry Standards Maintenance Organization (MISMO). On the appraisal side, the Uniform Collateral Data Portal (UCDP) and Uniform Appraisal Data (UAD) are already paving the way with appraisal data sets that are driving a more data-centric environment, promoting greater eCollaboration and serving as the basis of the cradle-to-grave data concept. Additionally, the Uniform Loan Delivery Dataset (ULDD) will create an information superhighway, eventually encompassing more than 600 standard data elements to share among partners.

While going from document centric to data centric is a formidable organizational shift for every party involved in the loan cycle, it is necessary in the future of intelligent mortgage collaboration. Delivering more clarity throughout the life of the loan will lead to fewer processing errors and a more efficient process.

SET SIGHTS ON E-MORTGAGES

In addition to gaining faster access and making better use of the data, the in-

dustry is preparing for the acceptance of SMARTDocs and electronic notes (eNotes). These documents have previously presented a challenge due to limited acceptance and the confusion around the term robo-signing.

As SMARTDocs continue to evolve for different usages, wider acceptance is inevitable. Initially delegated for mortgage notes, the specification has become flexible enough to expand SMARTDocs to other critical documents, such as the HUD-1. As more documents become “smart”, the critical data within them will be more easily transferred between disparate systems. This will make collaboration second nature and drive correspondent buyers to open their doors to accepting eNotes - enabling sellers to obtain best execution.

Intelligent collaboration will play a crucial part in the future of the eMortgage. Despite industry turmoil, support for eMortgages is unwavering. In Xerox Mortgage Services’ recent Path to Paperless survey, the majority of respondents noted that they plan to move forward with their eMortgage initiatives despite the foreclosure crisis (75 percent) and despite the perception that the GSEs would soon go away (71 percent).

Cutting edge lenders are already employing paperless technologies to get

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them on the path to the eMortgage. As the industry moves closer, it will be critical for lenders to ensure they are creating a mortgage ecosystem that cultivates the cradle-to-grave philosophy.

No Pain, No Gain

The industry is poised for radical change. Lenders have given borrowers a taste of eMortgages with eDisclosures. Appraisal software and technology platforms built connectivity to the UCDP. Disparate systems are being forced to open themselves up to send, manage and ingest various data. Over the course of the next few years, more open source platforms will emerge to support the transformation of the industry from silos of independent information and processes to a collaborative network of trading partners that exchange documents and data in a standardized way.

The key to unlocking this opportu-

nity is using technology to achieve true collaboration of data and documents across the loan lifecycle and across trading partners – both inside and outside of company walls. The ability to effectively analyze a loan from application to completion via data transparency is on the horizon for lenders. Adopting the variety of initiatives underway will ensure that lenders are positioned to capitalize on the many benefits of electronic document collaboration. While there may be growing pains involved, lenders will ultimately arise stronger in the long-term as a result of moving to a data-centric, cradle-to-grave approach.

As lenders continue to grapple with a backlog of foreclosures, the industry’s proven tenacity will continue to drive toward process improvements. Ensuring transparency and consistency throughout the mortgage process is key in restoring consumer and investor confidence. ❖

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