Your Voice

Rethinking the Mortgage Process

The transition to a data-centric workflow will better equip lenders as a whole and revolutionize the mortgage industry we know today.

By Roger Hull

As 2013 dawns, digital commerce has changed the way companies work, operate and interact with customers. Even in the mortgage industry, the Web has changed how lenders market themselves, take applications and manage software.

But one area of the mortgage workflow that is still stuck in the previous century is the factory-line, document-centered approach to closing a loan. Instead of walking a document through a series of check-points, which can lead to bottlenecks and inefficient use of time, lenders must embrace data-centric loan operations. The transition to a data-centric workflow will better equip lenders as a whole and revolutionize the mortgage industry we know today.

Data-Driven Loan Cycle Saves Time, Money: Document-driven processing is no longer the best option for mortgage lenders to work with. The outdated process wastes valuable time and money, does not scale well and lacks the desired level of transparency. Most LOS systems only support sequential processes; in other words the loan document still has to pass through origination, processing, underwriting and closing one by one, which prevents other staff members from working on the loan simultaneously.

The total time spent moving a loan from application to closing typically takes anywhere between 30 and 150 days to complete, costing anywhere from $1,000 to $3,500. Not only does this approach to loan fulfillment require more time and money, but it does not provide the desired level of transparency, often preventing investors from evaluating their loan until after closing.

The differences between document-driven and data-driven workflow may look subtle from the outside, but the result is dramatic. The key is a mortgage technology platform that feeds the standardized loan data to all pieces of the loan cycle in real-time, eliminating the "factory line" of today's systems. By relying on data over documents, lenders have the freedom to work on pieces of the loan they want without having to wait on the various participants to finish their task. Enabling participant to concurrently perform tasks on the loan file significantly reduces cycle time.

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A data-centric approach also enables automated decisioning to further streamline loan fulfillment processes, significantly reducing the need for manual evaluation documents and manual checklists with each step of the loan cycle. The automated decisioning function can also immediately evaluate data within specific criteria to provide a final loan review assessment.

Data-centric origination also provides clearer transparency and more accurate risk analysis. As origination staff and underwriters finalize the loan for closing, investors and secondary marketers can access the loan file at any step. This provides them the ability and flexibility to evaluate risk, set pricing and arrange MBS packages in parallel with the loan working its way to closing. When a data-centric loan platform is combined with process orchestration, the average lender can cut 30 percent of more off the time and cost needed to complete a loan. ❖

Roger Hull is vice president of Genpact Mortgage Services and is responsible for the development, sales and marketing of the company's Quantum Mortgage Technology platform. The Quantum platform helps originators and lenders to automate and streamline major elements of the loan origination process, resulting in a shorter loan lifecycle and a more transparent mortgage asset. For more information, email Roger at roger.hull@genpact.com or visit www.genpact.com.