

Moving to Digital

Efficiencies Can Be Gained throughout the Mortgage Loan Process

By Shane Hartzler

Transforming from a manual and paper-based mortgage process to a completely digital one can be intimidating. However, it's not all or nothing: incremental steps in a digital transformation can yield meaningful results for your business.

There are plenty of ways to take your first steps (or the next steps) toward establishing a completely digital mortgage ecosystem.

Why Go Digital?

THERE ARE BENEFITS IN THE LOAN PROCESS

Going digital, in full or in part, is beneficial to lenders, borrowers and just about everyone else who touches the loan throughout the loan manufacturing process.

Whether the lender simply offers an online application, or goes from an online application through digital validation of income, employment and assets to a fully digital eClosing, going digital will increase customer satisfaction and decrease costs and cycle times.

According to a study recently published by the Federal Reserve Bank of New York, technology-based lenders process mortgage applications 20% faster than traditional lenders. (Technology-based lenders are defined as lenders who offer an end-to-end online mortgage application platform and centralized underwriting and loan processing augmented by automation.) These lenders can shorten the entire purchase mortgage process by an average of 7.5 to 9.4 days, the study found.

The reduced cycle times lead to a better borrower experience, faster delivery into the secondary market and more streamlined operations that help to reduce overall costs.

And with 80% of borrowers reporting that they want an expedited mortgage process, anything lenders can do to help borrowers move quickly and efficiently through the process will increase borrower satisfaction. This will keep borrowers—and their friends—coming back.

STARTING FROM THE APPLICATION

Are your borrowers still providing paper pay stubs when they apply for a loan?

The first touchpoint in a mortgage process is often digital. It happens when a borrower uses online tools to shop for a home, leverages an online mortgage payment calculator to determine what they can afford or gets pre-qualified for a mortgage (sometimes in a matter of minutes).

But the digital experience doesn't need to end here. You can continue to offer your customer a paperless mortgage experience by going directly to source systems to electronically verify income, assets and employment. For example, loans that get Fannie Mae's Day 1 Certainty® using the Desktop Underwriter® validation service average a 17% decrease in cycle times.

By taking data validation digital, you not only provide borrowers with a better experience, but you are also able to eliminate the need for back-and-forth with borrowers to gather these documents and the need to manually reconcile these documents with the loan application.

TAKE IT TO THE CLOSE

By implementing the systems described above, you're digital up until disclosures. But are you ready to take the leap to digitize the entire closing process?

If you've given borrowers a taste of how easy the mortgage process can be with online loan applications and digital validation of income, employment and assets, maybe it's time to consider eliminating paper at closing as well.

You can provide borrowers with a seamless digital experience as they close their loan by using eClosing. It allows for a more efficient closing experience for everyone else involved, too—real estate agents, notaries, settlement agents

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and everyone in between.

In addition, eClosings can help to reduce issues like missing signatures and missing documents, helping improve data quality and reduce post-closing QC checks. Typically, eClosings are less expensive than traditional paper-based closings because they eliminate operational costs such as shipping, copying and storage fees. And they facilitate significantly faster delivery into the secondary market.

Wherever you are in the process, there is an eClosing option that's right for you.

A fully digital process includes using electronic notarization (or remote online notarization) and eRecording to electronically sign all closing documents including the eNote and security instrument at closing. However, even if electronic notarization or recording isn't an option in your state, the borrower can still sign the disclosures and eNote electronically.



Issues like missing signatures and missing documents can be reduced by eClosings, helping improve data quality and reduce post-closing QC checks.



This “hybrid approach” eliminates the need to physically review most of the documents post-closing, leading to less expensive, faster deliveries and providing the borrower with a better and faster closing experience.

Find out if eClosing and eMortgage are right for you with the eMortgage Basics Learning Series from Fannie Mae. (See the link to Fannie Mae's website at the end of the article.) While you're doing some research, spend some time with Fannie Mae's eMortgage Calculator, which will

help you run different financial scenarios to show you how eMortgage could benefit your organization.

DIGITAL GOING STRONG

Want to increase adoption rates and get more customers aboard the digital movement?

Your loan officers can be your biggest digital change agents. Your team will see

top sellers embracing digital tools, recognizing the value they are providing by improving the borrower experience and shortening the mortgage cycle time.

With those change makers promoting the value of going digital, who wouldn't want to be next in line?

Lenders are in the unique position to solve some of the biggest barriers to adoption of digital mortgage—borrower acceptance, increased awareness of the benefits of going digital by all participants, potential misconception of where and ways you can get digital at closing, technology options—by starting to take the first step (or maybe next steps) in the digital transformation journey. ▲

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