

# E-mortgages Can Create Efficiency

Paperless processing allows mortgage companies to enhance business practices

By **Greg Smith**, vice president and general manager, Xerox Mortgage Services

**A**S THE MORTGAGE INDUSTRY continues to undergo major changes, brokers and lenders must face market realities and evolve their loan processes to become as efficient and cost-effective as possible. In recent years, an increasing number of mortgage companies have committed to going paperless. Other companies are moving toward paperless offices by working with a combination of paper, imaged and electronic documents.

By having a holistic view of the entire mortgage-loan process, including a thorough understanding of each document and document type involved, organizations can streamline their procedures, ensure that their outsourced partners will meet the current market's demanding needs, and make their operations as efficient and effective as possible. Doing so will help to move the mortgage industry toward a paperless — or at least paper-light — state.

## Paper

Professionals in the mortgage industry have long recognized that mounds of paper required for loan files fill offices and overflow desks. At times, these paper files and documents exist because of government regulations. At other times, they are required by lenders that have not yet evolved to paperless processes and that rely on hard-copy files.

Loan files consist of multipage documents and forms, such as applications, income verifications, statements, tax forms, credit reports, appraisals, contracts and more. These must be prepared, accepted and processed. As the loan



process goes on, paper piles up. It fills cabinet space, requires additional postage fees and takes a toll on the environment.

Ultimately, traditional paper loan folders can cost more than \$100 each to maintain for just two years. Even worse, as the loan matures, archiving and retention fees can result in even more costs.

As mortgage brokers' and lenders' awareness of the increased costs associated with paper continues to grow, many realize the need to reduce their paper usage. In an effort to do so, some mortgage organizations leverage online collaborative technologies to share loan information.

## Imaging

Mortgage companies can use on-demand imaging services and capabilities in various ways to evolve their organizations toward paper-free office environments. From loan origination to post-closing, imaging allows files to be shared online quickly and easily to drive efficiencies, increase productivity and reduce costs.

Once they receive paper files, organizations can image — or scan — them into an electronic loan folder. They also can choose to outsource this step to a third-party vendor that also can extract relevant, necessary data from the files.

Once the data is extracted, brokers and lenders can manage the imaged files in a more organized fashion. This further increases efficiency.

In addition, online-imaging capabilities

enable a collaborative, all-access view of the loan files. This allows other mortgage-loan constituents to review and accept documents quickly, thereby improving turnaround times.

## Electronic documents

A true electronic mortgage requires that the loan files never be signed on paper. From the outset of the loan process, beginning with the initial application, through the final step of sending the loan folder for archiving, the file documents live within an electronic loan folder.

Another advantage of true e-mortgages is that files within loan documents can be tagged with metadata. This can enable system comparisons and reduce costly processes of comparing image documents to data systems.

Using an e-mortgage solution also can lead to increased transaction security and protect consumers' personal financial information in accordance with federal regulations. With today's collaborative loan-processing technologies, security measures help guarantee that financial data remains confidential and safe.

For example, some e-mortgage technology-providers offer a secure, personal electronic signing room where borrowers can sign their loan documents. Rather than a typical disclosure or closing process in which mortgage borrowers sign a significant amount of paperwork to finalize the loan, an electronic signing room lets



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## E-mortgages

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borrowers view the loan files electronically in the room and sign with an electronic signature.

By providing each individual party with its own authentication credentials, these e-mortgage technologies can lock down documents and track changes while ensuring that only designated parties are able to view and sign the documents.

### The road to paperless

It is clear that the mortgage market is striving for a paperless solution to improve efficiencies and reduce costs. Until the mortgage industry is ready to go completely paper-free, however — which, because of regulations, may not be for quite some time — paper-light loan processing can be achieved by using various components of available technology.

For instance, imaging and scanning technology transforms hard-copy files into electronic

documents. This allows loan documents to be circulated instantly among necessary parties to streamline processes and to turn loans around faster.

Mortgage brokers and lenders that already have gone paperless or that are considering advancing their organization through new technology purchases also must consider their technology roadmap when selecting a vendor. Companies can easily create a checklist of requirements, which should include support for future paperless strategies such as e-mortgages, e-signatures and e-vaults.

In addition, solutions must be flexible enough to incorporate imaging. With these requirements in hand, a mortgage company can be prepared to make a long-term decision about its vendor partners.

By understanding these components, a mortgage company can focus on its next steps for going paperless without being overwhelmed with the need to move straight from traditional loan processing to pure electronic-loan processing. **■**