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What's Under Your Lender's Hood?

Ensure your financing source employs process solutions that help you thrive

BROKERS MUST FOCUS ON PROVIDING superior customer service and working with lenders that will still be in business tomorrow. The two go hand in hand.

Brokers' customer service is only as good as their lender's ability to execute and provide timely information. If their lender drops the ball, brokers look bad to their borrowers.

The impact of a lender's operational weaknesses also can threaten business viability. One of the worst things that can happen to brokers is for their lender to go dark with borrower files sitting on their desk. And without stable lender relationships, there is no broker business. Period.

Lenders that are positioned to support a broker's strategies for managing through the uncertainties of the coming year often implement a few technological solutions. It can be in brokers' best interests to work with lenders that implement best practices for paperless lending; rules-driven workflow; and enterprise, dashboard-assisted management.

Exploring paperless partners

Mortgage lending is a paper-intensive process, and document management often has been lenders' Achilles' heel and a stumbling block between them and brokers. Lenders that adopt paperless loan processing eliminate many opportunities for error and increase the likelihood that their loans will proceed to a no-surprises closing.

Adding an electronic-document-management solution to their workflow process lets lenders share, archive, retrieve and distribute all pages of a loan file with the broker and borrower.

For brokers, a paperless loan file composed of imaged documents can be more borrower-friendly. It can allow for quick assessment of missing borrower documents and a more orderly loan-file review.

With a lender using a document-management system, brokers can help avoid situations in which the lender calls after the loan is funded to seek one more borrower signature.

Not only is this embarrassing for the broker, but it can also be inconvenient for borrowers who already have moved into their new home.

Further, paperless loan files can eliminate many problems that affect warehouse-line turn rates and lessen the chance of liquidity constraints holding up funding.

Lenders' improved transaction efficiencies with investors could lead to more-competitive pricing for brokers, as well. Workflow efficiency and the ability to avoid "misstacked" paper documents also are advantages.

Other paperless-lender benefits for brokers include:

- **Streamlined shipping**, with electronic delivery to investors, and eliminating file loss;
- **Hassle-free audits** with instant file retrieval;

- **Instant document retrieval** to address borrower questions;
- **Reduced delays** related to off-site storage;
- **Eliminating faxing**; and
- **Improved loan-status** tracking and customer service.

Documented workflow

Brokers should favor relationships with lenders employing technology that ensures documented workflow. This approach should combine consistency, efficiency and security to provide outstanding customer service and reduce business-continuity risks related to liquidity, investor relationships and compliance.

For every pair of hands that contributes to advancing a loan file from origination to closing, there is the potential for error, oversight and delay. When a lender uses an automated, rules-driven workflow, brokers can avoid loan defects and potentially see a quicker loan process. They also can respond to and correct conditions that prevent files from advancing in a timely manner.

Rules-driven workflow automation ensures loans can't change or pass until meeting certain conditions. Brokers who originate loans for lenders operating with a rules-driven workflow also could benefit from their lenders':

- **Greater performance accountability**, consistency and efficiency;
- **Data integrity**;

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- **Pipeline monitoring;** and
- **Better business management** through reports assembled from workflow elements.

Management aides

Borrowers want to know where their loan stands. But brokers sometimes can't get that information from lenders quickly.

Many lenders have adopted technology that gives them a complete loan-by-loan view of their pipeline via a single screen shot or report. Increasingly a popular business tool among *Fortune* 1000 firms, management dashboards let lenders track specific loans. Lenders also can provide brokers' with information that will satisfy borrowers' need to know.

Further, lenders that embrace advanced management dashboards also can identify trends and measure workflow efficiency by displaying metrics across their entire organization. Their ability to view their entire

operation in virtually real time enables business agility and responsiveness.

Brokers also should be aware that lenders' attention to operational details ultimately shapes their origination relationships. Lenders can track brokers' performance and the performance of specific loans and products offered by brokers. This allows lenders to curtail those relationships that aren't profitable and reward brokers who perform well.

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Although mortgage brokers face uncharted territory in the coming year, their need to serve borrowers and establish relationships with viable wholesale lenders is without doubt. As lenders contend with liquidity issues related to scarce and competitive warehouse-line availability, sensitive investor relationships, and complex compliance requirements, brokers live and die by the outcomes. In short, what

is good for wholesale lenders is good for brokers and the borrowers they serve.

Investors also will watch their lenders' operational quality, and they won't tolerate defective loans or delivery problems. Brokers need their lenders to have successful investor relationships.

All said, the mortgage industry's biggest questions loom around regulatory compliance — and the possibility that public-policy makers will thwart the industry's recovery with measures intended to protect their constituencies. Brokers should be in favor of whatever strategies their lenders adopt to ensure regulatory compliance.

As a strategy for ensuring superior customer service and deepening their long-term lender relationships, brokers should make every effort to understand their partners' business imperatives and embrace the solutions that help ensure long-term viability. ●