

Kiss your Paperwork Goodbye with BPM Technology

By Peter A. McGrath, chief executive officer, *Coriendo LLC*

REPRINTED FROM SCOTSMAN GUIDE RESIDENTIAL EDITION, APRIL 2005



Wholesalers and mortgage brokers work in an industry that is paper-intensive, subject to deadlines, driven by interest-rate changes and somewhat below-average in technology adoption. The loan-application process still requires the broker to collect and assemble many documents from the borrower and then, one way or another, pass them along to the wholesaler for underwriting approval. Conversely, Truth-in-Lending Act and Real Estate Settlement Procedures Act regulations mandate a reverse flow of documents back to the borrower. Brokers submit loan applications and must spend valuable time checking in with wholesalers, loan processors and underwriting staff to make sure the loan-review process is moving on schedule. As any broker will attest in this period of increasing interest rates, it is not a pleasant phone call when telling borrowers that because of unresolved paperwork problems, there will be no settlement before an interest-rate commitment expires.

However, the recent emergence of technology called Business Process Management (BPM) is about to bring major changes to the mortgage industry. BPM enables brokers and wholesalers to map, configure, automate and link the various business processes in the mortgage-application and approval process. BPM systems typically allow managers to specify business rules, set alerts when commitment deadlines are approaching and provide tracking and reporting on every mortgage transaction in the pipeline. The technology allows for the uploading and attachment of all the relevant documents for an application, and an Internet portal feature allows for a secure, Web-based system that provides anytime, anywhere access with merely a browser and Internet connection.

General benefits

BPM can benefit mortgage brokers and wholesalers. Wholesalers can use it to show brokers the status of each reviewed mortgage application. The document-collection process can be automated so that underwriters can notify brokers electronically when documents still need to be submitted. Other steps that can be automated and tracked include ordering title insurance, obtaining a property appraisal and setting up a schedule to comply with the numerous disclosure requirements that now are a major part of the mortgage process.

With BPM wholesalers can process more applications without having to increase staff levels. Review- and approval-cycle times can be reduced substantially because of the robust

business-rules functionality built into most BPM systems. Alerts go out depending on the settings that have been established, so transactions have a much more difficult time slipping through the cracks.

BPM for brokers

From the broker's perspective, BPM can mean substantial improvements in the way business is conducted. These improvements begin with the way mortgage applications are initiated and the way credit-related information is collected and submitted to the wholesaler. BPM provides great flexibility in the way the application is prepared and submitted. A broker still can sit face to face with the applicant and use a paper loan-application form. But with BPM, the form can be faxed to a Web server when completed and entered automatically into the wholesaler's processing and underwriting-review process. BPM systems also usually have a form builder that can produce an electronic replica of traditional paper forms. Some credit-related information, such as the applicant's tax returns and W-2 forms, can remain in paper form. But with BPM, these hard copies can be sent to a wholesaler via a dedicated fax server. BPM systems also can receive scanned documents via e-mail.

Other features of BPM help brokers track the status of customer inquiries and partially completed applications. BPM systems provide brokers with a dashboard view of their full book of business. The system automatically can show a list of all transactions with information about incomplete orders. Brokers also can

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list the various wholesalers with whom they did business and use an automated-delivery mechanism to submit applications and related documents.

BPM for wholesalers

BPM systems allow wholesalers a marketing advantage with their brokers in several ways. By setting up a BPM-driven Web portal, wholesalers make it possible for each broker to access and view the status of any reviewed application. Again, the broker can receive notifications of missing documents as deadlines approach.

BPM-driven systems can receive inputs from multiple channels, including faxes. Brokers receive many paper documents that they spend time receiving, copying and resending to the wholesaler. A wholesaler's BPM system allows an applicant to fax documents such as tax returns and W-2s to a Web server so the broker and wholesaler can receive and process them in digital form — which saves significant time.

In addition to helping drive business to wholesalers, BPM provides other cost-saving benefits. The wholesaler can use the system to automate

the full mortgage review and approval process from loan origination, processing, underwriting and funding to loan packaging or servicing. One of BPM's strongest features is its ability to connect and integrate with disparate software applications and databases.

BPM technology is Web-based, so there usually is no requirement for the broker or wholesaler to install any server-based software or hardware to use it. The system can be hosted by a third-party vendor and made available to the applicant, broker and wholesaler via the Internet. The only equipment needed is a computer with an Internet connection and browser.

Industry collaboration

For brokers and wholesalers, BPM's are significant. In the short run, early adopters of BPM technology will gain a competitive advantage that sets them apart from competitors.

However, as more people implement their own BPM-based collaborative systems, inefficiencies can pop up unless a network allows each system to connect to one another. Even with such a network, BPM surely will de-

liver its expected efficiencies for each organization. For those on the outside, it will mean one more Web-based collaborative system to which they need to connect.

The ideal solution to this dilemma would be to establish an industry-wide collaboration portal as a service to all brokers and wholesalers. Perhaps the Mortgage Industry Standards Maintenance Organization (MISMO) could take this on as a research task to determine how best to proceed. It is technically feasible and immensely beneficial for a neutral network to allow all participants to set up their own customized BPM systems and still communicate with each other.

In the interim, brokers and wholesalers can add tremendous value to the customers and operate much more efficiently with the adoption of their own stand-alone BPM systems.

Peter A. McGrath is chief executive officer of Coriando LLC, based in Rosemont, Penn. Coriando provides Business Management Solutions to the real-estate and mortgage industry. He can be reached at (610) 527-1411 or by e-mail at pmcgrath@coriando.com. ♦