



Issue Date: April 3, 2007, Posted On: 4/3/2007

The evolution of a loan doc imaging strategy

Lenders have historically invested in document imaging for one (or both) of two reasons: internal cost reductions or finding new, electronic methods for working with partners such as mortgage investors.

"When we started, the bank wanted to image all their loans on one system for cost-effectiveness," said **Melanie Whalen**, information systems manager with Action Mortgage Co., a subsidiary of Sterling Savings Bank. "Unfortunately, we didn't have all the tools we needed to have a working (image) file."

Although many companies begin imaging on the back end, Action wanted to work with electronic documents from the very beginning of the loan process.

"When we were originally looking at this, it came back to 'Where did we want to image?' Can we image from the back end? Sure, anyone can do that. It's quick, easy and you can get it done," Whalen said.

However, she added, "We knew that if we wanted to do this, we had to do it right and not go back in a few years and start doing it from the point of sale."

Action Mortgage considered vendors such as eLynx and Fiserv but eventually began using SwiftView's eLoanFolder, which has served as its imaging backbone for almost five years. Today, the lender's imaging implementation covers e-disclosures, and it announced in late 2006 that it's using the SwiftSend Investor Delivery service to handle investor e-delivery to CitiMortgage.

"We also deliver documents electronically to our closing agents," Whalen said.

Although many of the large title insurance underwriters, such as Stewart Title, are offering their own Web-based document collaboration platforms, Whalen said none of her company's partners on the settlement side have been as proactive as Action in pushing for document imaging and electronic file sharing.

"We have not run across someone dictating what they need, as far as the title company," she said.

"Some of that might be market-specific," explained **Duane Oertell**, regional account manager with eLynx, which purchased SwiftView in late 2006. "A lot of the larger-volume players in major markets — L.A., New York, Chicago, etc. — tend to be a little more proactive."

"The Sterling market is primarily the Pacific Northwest states," he added, "and you don't see the same inertia going on at this point. If nothing else, Sterling has been able to help establish that inertia and help be the driving force for pulling the process along — loan officers talking

with appraisers and title companies and saying, 'We have this new capability.'

Mike Pelfrey, vice president of sales for eLynx, said, "What will be interesting is to see which core systems end up being the dominant, core platforms across the industry. Look at appraisers, for example. There's a lot of fragmentation in their core systems. Which of those vendors — whether it's a title system like FAST or a la mode on the appraisal side — will start to do core integrations into an electronic loan folder to make this a lights-out process? That's where you'll see your panacea of everyone collaborating in a folder where you control permissions and access rights."

Number crunching

Action Mortgage has calculated cost savings from the technology — approximately \$370 per loan.

"But really, we save time by not having to transfer loans from one branch to another or to a central location," Whalen noted. "Our cycle times have decreased a lot."

Collaborative imaging technology has proven invaluable for easing communication among the lender's distributed network, as well.

"We're in four different states," Whalen said. "A lot of the information has to go back and forth between different branches and different hubs. In that alone, we save time and money by electronically delivering rather than having to bundle it up and FedEx it wherever we need it to go."

One of Action Mortgage's top priorities for 2007 is to bring other loan-based business units in the bank on board with eLoanFolder.

Pelfrey said, "The opportunity is to make it a horizontal play and ensure we've captured features and functionality for the business so that it works for internal HR processes, consumers, small business services, the branch retail network and offshore resources that might need to jump in and interact with a folder."

Action is also working with another of its vendors, Metavante, so the bank can transition eLoanFolder files into an archiving system for long-term storage.

Other plans include expanding the technology into new channels.

"We've been working mainly on the consumer and mortgage side," Whalen said, "but then we have the commercial and construction sides. That's going to be a huge project for us. We anticipate that it will come to fruition in 2008."