



ACCURATE GROUP

Appraisal.
Title.
Technology.
Compliance.

BEYOND ORIGINATION:
INNOVATIVE WAYS TO
DIGITIZE YOUR MORTGAGE
PROCESS



From Valuation to Closing – Here Are 3 Areas Often Overlooked for Digitization

According to Forrester Research, the number of transactions settled via e-signatures across all industries is likely to exceed 700 million in 2017, and the financial services industry ranks first in e-signature adoption and vendor activity. The rising acceptance of e-signatures by the mainstream population is fueling the growth of digital mortgages.

Much of the focus and press on digital mortgage has centered on the borrower – specifically removing human contact from the borrower experience. Some envision that a borrower may be able to go from application to funding without any human intervention. Thus far, much of the focus has been on automating the loan origination process. A J.D. Power survey showed a significant increase in digital mortgage originations in the past year – 43% of borrowers applied online in 2017. But surprisingly, despite this increase in automation, the same [J.D. Power survey](#) stated that the mortgage loan cycle actually grew longer, taking an average of 36 days – an increase of almost a week from the previous year! This increase in loan cycle time means lenders need to look at streamlining other areas of the mortgage process in order to improve profitability and borrower satisfaction.

Luckily, there are other opportunities for digitization in both the back- and front-office that mortgage lenders can leverage to achieve greater efficiencies, lower costs and gain a strategic advantage. In this whitepaper, we'll explore 3 of these areas – e-appraisals, e-closings and e-audits.

e-Appraisals

Appraisal management is ripe for digitization – with new innovations in technology, everything from placing the appraisal order to receiving the completed appraisal can be automated and managed online.

In addition many aspects of creating the appraisal are also being digitized thanks to advances in appraisal management technology. Intelligent business rules and process automation can immediately determine the optimal appraiser for each appraisal order, assign appraisal orders and receive order acceptance from the appraiser. In some situations, the appraiser can even use [desktop appraisal technology](#) to complete all or a portion of the property appraisal.

Innovative mobile apps are increasingly being deployed to capture property details. An example of a market leader in this area is the [GroundWorks™](#) mobile app by Accurate Group. It uses crowdsourcing to locate and secure local property inspectors in real-time – an almost Uber-like approach to matching appraisal orders with inspectors.

Technology benefits borrowers, too. Borrowers are alerted to the identity of the appraiser, what they look like and when the appraisal can be scheduled, giving them a sense of security and greater transparency into the appraisal process. When borrowers have greater



transparency, it also instills a sense of greater control which most borrowers appreciate.

As lenders continue to cope with an appraiser shortage in some high-demand markets and appraisers look for new ways to work more efficiently, the digitization of the appraisal process is only going to increase in importance.

e-Closings

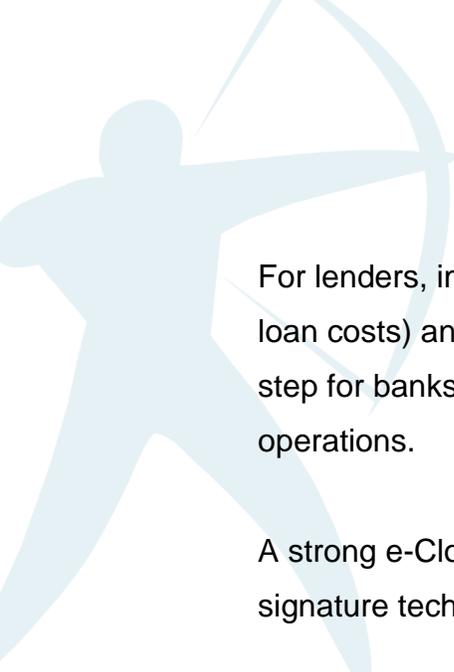
e-Closing is not a new concept, but recent changes in regulations and more innovation on the technology front are leading more lenders to evaluate the benefit of adding e-closings to their business. While the industry has been slow to adopt e-closings for many reasons, including regulations that vary from state to state and the fear of increased risk, [recent court rulings](#) have given banks and other lenders greater confidence in moving toward e-signature technology for mortgage loan closings. The rulings affirmed that lenders can enforce electronically signed and transferred notes – which in turn could prompt wider

adoption of electronic mortgage technology and e-closing processes.



There are many benefits of moving to electronic documentation and e-signature technology like [Accurate eSign](#), including accelerating the production of loan documentation, improving TRID compliance, streamlining the mortgage closing process and improving the borrower experience. In

addition, there are now e-notary solutions – such as [NotaryWorks™](#) – that provide the option of either electronic notary access or mobile notaries who will travel to the borrower's closing site.

A light blue silhouette of an archer in a dynamic pose, aiming a bow. The archer is positioned on the left side of the page, with the bow and arrow extending towards the right. The background is white.

For lenders, implementing a solution that can both improve efficiency (including lowering loan costs) and make the closing process easier for borrowers seems to be a logical next step for banks and credit unions looking to improve the profitability of mortgage lending operations.

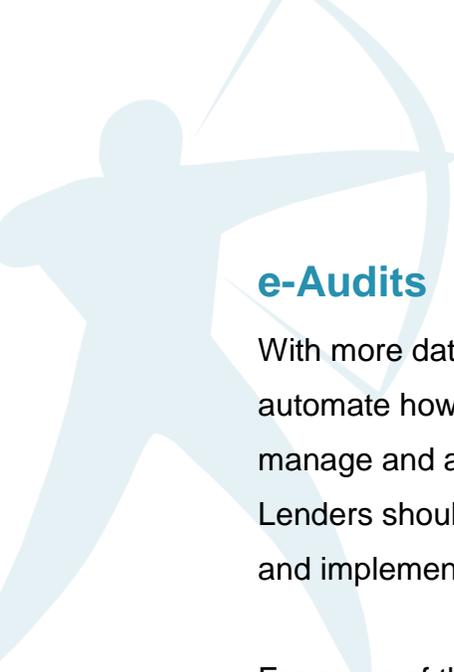
A strong e-Closing solution should combine closing documentation, process workflows, e-signature technology and an e-notary solution in a web-based bundle.

Benefits to the borrower include:

- Earlier access to real estate closing documents
- More time to review documents prior to closing date
- Improved transparency into closing process, title and loan information
- Ability to review and sign closing documents from anywhere

In addition to providing a better borrower experience, lenders also benefit by gaining:

- A more efficient, streamlined real estate closing process
- Easier adherence to TRID documentation requirements
- Compliance with the Uniform Electronic Transaction Act (UETA) and the Electronic Signatures in Global and National Commerce Act (E-Sign Act)
- Automatic capture and secure storage of online signatures, disclosure acceptances and borrower actions in an audit-ready electronic timeline of each closing



e-Audits

With more data moving online, lenders face a unique opportunity to streamline and even automate how they respond to a compliance audit. Bank regulations require lenders to manage and audit third party vendors according to very detailed and rigid requirements. Lenders should consider maintaining an online repository of compliance documentation and implement the ability to run real-time reports on all aspects of the mortgage process.

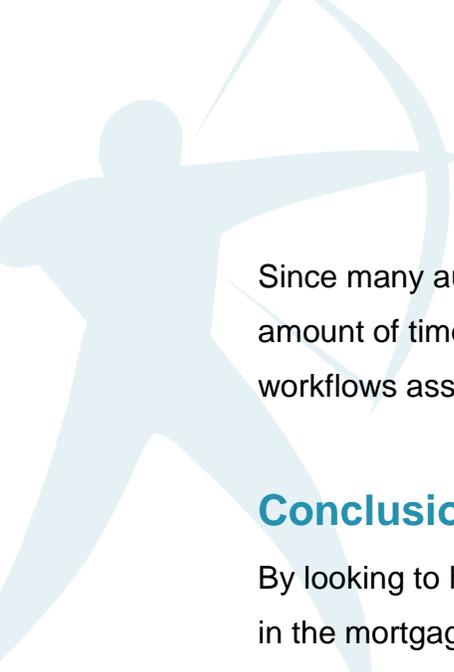
For areas of the mortgage process that are reliant on vendors, such as appraisals, lenders should proactively contact vendors to evaluate each vendor's approach to compliance, their level of commitment to providing audit support and what electronic data they can provide in the event of an audit.

For example, in the case of appraisals, a good a AMC should be prepared to provide an [electronic "audit kit"](#) on demand for all aspects of the appraisal process and appraisal data related to a lender's specific loans.

Compliance is a high-cost, high-risk area. Much of the cost and a great deal of the risk can be reduced by automating processes, capturing and storing data online and implementing strong reporting technology.

By demonstrating that your core processes are consistent, compliant and enforced through automation, you will gain a great deal of credibility with auditors. In addition, the ability to quickly run ad-hoc reports in response to an auditor's inquiries will allow you to reduce the time it takes to complete an audit and the number of people needed to support it.



A large, light blue silhouette of an archer in the top left corner, holding a bow and arrow, pointing towards the right.

Since many audits are unexpected, lenders can lower their risk and save a significant amount of time and money by going digital with compliance data and automating internal workflows associated with the audit response process.

Conclusion

By looking to hidden opportunities to digitize back-office, as well as borrower-facing steps in the mortgage process, lenders can deliver shorter loan cycle times and a better borrower experience while also achieving a level of innovation that enables them to gain a competitive advantage and accelerate business growth.

About Accurate Group

Accurate Group is a leading provider of real estate appraisal, title and compliance technology and services nationwide and the market leader in home equity loans. Accurate Group combines exceptional service with advanced technology, data analytics and its proprietary AccurateAudit™ compliance foundation, going beyond a traditional appraisal management company (AMC) to provide the best combination of speed, accuracy, regulatory compliance and price. With Accurate Group, you gain a strategic partner and next-generation technology that can help increase revenues, lower costs and improve compliance across all types of real estate loans and mortgage-related assets, including mortgage originations, home equity, refinancing, default servicing and portfolio valuation. Visit www accurategroup.com.

