



What Lenders Need for a Successful **Digital Mortgage Platform**

If you want to offer digital mortgages, you'll need an effective platform – one that removes unnecessary steps, ensures compliance with federal and state laws, and can meet the specific requirements set by lenders and investors.

Here are the five key phases of a digital mortgage life cycle, as well as the tools your platform needs to successfully complete each step.

#1:

Data Validation and Compliance

The first step of any mortgage loan application, whether paper-based or digital, is for the lender to enter a large amount of information about the borrower, property and loan into their system. Unfortunately, if this information is incomplete or incorrect, it can cause major disruption for mortgage documents; lenders need to have confidence that the data submitted to their eClosing platform is completely accurate and compliant.

During this step, an effective audit engine is needed to analyze the data for errors and inconsistencies, such as if the zip code doesn't match the state or if critical parameters like an interest rate cap are missing. At the touch of a button, lenders should be able to pull up a compliance report that informs them of any issues that require correcting.

The audit engine should also ensure all documents and data meet industry-standard compliance, including all federal laws, such as TILA-RESPA and Dodd-Frank; state-specific rules like those relating to interest rates and prepayment penalties; mortgage regulations like those on high-cost loans, predatory lending and ability to repay; and guidelines set by investors and Government-Sponsored Enterprises (GSEs) like Fannie Mae and Freddie Mac.

Additionally, the platform's compliance audit should be able to produce calculations and computations for meeting all applicable requirements. With so many different types of laws and regulations to consider, an effective digital mortgage platform needs to have a strong compliance foundation already built in.

WHAT YOUR DIGITAL PLATFORM NEEDS:

- ▶ An **audit engine** to analyze the loan data and affirm that it's accurate and complete, and to confirm that the application complies with all laws, industry regulations and investor-specific requirements.
- ▶ The audit engine should include **pre-built audits** that allow for an instant, real-time data health check of potentially questionable data.
- ▶ The ability to configure **custom audits** according to the lenders' specifications.
- ▶ A **data transformation layer** allowing for seamless integration from any format into a MISMO-based communication.
- ▶ A **compliance report** provided in a **browser-ready (HTML) format** that reflects data validation and audit findings and gives lenders the ability to drive workflow.
- ▶ The ability to produce **calculations and computations**.

#2:

Collaboration

Once all transaction data has been confirmed for accuracy and compliance, the next step requires the lender, settlement agent and borrower to work together to generate the document package. This means the platform needs a variety of collaboration tools to allow all the stakeholders to interface and easily share documents and data.

An effective digital mortgage platform should include components like a mobile app for borrowers to eSign documents and receive push notifications, and a portal or console where the parties can communicate, schedule events, assign tasks, review documents and track the status of the loan.

WHAT YOUR DIGITAL PLATFORM NEEDS:

- ▶ A **mobile app** where borrowers can track the status of the loan, eSign documents and receive notifications.
- ▶ An **eSign tool** so the borrower can eSign and eNotarize documents within the platform itself.
- ▶ A **closing portal** where settlement agents can review and prepare documents for eClosing.
- ▶ An **audit trail** that shows the activity history of all documents and transactions.
- ▶ An application interface that allows for **subscription-based push notifications** for stakeholders.



#3:

Document Generation

The next step is to generate a document package. During this phase, the digital mortgage platform will confirm the type of eNotarization that can be utilized and ensure the correct documents are e-enabled and able to be eSigned.

Additionally, a digital mortgage platform should offer a robust and extensive document library consisting of digital and SMART Doc-compliant electronic forms. The document library should contain every possible form a lender could need, or have the capability to produce such forms, including any custom forms for a particular lender. On top of that, the document library should be dynamic, meaning that it's constantly being updated to remain compliant with all new laws and regulations. Some document libraries are static and require the lender to update the documents themselves if there are any changes. The ideal document library would be supported by a service or expert compliance team that's constantly monitoring the regulatory landscape for changes so they can ensure documents remain evergreen.

When applicable, the forms should have the ability to solicit additional information from the borrower at time of execution by utilizing post-fill fields, dropdown lists, checkboxes, radio buttons and more.

At the end of this step, a compliant loan package is generated.

WHAT YOUR DIGITAL PLATFORM NEEDS:

- ▶ **E-enabled documents**, so that all loan documents can be eSigned, allow post-fill and dropdown lists, and are eNotary-aware.
- ▶ A **document library**, ideally backed by a service or compliance team, that is dynamically updated to ensure all documents remain compliant.
- ▶ The ability to rapidly add **custom forms and requirements**.

#4:

eClosing

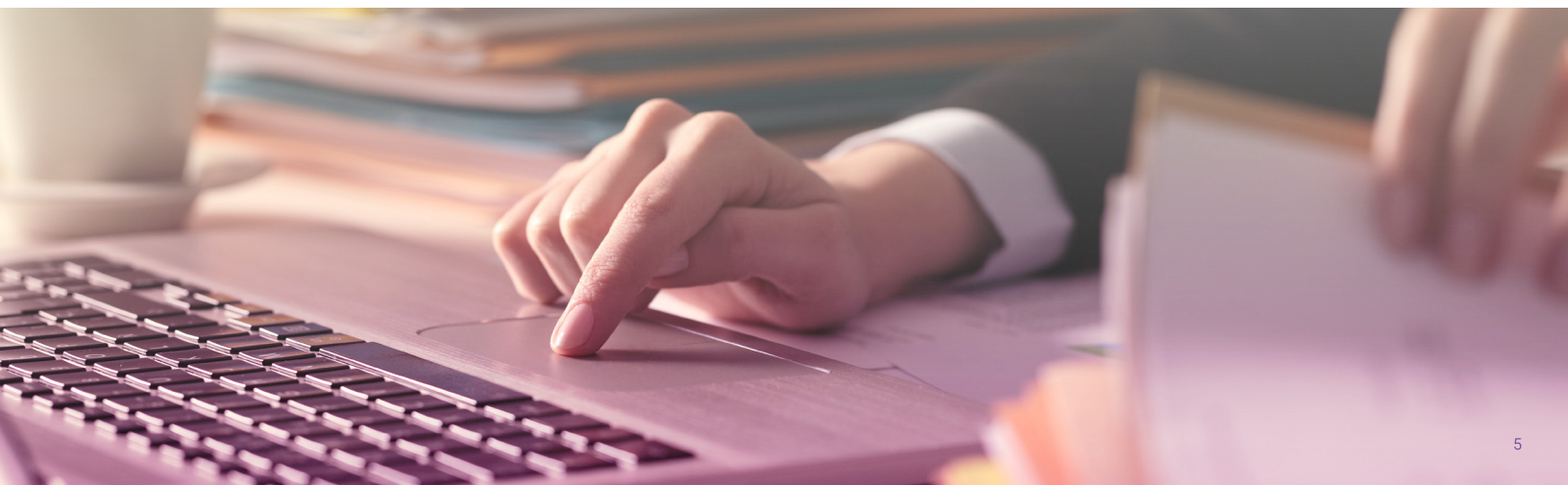
After the document package is generated, the next stage is the eClosing. An effective platform should manage all the different types of eClosings, including every type of hybrid eClosing and a completely paperless eClosings.

Platforms should be able to seamlessly support both an eNote (electronic promissory note) or a paper note; automatically flag documents that require wet-ink signatures; and also support a complete eClosing via in-person eNotarization (IPEN) or remote online notarization (RON).

The platform or vendor should have integrated eSign technology, allowing borrowers to complete the eClosing in one seamless eSign or eNotary transaction. If the lender intends to offer eNotes, then their digital mortgage platform needs eVault technology that can electronically store eNotes and integrate with the MERS® eRegistry.

WHAT YOUR DIGITAL PLATFORM NEEDS:

- ▶ An integrated **eSign tool** so the borrower can eSign documents within the platform itself.
- ▶ The ability to generate **MISMO-specification SMART Doc eNotes**, and also to generate paper notes, if necessary.
- ▶ **eVault technology**, with seamless integration with the MERS® eRegistry.
- ▶ **eNotarization capability**, including both IPEN and RON.
- ▶ The **flexibility to pivot** to a traditional closing and notarial ceremony, if necessary.



#5:

Post-Closing

After the eClosing is complete, there are a variety of potential workflows that may take place. Lenders need a platform that will support all of their post-closing functions, whether they intend to service the loan themselves or deliver it to downstream systems. No matter what workflow the lender selects, their platform should have a robust API that allows for automated delivery and seamless integration to outside systems, including enterprise content management solutions/imaging platforms, an eVault, investor delivery, the Uniform Closing Dataset (UCD), or the MERS eRegistry.

WHAT YOUR DIGITAL PLATFORM NEEDS:

- ▶ A robust **application programming interface (API)** that can support your post-closing workflow.
- ▶ **Automated delivery** and seamless integration to downstream systems, such as an enterprise content management solution/imaging platform, eVault, investors, the Uniform Closing Dataset (UCD), and the MERS® eRegistry.





These are the key tools you need for an effective digital mortgage platform. Getting started on the path to electronic closings may not be easy, but the benefits — which include a faster, more effective and more compliant way to close mortgages — make the investment worth it. And beyond the other signs of an effective piece of software, the best type of digital mortgage platform is provided by the right technology vendor: one with years of experience, millions of digital closings under its belt, and an unparalleled customer service program to help guide lenders along their eClosing journey.