Intelligent Collaboration –
The Third Generation of Mortgage Document Collaboration

Six critical elements will redefine how we collaborate
Collaboration Has Come a Long Way

Collaboration in the mortgage industry has been around as long as mortgage loans have existed. Constituents have always communicated and collaborated in order to initiate, process, close and service a loan. Throughout the past decade, the forms and manners of collaboration have become more sophisticated. The myriad of options to communicate and share information have evolved from telegram, fax, phone, and overnight express to e-mail, instant messaging and document collaboration solutions. And with the wide acceptance of Internet and mobile applications, sophisticated consumers expect to electronically process their loans — causing traditional mortgage participants to work with a mixture of paper-sourced and electronic documents.

The need to collaborate is driven by the many constituents involved in a mortgage loan and their communication-dependent, non-integrated nature. Tremendous strides have been made with information technology solutions that deliver mortgage document collaboration capabilities between various parties in the process. Among other things, these solutions have helped to:

- Transfer documents electronically from one participant to another in the loan process
- Provide the flexibility to effectively collaborate on paper-sourced documents, imaged documents and electronic documents
- Provide secure remote access to/from other parties in the process
- Enable some elements of the process to be completed electronically rather than manually, such as electronic disclosures, signature capture and even closings

As a result, mortgage organizations have seen greater efficiency, accelerated loan processing times and transparency throughout the loan process — all while providing more appealing service to borrowers.

What’s Next? Intelligent eCollaboration

The many disparate parties in the mortgage loan process.

While collaboration has improved, the industry must constantly adapt to the dynamic marketplace. As a result, the rules to prosper in this environment are often being re-written. Organizations must drive down their cost structure, be faster and more adept to change in their operations, and provide a better customer experience. This is driving the need for better, faster eCollaboration.
Intelligent eCollaboration is the third generation of mortgage document collaboration. Six core requirements (or needs) define this new form of collaboration, helping to ensure loans and their documents – including imaged, paper and electronic documents – are more effectively processed electronically:

1. Critical mass collaboration
2. Cross collaboration with multiple parties
3. Intelligent security model
4. Process-enabled collaboration
5. Extensible, integrated collaboration
6. Configurable collaboration

This white paper discusses this new form of intelligent eCollaboration, its six key components, and how it will rapidly become a requirement for mortgage organizations looking to achieve the pinnacle of efficiency and velocity in their operations.

1 - Critical Mass Collaboration

Previous document collaboration solutions have been helpful in connecting the numerous players involved in mortgage loan processing. Yet, these solutions provided limited reach or coverage to a significant number of participants in the process. With a limited number of participants collaborating, companies just scratched the surface of the benefits of mortgage document collaboration.

Known as the “network effect,” the value of paperless mortgage technology increases exponentially as more industry players use the technology. Similar to the invention and use of a fax machine – when one person had a fax, it had no value; when 200 people had a fax, it had limited value; but, when millions had a fax, it had tremendous value – the same is true of paperless mortgage technologies.

Because the industry is an interdependent collection of disparate players with multiple functional roles, paperless mortgage technology adoption is dependent on the perceived value of the solution. A driving force behind this value is the rate and breadth of industry adoption. Therefore, you have the challenge of the “network effect” and achieving value by having enough adopters of the technology solution. Intelligent collaboration requires a critical mass of industry adoption, ensuring mortgage document collaboration can occur with as many (if not all) people with which you do business.

2 - Cross Collaboration with Multiple Parties

Another significant weakness in many first-generation mortgage document collaboration solutions is that collaboration only occurred amongst two or three constituent types. For example, document delivery or sharing occurred only between the lender and closing agent, or between the lender and investor. There was no continuity of using one document collaboration platform across the entire process with all, or even the great majority, of the mortgage players. This weakness led lenders to implement one of two scenarios:

- Either the lender papered-in and out as needed in order to bridge non-electronic points in the process,
- Or the lender implemented a number of different point solutions to enable collaboration for small and different pieces of the process.

Organizations must drive down their cost structure, be faster and more adept at change in their operations, and provide a better customer experience.
In some cases, lenders have had to implement both of these scenarios. And, while limited point solutions do provide benefits, they fall short of enabling true, multi-party collaboration.

Now, with intelligent collaboration all participants in the originate-to-fund process – including brokers/loan officers, underwriters, title and mortgage insurance (MI) companies, lenders, closing agents/attorneys, quality control (QC) and due diligence (DD) companies, service companies, auditors and investors – can share, exchange and collaborate on mortgage documents. Furthermore, with eDisclosure, eSignature and eClosing capabilities, borrowers can be included in the collaboration process – resulting in greater efficiencies than ever before.

As shown in the following diagram the first requirement (critical mass industry adoption) and the second requirement (cross collaboration with multiple parties) must be met to achieve the greatest benefit.

### 3 - Intelligent Security Model

As more parties collaborate through electronic document solutions, the need for advanced, intelligent security arises immediately. There are three important elements that will define security for the third generation of intelligent collaboration solutions: multi-tier security, role-based security and dynamic, workflow-enabled security.

- **Multi-tier security:** In the world of intelligent collaboration, it is imperative that security can be tiered across geographical or position-based levels. In other words, as document collaboration increases within the mortgage lender environment, it is critical to provide different security levels for different locations/branches and authority/seniority within an organization. For example, a large lender may want to define security per branch, so documents from one branch are not shared with another. This eliminates unnecessary competition and greatly simplifies what a specific loan officer or user sees.

- **Role-based security:** In addition to geographical or authority-based security, security must be provided specific to the role a user has within the organization. As such, a user will only have rights to the folders, documents or capabilities relative to their role. Some examples include:
  - A loan officer may only be able to add documents, while an underwriter may be able to add and clear conditions based on the documents within an electronic loan folder.
  - A third-party (such as a QC company or auditor) may only have limited, temporary access to multiple loan folders.
  - A borrower does not have access to an underlying loan folder but can contribute conditions as the loan is processed or review, acknowledge and sign documents.
Dynamic, workflow-enabled security: Another critical requirement for intelligent collaboration is for the security of a specific loan file to change based on the state of the loan. For example, prior to underwriting, a loan officer can manipulate a folder and its contents. Once the loan is in underwriting, the loan officer can see the documents, but can no longer make changes. Another example is that a borrower can review and eSign a disclosure but only within a certain window of time before it is papered out or a decision is made to cancel the file.

An intelligent security model ensures the process can continue smoothly among all participants, inside and outside the lenders’ walls, including business parties and borrowers – all while protecting the integrity of the documents and simplifying how they are viewed. The result is greater technical and legal compliance, and faster processing.

The third generation of intelligent document eCollaboration solutions must enable and enhance the entire loan process - with capabilities that facilitate, or preferably automate, the loan process workflow.

4 - Process-Enabled Collaboration

The previous generation of document collaboration solutions could automate, facilitate or support the various processes required to process a loan. In the third generation of intelligent document collaboration, solutions must enable and enhance the entire loan process – with capabilities that facilitate, or preferably automate, the loan process workflow for faster processing and better compliance enforcement. Intelligent eCollaboration requires:

- **Rules-based routing:** It is critical the document solution automatically progress the loan from one stage to the next stage, ensuring that loan documents are easily and automatically moved through the loan process. Often, the due date drives the rules for what needs to happen next. Other times, one stage’s completion automatically kicks off the next step in the process, whether it is adding work to the load balance of the next person, communicating to an external party including borrowers, and/or delivering data/documents to an external system. Some important examples of rules-based routing include:
  - The automatic submission of an electronic loan folder from loan officer to underwriter.
  - The automatic communication of updates in a MI company’s system to the loan folder or other/external party.
  - Disclosure documents being routed to a print/mail facility if the borrower has not taken action within required timeframe.

- **Notifications:** With intelligent collaboration, the system is consistently communicating regarding the loan documents and their status. For example, an underwriter can notify the loan officer regarding conditions on the loan, or an alert can be automatically sent to the borrower and lender if an action has not been taken within a specified, configured timeframe.

- **Work load and queue management:** The system should help throughout the process by load balancing and queuing workload for the day. With this capability, users have a clear understanding of what they need to process first so collaboration and processing across the loan lifecycle can continue with the maximum velocity.

- **Automatic information updates:** Intelligent collaboration requires that as documents move through the process, the solution automatically updates information (e.g. data value attributes) associated with the documents.

There are numerous benefits of process-enabled collaboration:

- Through workflow routing, tasks that were previously separate can be combined – accomplishing multiple tasks at once for fewer errors and faster processing
- “Less clicks” or user interference means less steps need to be integrated – decreasing touch points, reducing errors and increasing efficiency
• Users remain up-to-date regarding loan status as they are consistently notified throughout the process
• Users know what to process first, as the system determines workload based on what requires collaboration or input from other users
• User adoption of the solution occurs more quickly, as the system eliminates steps and mimics how they currently collaborate/work

One great example of how process-enabled collaboration drives intelligent eCollaboration is in the handling of RESPA disclosure requirements. With process-enabled collaboration, once a loan’s status is updated, the borrower is notified when their time to take an action against the loan is up. Once the notification is sent, the work queue can be reset based on what is being responded to and how fast the compliance date is approaching. This all happens automatically for the collaborating parties, greatly decreasing the need for constant follow-up and management, while significantly increasing efficiencies and the velocity of the process.

5 - Extensible, Integrated Collaboration

Due to the mortgage industry’s collaborative, constantly changing environment, it is mandatory that any solution providing intelligent eCollaboration be extensible and scalable to support tens of thousands of users and millions of loan documents and folders. Beyond this, the solution must be open-source and able to integrate with external systems including the MERS® eRegistry and eVault solutions. The solution must talk to other systems in order to be a truly collaborative document network – resulting in greater efficiency and speed. Some critical examples of integration with external systems include:

• **Portal systems**: By integrating with portal systems, document collaboration systems provide a single sign-on through the portal, creating streamlined collaboration with loan officers and borrowers.

• **Pricing engine**: Integration with product/pricing and qualification systems greatly enhances collaboration with the loan officer that is doing the pre-qualification. If the loan is deemed good, then the authenticated user can automatically create a loan folder (with the desired attributes and documents) in the collaborative document network. On the receiving end, the loan officer can automatically see the submission, eliminating the need for unnecessary follow-up while maintaining continuous collaboration with the underwriter.

• **Loan origination systems**: Similar to pricing engines, LOS integration enhances collaboration in the origination steps. Since the LOS system is often the primary data source through origination, seamless integration ensures the generation of an accurate electronic folder with disclosure or closing documents that can route through the entire loan origination ecosystem, increasing collaboration along the way.

Various integration points for in-house and third-party systems.
• **Document preparation systems:** Using DataGlyphs®, an enhanced bar code technology, and integration with the document preparation vendors, documents can be automatically categorized. Additionally, eMortgage solutions can make closing documents ready for borrowers to electronically sign, thereby enhancing collaboration in the closing processes.

• **Back-end document management systems:** Direct connection from the collaborative document network into the investors or the GSEs document solution eliminates paper documents in the process. Lenders benefit from accelerated investor delivery and funding, while QC companies can ensure faster and better collaboration. In addition, direct integration into an eVault solution provides compliant record retention and MERS eRegistry connectivity.

In all cases, seamless integration among systems removes friction, ensures intelligent collaboration can persist throughout the process and provides peace of mind.

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**6 - Configurable Collaboration**

The industry is in a constant state of flux. One quarter's heavy load of refinance activity is followed by the next quarter's lull. Industry giants have shed divisions, changed business models and greatly changed their processes. With this dynamic and consistent state of change, it is imperative that any document collaborative network ensures the ability to quickly configure and adapt to changing business needs.

The term *configuration* specifically means that there is no need to write in-house custom code in order to provide for changes in how collaboration occurs across the network. In fact, a strong argument can be made that many of the previous requirements (for example, security model and process-enabled collaboration) cannot be effectively attained without configurable collaboration, which ensures both rapid setup for initial usage and rapid configuration for ongoing changes and usage.

Some key elements of what must be rapidly configurable in an intelligent document collaboration solution include:

- Security model, including who collaborates and what they get to do/see
- Workflow/processes throughout the loan lifecycle
- Dynamic rules-based routing
- Batch processing and load balancing within the system
- Documents and folder attributes, including stack order and metadata
- Metadata attributes for the folder
- Integration points (connectors) for delivering loan folders to investors and other third parties

Some real-life examples of why configurable collaboration is critical for intelligent eCollaboration solutions include:

- In Florida, a slew of hurricanes forced rapid movement of the processing of certain files from one branch to another, managed within the system.
- If RESPA regulations change tolerance requirements for final numbers at closing, you can easily adjust your workflow to resend and track documents, thereby avoiding potential fines.
- An investor changes their format for receiving loan documents. Rather than your organization changing your custom code, the change should be made once in the intelligent document collaborative platform to send all future documents in the updated format with no intervention, management or change from your organization.

One thing is certain: today's collaboration is not tomorrow's collaboration. Configurable collaboration ensures that businesses can react to business changes immediately, ensuring the business continues to operate at peak efficiency with your collaborative document network.
Intelligent Collaboration, the Logical Next Step

The mortgage industry is at a very exciting time in its history, as it retools its cost structure and customer orientation for the ever-competitive environment. Great improvements have been made in collaboration, and paperless and eMortgage processing over the last decade, with one solution, BlitzDocs® from Xerox Mortgage Services, setting the benchmark for mortgage document collaboration. BlitzDocs pioneered how disparate parties within the industry could share, exchange and collaborate with paper-sourced, imaged, and electronic documents and is leading the industry into the third generation of intelligent collaboration solution.

Today, only one organization, Xerox Mortgage Services, is the most trusted name in document collaboration and delivers a solution that includes all six components of intelligent eCollaboration. Only BlitzDocs is backed by the power and expertise of Xerox Corporation, a $22 billion company. And only Xerox Mortgage Services has the largest document network with the most extensive integrations, greatest critical mass and includes all major business constituents and borrowers.

Companies that take advantage of intelligent eCollaboration will be the winners – the winners in cost savings and efficiencies, the winners in removing friction from the process, the winners in delivering great customer experience to borrowers, and the winners in using speed and velocity as a competitive weapon. The time for intelligent eCollaboration is now.

Xerox Mortgage Services provides a cloud-based, intelligent collaborative network that accelerates loans throughout the entire lifecycle, from origination to post-closing to servicing. Reaching more lenders, underwriters, investors and other parties than anyone else, BlitzDocs® delivers advanced paperless capabilities and provides tremendous flexibility in its ability to be configured to your workflow and integrated with current systems. Trusted for more than a decade and part of the Xerox family, Xerox Mortgage Services provides mortgage companies improved scale, greater efficiency, and a clear path to a true eMortgage. For more information, visit www.xerox-xms.com or call 1-678-460-2460.

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