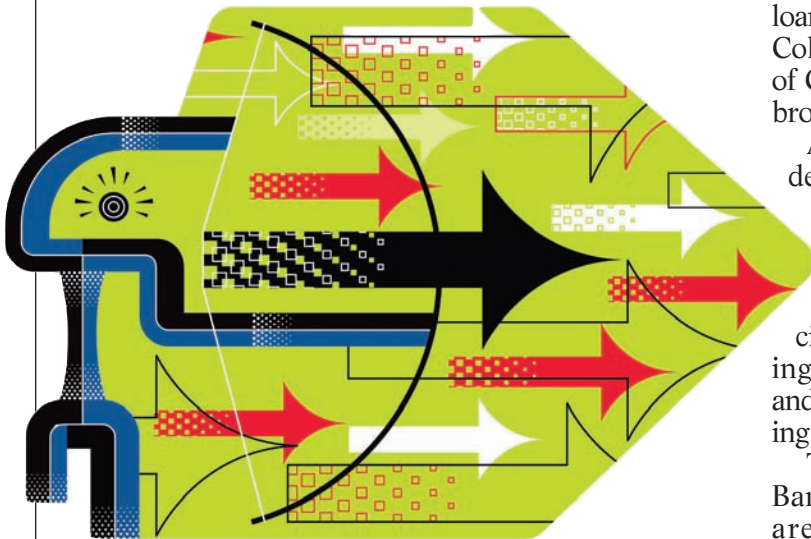


WHOLESALE MORTGAGES

UBOC'S BROKER ROAD BECOMES AUTOMATED

The lender's strategy is heavy on implementing electronic loan execution. The goal? Cutting cost and time—and eliminating paper from desks of customer-facing partners.

BY JOHN ADAMS



AT UNION BANK OF CALIFORNIA, removing logistical hoops from mortgage execution has jumped into high gear, with a strategy that includes adjusting the amount of paper documentation needed based on a specific loan's characteristics, with some loans requiring very little, if any, physical documents.

Determining which loans and borrowers belong on a specific documentation path—and making sure the path between the institution and brokers is as smooth as possible—is at the heart of the institution's burgeoning automation plan. "The process is very seamless, and allows us to handle more

loans with the same number of people," says Craig Cole, svp of marketing and sales for Union Bank of California. "As we go forward, we can give the brokers a faster response."

A central aspect of the bank's plan relies on decisioning technology from Dorado. The bank hopes it will improve loan execution by tightly integrating the various parties involved in the mortgage—consumer, broker and lender—at the point of sale. The institution wants to facilitate the electronic delivery of loan files, making for faster and more accurate underwriting and pricing, which can go a long way toward keeping both consumers and brokers happy.

This is a top priority not only for Union Bank, but also for all mortgage lenders, which are under pressure to retain and manage a steady base of brokers for wholesale operations, attract a higher number of consumers, and reduce the manual transfer of mortgage documents.

For many lenders, automating underwriting and document transfer between brokers and loan officers is only the beginning of a long trend toward automation. Many are now looking to create additional economies of scale by Web-enabling other aspects of processing and fulfillment. One example would be in the ordering of appraisals as part of a fully integrated electronic loan-production platform. If the property is in a certain zip code, plat-

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forms such as Dorado's will select the best and cheapest appraisal firms for that property. "Many lenders are trying to work at ways in which they can closely couple their enterprise-based origination technologies," says Frank Florence, evp of marketing for Dorado.

Florence says an enabler in this effort is managing workflow, or making the act of ordering items, such as title insurance quotes or appraisals, void of any redundant regeneration of workflow. The net effect of these efforts is an automated fee package for the consumer that takes the ordering of services like appraisals or title insurance into consideration.

The current IT chatter among mortgage players is how best to accomplish this diverse mix of goals, particularly since the lion's share of secondary market investors are increasingly demanding that loan documentation be delivered electronically. That makes the use of e-documents across the lending process inevitable, and like the Internet in the late 1990s, loan

execution has become a matter of automate or perish.

And Union Bank has the additional goal of making its e-delivery strategy mesh with a unique mortgage lending strategy. The bank specializes in providing super jumbo financing to borrowers primarily in California, which is a narrowly focused strategy, but a potentially lucrative one. The lender, which doesn't usually dip below prime credit but often accepts higher balance loans, holds onto its own production. It originates its loans to prime credit borrowers via a network of about only 50 brokers. These brokers make about 7,000 loans per year, which is a relatively low number, but it gets about \$5 billion in volume out of the activity. "A key technology area is how you provide decisioning," says Florence, whose firm has seven of the largest 20 institutions as clients and has provided integrated point of sale mortgage technology to Oak Street Mortgage, EverBank, Union Bank of California and others.

Union Bank's underwriters

work on Dorado's platform to finalize their underwriting decisions, which are then sent back to the brokers. The lender hopes to eventually automate additional steps in loan delivery, such as settlement services. "Looking forward, it would be great to have something where you have an 'intelligent' piece that goes with ordering services similar to what's on the underwriting side," Cole says. The bank's brokers presently order settlement services on their own. On the retail side, it has some limited automation, but evaluating costs is still done manually.

Cole says that reaching these goals won't come without complexities for his institution, in part since its portfolio includes higher balance loans. "Settlement services are based on loan amounts," he says. "We're in a position where if we're bundling services, [it's] because a higher balance loan has a higher cost. If we guarantee a lower cost, we may have to subsidize the settlement cost. We want to reduce the settlement cost, but without bearing it." ■

