Secured Funding

Electronic loan origination eliminates paper, streamlines processes, and slashes costs

Benefits

- Significantly improves employee productivity and efficiency

- Saves the company, on average, $8,000 each month in storage, maintenance, and shipping costs alone

- Enables company to meet increase in new loan applications without having to hire additional staff or pay overtime

- Increases control and reduces risk of misplaced or lost documents

- Provides quick access to documents for investors or auditors

Business overview

Secured Funding Corporation is a future-focused mortgage banker committed to leading the home equity revolution in America. The company has nearly doubled its volume since 2002 and now funds approximately $85 million in home equity loans and home equity lines of credit each month. Founded in 1993, Secured Funding now has over 600 employees and operates in 35 states. The company's operations are centralized through its state-of-the-art headquarters in Costa Mesa, California.

Challenges

Secured Funding has retained its position as a leading home equity specialist by constantly improving speed, efficiency, and the overall customer experience. The faster the loan origination process, the happier the customer and the more transactions Secured Funding can perform.

Leveraging technology has played a key role in the company's success. In recent years, the company has undergone major IT changes, such as consolidating four operating systems to one single, open platform that enables them to communicate and collaborate with internal and external business partners. These changes alone, however, were not enough to meet the company's ultimate goal: to reduce the time for processing a customer's initial request to an approved contract from seven days to three days.

EMC² documentum

Monthly volume of 400,000 incoming pages

To cut the loan origination cycle so dramatically, Secured Funding knew it needed to move to as paperless an environment as possible. Approximately 7,500 loan inquiries are processed each month. To be prequalified, each applicant must mail or fax supporting documentation such as W2 forms, driver's licenses, birth certificates, and so on, to the company. Of these 7,500 initial requests, approximately 1,200 become approved loan contracts, each requiring the handling, creating, and storing of as many as 80–100 document types, for an average of 300 pages per file. In total, the company needed to process approximately 400,000 pages of loan-related documentation every month. All that paper required many tedious hours of faxing, photocopying, sorting, tracking, filing and retrieving, and shipping.

High cost of storage and government compliance

In addition to impeding efficiency and slowing processes, the huge volume of paper resulted in high storage costs. To meet industry and government requirements, loan-related documents must be kept a minimum of seven years and remain readily available to ship to third-party investors when loans are sold. All the paper from previous and current loans filled rows of file cabinets in a storage room before they were sent offsite to a storage facility. The amount of space devoted to storage would only have continued to grow.

Three full-time employees were required to manage the stored documents, retrieving files when necessary to send to government auditors or investors who purchased loans from Secured Funding. Furthermore, because the government often imposes a 48-hour deadline for producing documents, Secured Funding regularly spent an additional $65 in shipping charges per request to comply with audits.

EMC Documentum solution

To find the right content imaging and capture solution to complement its back-end systems, Secured Funding conducted in-depth reviews of several imaging and document management solutions and their respective vendors and talked with other customers who faced similar challenges. As a result, Secured Funding chose Portford Solutions Group (PSG), a document management service provider with expertise in the mortgage industry. PSG delivered a solution based on EMC Documentum ApplicationXtender®, Kofax Ascent Capture, and PSG's own document capture system.

Quickly enabling existing systems to view images

"We needed a robust repository and imaging capabilities that would integrate easily and seamlessly with our new loan origination systems," said Cathlin Philpott, senior project manager at Secured Funding. "ApplicationXtender was exactly what we were looking for."

PSG easily integrated ApplicationXtender with Secured Funding's loan origination system (RiLOS) and its underwriting system, SelectQual. Using the ApplicationXtender Web client interface, Secured Funding's loan officers, processors, and underwriters can now view loan documents directly within an Internet browser.

Immediate, continuous return on investment

Because ApplicationXtender makes it easy to define, configure, and deploy content management applications, PSG was able to implement within weeks the first phase of a paperless, electronic loan origination system for Secured Funding. The company immediately began to scan all locally stored loan documents into the new system, with plans to archive all loans ever transacted. Within two months, the entire room of file cabinets was scanned into the new system, enabling the former storage room to become much-needed office space.

"In the first two months we calculated a return on investment of at least $10,000. We easily justified adding two more high-speed scanners and estimate that we are continuing to save $3,000–$5,000 each month by slashing storage, shipping, and maintenance expenses," said Philpott.

Web-based access and automatic data extraction

"Rather than go to the filing cabinet to pull out a big manila folder and look at the various sections of the loan, we can type in the loan number and bring up the entire loan package," explained Philpott. "This increases efficiency and productivity for anyone who comes in contact with that loan as well as greatly reducing the risk of misplaced or lost documents."

Thanks to the increased productivity and efficiency of its employees in the shipping department, the company is able to meet the growing volume of loan applications without having to hire additional staff or pay overtime. "Now our staff can easily handle the loan applications we receive each day and will be able to handle even more as volume increases," said Philpott.

Because of its integration of ApplicationXtender with Ascent Capture, the system can extract values from forms and convert those values to XML to automatically populate RiLOS. Specifically, Secured Funding is currently in the process of scanning all applications from brokers and the company will use Kofax to automatically populate RiLOS with the data contained in those forms. This technology will greatly accelerate processing of broker submissions, thereby eliminating many hours of manual data entry and expediting accurate data analysis.

> "An integral part of our electronic loan origination system, EMC Documentum ApplicationXtender is already helping to eliminate paper in numerous areas and saving us thousands of dollars each month in storage and related expenses."
>
> **Cathlin Philpott, Senior Project Manager/Business Analyst**

Future phases to bring further gains

After initial implementation in the shipping department, ApplicationXtender is being rolled out to the 100 employees in the company's call center. "This will be the start of a truly paperless process in our loan origination," said Philpott.

In the near future, the company's 250 retail loan officers will also be able to increase efficiency and save time using ApplicationXtender. Prospective loan applicants fax these representatives a variety of documents for prequalification. Using Captaris Rightfax, the representatives receive the documents electronically but lack an efficient procedure for storing these types of diverse, unstructured information. They have had to print out all the documents, sort and collate them, and walk them to the underwriting department. In the near future, the incoming documents will be sorted and indexed automatically and deposited in ApplicationXtender for easy, secure viewing.

Secured Funding anticipates that other areas of the company, such as compliance, escrow, and title, will also turn to ApplicationXtender to replace manual activities, eliminate paper, streamline processes, and cut expenses.

Summary

"With ECM Documentum ApplicationXtender, we have an intelligent electronic system that efficiently captures, stores, and manages critical loan documents," said Philpott. "It eliminates the piles of paper that used to encumber us and moves us toward our goal of cutting the loan origination cycle time by more than half."

About Documentum software from EMC

Documentum software from EMC Corporation includes enterprise content management solutions that enable organizations to unite teams, content, and associated business processes. With a single platform, EMC Documentum software enables people to collaboratively create, manage, deliver, and archive the content that drives business operations, from documents and discussions to e-mail, Web pages, records, and rich media. For more information, visit www.EMC.com/documentum.

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