Nothing But Net

Find The Cure, Automate

By Randy Schmidt

Certainly technology doesn't solve every problem. There is no one-size-fits-all cure for everything ailing mortgage lenders today. However, there are some technologies that just make sense. For example, take electronic disclosures, it's a no-brainer. Not only can the use of secure electronic delivery cut costs, but when applied to initial disclosures, it creates a better, more compliant process.

Let's face it, new rules and updates to current regulations in the mortgage industry are being implemented at an astonishing pace. Regulators have crafted revisions to a number of the regulations that have been a part of the mortgage industry for many years. As a result, lenders are forced to quickly change policies and procedures within their organization to comply with these changes. We all know this and we're all dealing with it, which is why the case for e-disclosures is just rock solid. Why? I'll elaborate…

The new Regulation Z changes add very significant new timing and delivery issues for early truth-in-lending disclosures, which will now be required for all closed-end mortgage loans. In essence, lenders are required to provide truth-in-lending disclosures (early/initial disclosures) within three business days after receiving a mortgage loan application and before any fees are collected from the consumer, other than a reasonable credit check fee.

The rules also impose a waiting period of seven business days between the early disclosure and closing date. Additionally, lenders must provide revised disclosures, including a revised annual percentage rate if the existing interest rate significantly changes between the time the early disclosure is provided and the closing date.

Delivering Electronic Initial Disclosures with Proven Automation

Today's automation provides immediate secure document delivery of initial disclosures, which ensures that these new requirements are met. Your solution should fully automate this process, one that automatically dates and time stamps each initial disclosure. This allows you to efficiently meet the timing requirements with a significantly faster process so that you can move forward with the customer's loan application.

The solution should also provide:

>> Security and encryption

>> It needs to employ state-of-art security and encryption technologies to ensure that your critical lending documents remain private and secure.

>> Your provider should also undergo annual SAS 70 Type II audits/certifications, completed by an independent accounting firms to ensure the security of your lending documents.

>> Document tracking and verification

>> Your solution should provide on screen delivery confirmation to ensure that all of your electronic delivery transactions are completely traceable for audit purposes mitigating risk within your organizations. Automatic email notifications should be sent to anyone indicating your documents were successfully transmitted.

E-disclosures does all this and more when done right. My advice to you would be to at least look at this technology as you look to navigate the maze of new regulation. Few technologies offer a total cure or fix, as I said earlier, but e-disclosures come close.

Randy Schmidt is President of Data-Vision, Inc. and is responsible for overall operation and strategic planning for the company. Randy became involved in the IT side of mortgage banking almost 30 years ago and has been involved in numerous projects on both the origination and servicing side of the business. In 1993, Randy co-founded Data-Vision, Inc., in Mishawaka, Indiana as a Web design company. He then combined his previous mortgage experience with Internet knowledge to bring the speed, power and availability of the internet to the Mortgage industry. He can be reached at *rschmidt@d-vision.com*.