

# Future of LOS's

Loan Origination Systems (LOS's) have been fairly stagnant since the release of Windows versions in the mid 90's. However, such stagnation is about to change as software vendors prepare to release ground up re-writes of these mission critical products. The primary driving forces to these changes center around the Internet, Windows NT and major enhancements to the tools software developers use to build applications (most of which come from Microsoft). Since these products form the core technology of every mortgage originator, it's important to understand what the next generation of products will really do.

The new versions of LOS's will continue to offer the primary features found in today's products such as on-screen forms, real time calculations and electronic card files. Below we list many of the new features that will be added to make this round of LOS enhancements more revolutionary than evolutionary.

**Intelligent updating** – Why should users have to install updates? LOS's will now update themselves so long as an Internet connection is present. In addition, they will do so automatically so users never again have to wonder if it's time to update. Users of AOL will understand what automated updating is all about. For a mission critical application like an LOS, this is big benefit – especially since compliance issues are at stake.

**Clickless E-Commerce** – Most of us now appreciate the benefits of communicating with our service providers through the Internet. However, today's E-Commerce interfaces are still rudimentary. The next level will take us to Clickless E-Commerce where our service providers will actually let us know when to order their products and will perform the functions in the background. One of the first vendors to offer a true Clickless E-Commerce solution is IMX. As a user enters a loan application, the LOS will send the information off to IMX. A bid on that loan is then returned and displayed on the main screen. All this occurs behind the scenes. Imagine that the LOS's will take over most of the ordering and receiving of services. This improves your quality, increases your speed of loan processing, reduces errors and allows loan processors to sleep better at night knowing dumb mistakes aren't as likely to happen (such as forgetting to order the appraisal).

**Browser look and feel** – Today, there's Windows programs and there are browser web programs. Most users now jump between these two types of software programs all day long. The user interfaces between the two are decidedly different. Any user knows

what looks like a Windows application versus what's a web page. Why should this be? Users shouldn't be forced to learn and work in two different environments. The new LOS's will adopt the more current look and feel of browsers or web pages. They are far more pleasing to work in and greatly reduce user confusion between the two environments – bottom line, they are more efficient. You'll notice that some of the latest Microsoft products are even headed in this direction. Once you see these, you'll never want to use one of those old Windows like LOS's again.

Integrated AUS's – LOS's used to export data to the Automated Underwriting Systems (AUS). Today, they are becoming truly integrated. LOS's will have input screens built-in that allow the user to view and enter data that is specific to the AUS. Users shouldn't have to try and determine all the fields required to submit to a particular AUS. Further, feedback from the AUS will come back and populate the borrower file within the LOS. Finally, the AUS findings will be stored within the borrower file itself so it may be quickly accessed electronically.

Regulation Checking – Today, we rely heavily on loan processors and underwriters to insure a loan is compliant to all the underwriting rules and regulations. With the advent of rule based solutions, we can now constantly check every loan file against all the regulations from investors, HUD and the GSE's. Throw in the Internet, and we can bring this power to every desktop in the industry. After all, why shouldn't we let computers keep us in check?

Vendor Specific Screens – E-Commerce is coming to our industry like a freight train. However, nothing is more frustrating than trying to figure just what data is required for a given transaction. Watch your best service providers building screens for your favorite LOS. For E-Commerce to really excel, we need quick data entry coupled with Clickless E-Commerce. Watch for it at your nearest LOS.

User Customizable Screens and Documents – In the 1970's about the only loan product we sold were fixed rate loans with about the only option being a 15 year vs a 30 year. Today, the varieties are almost endless. For that, many mortgage companies need screens, calculations and forms designed specific to their products and processes. LOS's are allowing for a significant amount of customization. Eliminate the screens you don't want and add new screens designed just to your needs. Further, customize calculations all the way down to your county, investor and loan type. You can even add in popup programs, special instructions, hotlink to a web site or launch a whole other software application – all from within your custom screens or you can modify the existing screens.

**Email Integration** – We used to mail (snail mail) forms to customers, then we started using a fax. LOS's now integrate email to the extent that sending a document via email is just a click away. Your standard email program is launched automatically and the email address auto-populated. Use this same feature to email the appraiser, title company, Realtor and all your other partners. Moving to the next level, you can schedule a regular email campaign to keep everyone updated with loan status, conditions, underwriter comments, etc. Email is the most efficient means of communications so make sure your LOS takes full advantage of it.

**Real Time Database Connectivity** – Many originators find they like building sophisticated reporting systems using many of the database products available from top vendors like Microsoft, Oracle and Sybase. The old LOS's might be able to handle an export to these systems but today's LOS provides real-time connectivity and updating. Watch your SQL database update immediately after your loan processor just updated a borrower file. Don't worry about not having every detail either. You can grab any of thousands of fields from the LOS – just build your own list of data elements you want in your database.

**Function Specific Screens** – How many places should you be able to enter a loan amount? Dozens really and here's why. When processing loans it's best to use screens that are designed for each specific function. For example, opening the mail each day should have a program to handle this inflow of documents, verifications, etc. Debt consolidation loans need a screen to handle what debts to payoff (or partially payoff), how much of the loan amount is still available and what are the best debts to payoff. FHA loan amount calculations certainly need a screen all to their own. Consider all the special needs and you could use a screen for each. You no longer need to settle on generic data entry screens where you have to hope you have all the right fields completed for a given form or function.

**Features, Features and more Features** – Today's LOS have hundreds of features that never existed in previous versions. While they are far more than we can list here we can give a few examples. File directories now have many columns in which you can size, arrange and sort on each column – finding and selecting a loan file has never been easier. Templates can now be built for a wide variety of loan types, product features and/or investor criteria – let the program complete as many fields as possible. Place your favorite service providers E-Commerce links on your main screen and hide the ones you'd rather not use – your best partners are now instantly accessible without going through a menu structure. Setup print groups for each set of documents typically printed. Thus, your initial disclosure package becomes a quick selection. If you are missing specific details on a loan that must be collected, take advantage of new solutions that allow you to flag those fields and then later, jump right to them when you have collected the information.

Todays LOS's are sporting all kinds of new features and functions. You'll want to optimize your office using these latest versions - your staff deserves the easiest and fastest tools available.