

## Technology That Enhances Your Closing Ratio

It's rare but sometimes a new technology comes along that actually makes a significant difference in increasing your loan volume. In this case, we are looking at a new technology that will actually enhance your closing ratio, or otherwise increase how many loans will close as a percent of your loan applications.

When you evaluate your closing ratio you must break down why loans fall out of your pipeline. Some of the reasons are out of your control such as the buyer or seller backing out of a purchase or in the case of refi's, a sudden interest rate jump comes along. However, some of the items are within your control. One of these relates to the borrower shopping and "finding a better deal" from a competitor. It's fairly common that your prospect, after completing the loan application with you, will continue to compare your rate/loan product with that of competing offerings. It's especially crucial, after the application has been completed, to cement the borrower to you. The sooner your borrower signs the initial documents, the more cemented emotionally they are to you. The borrower also doesn't want to go through all the reading, completing and signing of the documents twice. Thus, once they have completed this process, they are much less likely to go to a competitor. Any technology that can help speed this process will help enhance your closing ratio. The most important aspect is to complete everything as quick as possible including getting their signatures. This is why many loan officers will print the loan application, good faith estimate and other up front documents during the first meeting with the customer. Ideally, all the documents are signed at the initial meeting – that way you've completed a process that the borrower is unlikely to want to go through again.

In many cases, a loan officer doesn't have the opportunity to meet face to face. Additionally, many loan officers are not capable of preparing every document needed during the first meeting. For these circumstances, there's a new technology soon to hit the market. This new solution allows the up front documents (URLA, GFE, Reg Z, etc) to be signed electronically. Lets say that you've just completed a loan application over the phone with a prospect that you know is shopping every Internet mortgage site they can find. You know it's crucial to get them to sign your documents, which will help to stop them from shopping. Just as you hang up the phone you go to work with your loan origination system (LOS) and you prepare the URLA, GFE, Reg Z, and all the other up front forms required. However, instead of printing the documents to the printer, you instead "print them to a secure web site". This isn't just any web site but rather it is designed to step the borrower through the reading of the documents and to sign them electronically. Once you've posted the documents, you send your borrower an email, which contains a hot link to this secure web page that contains your just prepared documents. You then call the prospect and step them through the process. Ideally, this was just ten

minutes or so since you completed the loan application by phone.

The web site actually has the prospect viewing and clicking on check boxes indicating they have approved each document. There is no actual physical signature attached to the forms but this solution does use a form of a digital signature (based upon the eSign bill that was legalized October, 2000). Other forms of digital signatures require the borrower to obtain a digital certificate, which is a time consuming and problematic process. However, this solution uses simple check boxes that the prospect clicks on. The prospect doesn't have to complete any additional personal information or go through any extra steps. This process is similar to buying airline tickets online where you must simply click on the "I Agree" button to authorize the purchase. It is a fully legal process and in fact, the web site records the entire process and insures that the borrower read each document. The documents are then stored so that the borrower or the mortgage company can access them. In addition, the mortgage company can choose to email the documents (in a PDF format) to an underwriter, borrower or wholesaler. However, this method isn't as secure as having these parties view the documents from the secure web site.

Now this solution won't be adopted soon for closing documents but it is ideally suited for the upfront documents. Since there are no signatures actually attached to the documents, lenders would be resistive to accepting this solution for the closing documents (at least at this point in time). In fact, the first few underwriters that receive a loan package without the signed upfront documents might be alarmed. Of course the underwriter can go to the web site to insure that the borrower did in fact approve all the documents. Lenders will need to become accustomed to such new technologies and procedures.

Within a few months you should see this solution come to market and it should be available to just about all loan originators. There will be a few things to learn but overall, it should be a simple procedure that will cost much less than an overnight package. With this solution, you'll be able to have your documents accepted by your prospect within minutes of taking the loan application. Most importantly, you'll have the borrower committed to you legally and emotionally. For a few dollars per loan, you should be able to significantly increase your closing ratio. Look for these solutions soon.