

Old Habits Die Hard

It's been approximately four years since the first paperless and electronically signed mortgage and the industry is still struggling to understand the benefits of the electronic mortgage process.

Since the Uniform Electronic Transactions Act of 1999 and Electronic Signatures in Global and National Commerce Act of June, 2000 were created, one would think that would open the door for electronically signed mortgage documents.

However, there is not much evidence that the National and Global Acts have moved the mortgage industry to take advantage of this time saving, convenient, and cost saving option.

At Mortgage Strategies Group, Boca Raton, FL, we've implemented electronic signatures for our loan application and disclosure documents. We tracked loan application and disclosure package turn-around-times and found it took about seven days on average using overnight services. This is in sharp contrast to the typical one day return of our electronically signed documents facilitated by uSign a service provided by

eLynx. Over the past six months, we've delivered over 90% of our loan applications and disclosure documents utilizing electronic signature service.

Most of our customers are signing and returning supporting documentation the same day cutting six days out of our processing time. For Mortgage Strategies Group and its borrowers, cutting six days out of the process is a big benefit, especially when rates are fluctuating.

In our experience, electronic signatures provide several benefits over the hand signed documents: 1) Borrowers can sign documents at a time and place convenient to them, 2) The documents can be viewed and printed multiple times at the borrower's convenience, 3) Borrowers don't have to store large packet of paper, 4) We don't have to resend documents clients may have misplaced, 5) Because of the authentication process, we know that the person we interviewed over the phone is actually the person signing the loan application and disclosures, 6) We have much better control over the documents helping us comply with the Gramm-Leach-Bliley Act.

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In our implementation of electronic signatures, we notified our investors five months prior to going live with the electronic signature process.

In most cases our investors told us that we were the first to ask for acceptance of electronic signatures. Some investors told us they needed to develop a policy. A few investors just did not respond. And some investors are still trying to determine a policy almost a year later. Now that we've utilized electronic signatures for six months, most of our investors have accepted the process. But some investors treated this like a visit to the dentist and procrastinated on developing an electronic signature policy.

What's hard to understand is the confusion and consternation in accepting something that improves control over the process, provides convenience to customers, and cost less than sending a package of paper documents via overnight services.

So this begs the question. What necessitates ink signed loan applications and disclosure documents when a legal, reliable, cost effective signing process exists? I guess old habits die hard.



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About the Author, Mark A Skinner has been innovating and improving operations and transaction processing throughout his career. He has successfully implemented electronic signatures, imaging solutions, process management monitoring systems, customer relationship management system, document delivery

systems and sales process systems for call centers. He has lead projects to develop standards in the mortgage industry, developed Internet web applications used to transact mortgage origination and servicing transactions. Additionally he has managed and consulted sales managers to improve their sales presentation by developing Socratic / Consultative sales techniques. In addition to his consulting, his experiences include CIO, Mortgage Strategies Group, Boca Raton, FL | President, The Mortgage Approval Center, Boca Raton, FL | Director, Information Technology, Travel Services International, Delray Beach, FL | Project Manager, Fannie Mae, Washington D.C