![NCSHA logo]

2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name	**Reinventing the Lender Reservation System**

HFA	**Idaho Housing and Finance Association**
Submission Contact	**Greg Blake**
Phone	**208-331-4745** **Email** **gregb@ihfa.org**
Program Contact	**Greg Blake**
Phone	**208-331-4745** **Email** **gregb@ihfa.org**

Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013.**

Use this header on the upper right corner of each page.

HFA <u>Idaho Housing and Finance Association</u>

Entry Name <u>Reinventing the Lender Reservation System</u>

Communications	Homeownership	Legislative Advocacy	Management Innovation
☐ Annual Report ☐ Promotional Materials and Newsletters ☐ Creative Media	☐ Empowering New Buyers ☐ Home Improvement and Rehabilitation ☐ Encouraging New Production	☐ Federal Advocacy ☐ State Advocacy	☐ Financial ☐ Human Resources ☐ Operations **[X]Technology**
Rental Housing	**Special Needs Housing**	**Special Achievement**	**Are you providing visual aids?**
☐ Multifamily Management ☐ Preservation and Rehabilitation ☐ Encouraging New Production	☐ Combating Homelessness ☐ Housing for Persons with Special Needs	☐ Special Achievement	☒ YES ☐ NO

"Lender Connection 2.0 has provided the ability to meet IHFA's growing loan reservation volume and coupled with the new paperless electronic submissions, IHFA and lenders have really seen a tremendous cost savings." — Greg Blake, Idaho Housing and Finance Association I.T. manager

BACKGROUND

For 10 years, Idaho Housing and Finance Association (IHFA) had been using a web-based loan reservation system called Lender Connection, which was robust and innovative for its time. But IHFA's loan production, which topped $700 million this year, has grown rapidly since moving to the Ginnie Mae market in 2010. To keep up with that explosive growth, industry standards, and customer expectations, we undertook a comprehensive project to rewrite our loan reservation system and reinvent our processes. The result was Lender Connection 2.0.

THE CHALLENGE

The primary impetus for improving Lender Connection was a dramatic increase in loan volume. The previous incarnation of the system struggled to handle the ever increasing loan reservations. Since 2010, it's not uncommon for IHFA to see $6 million in reservations a day. A byproduct of increased volume was the necessity for efficiency, security, and customer service improvements. For example, the old system's mechanism for electronic document submission was cumbersome and not integrated into our internal document management system. Other areas IHFA needed to address were:

- The ability to upload electronic closed loan documents and 1003 loan applications.
- A system that would meet and pass a Service Organization Controls (SOC) Type 2 security audit.
- A structure to comply with the new Fannie Mae universal loan data delivery set of field requirements (ULDD).
- Online and electronic purchase advice and statements.
- Administration ability for lenders to configure their own users.
- An application that can be completely configurable without IT involvement.
- IHFA needed to brand the loan reservation system to the content, style, and color without IT involvement.
- Completely innovative and extraordinary.

UNIQUE BENEFITS, VALUABLE IMPROVEMENTS

IHFA incorporated a robust set of features that are unavailable in most commercial packages. Some of the highlights:

Electronic upload of loan documents

As a result of Lender Connection improvements, the loan reservation process is completely paperless except for the notes, which are required for loan purchase and sale. IHFA is aware of only a few HFAs that are receiving files electronically.

Most lenders use an internal computer system to generate electronic versions of closed loan packets. The ability to upload closed loans packets and the Fannie Mae 1003 loan application files are an important factor to the success of the new system. The electronic loan submission process grants access for lenders to upload initial underwriting documents, post closing documents, receive follow-up documents, and to check their loan status. Electronic documents are submitted in PDF format and are automatically routed to the internal document management system, where indexing and optical character recognition take place. Lenders receive automatic email notifications about the status of their

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submitted documents. Loan underwriters and loan processors review all loans documents electronically. Electronic loan documents are encrypted, backed up, and secured at IHFA's offsite high-availability disaster recovery data center.

Browser Compatible
Lenders access the system through IHFA's web site, www.idahohousing.com. The system is designed to run on multiple Internet browsers, especially the old version of Microsoft Internet Explorer. IHFA found that most banks and mortgage lenders' Internet browsers were old or outdated, primarily because their technology department had not yet certified newer browsers or because they had given employees the option of using other browsers. IHFA tested and configured its system to work on all browsers, including new tablet systems.

No Programming Required
Lender Connection 2.0 is completely configurable by non-technical lending staff. From interest rates, loan products, to target marketing maps, Lender Connection 2.0 has incorporated a role-based administrative module to allow non technical staff to change thousands of configurable options in the system. With this feature, new loan products take about 20 minutes to set up from start to finish. Complete branding changes take very little time and effort and allow IHFA to experiment with the look and feel of the application. Checklists, downloadable forms, and training videos are easily incorporated.

Published loan rates
The ability to open and close loan rates is another key feature to the system. If loan interest rates enter a volatile cycle, IHFA can close the program rates an anytime to protect its business.

Secure and Compliant
IHFA developed the software in the latest version of Microsoft development language. IHFA gives lenders the ability to administer their own accounts or branch office personnel by assigning an administrator for each loan company. The administrator can setup their own users, unlock, and create new accounts. A lender can automatically recover their passwords if they lose or forget their current password. Lender Connection accesses loan data through hardened firewalls for security. Lender Connection 2.0 has passed all external security penetration testing and has passed a security audit.
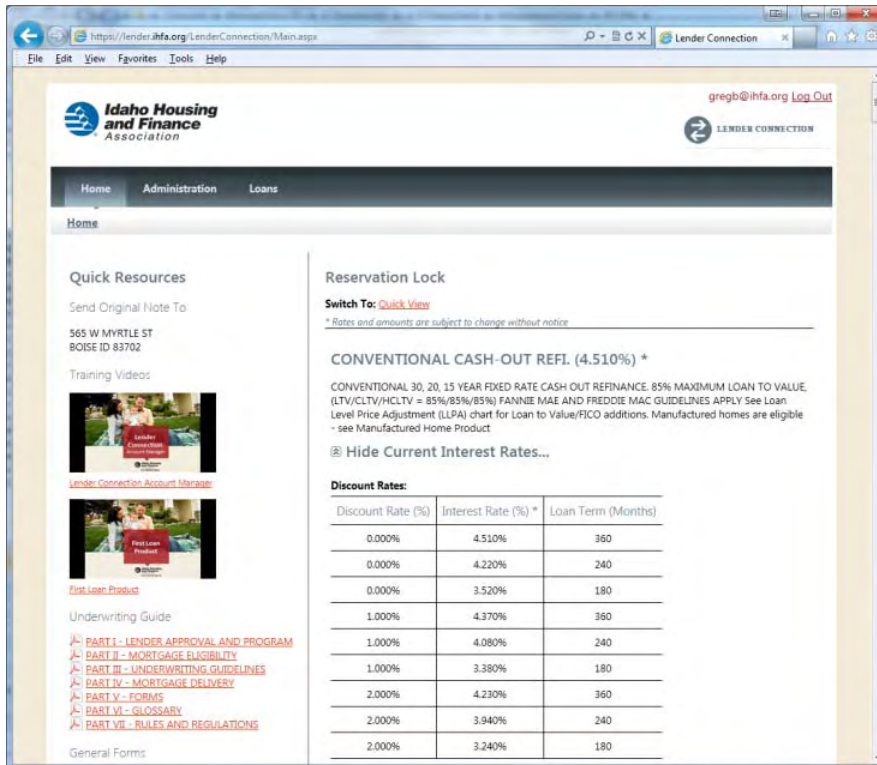
HOW IT WAS ACCOMPLISHED
In late 2012, IHFA investigated commercially available off-the-shelf lender reservations systems and saw very little innovation or the features needed to meet its requirements related to electronic document submission, security, and ULDD compliance. IHFA decided to rewrite the current system from the ground up. A project team was assembled and a plan was created to start the design and development process. IHFA Information Technology staff held weekly meetings with the Homeownership Lending Department to make sure the design incorporated the best customer experience and user interface. Software development was undertaken with IHFA's in-house software engineers — no outsourcing. The project took six months. Lender Connection 2.0 was developed using a modern software development lifecycle methodology called 'Agile', thus ensuring a successful implementation. On March 1, 2013, Lender Connection 2.0 was completed and went live to 30 lenders. The first lenders were immediately impressed with the beauty and ease of use of the system. Since IHFA has about 300 lenders and brokers using the system, a phased implementation approach was implemented.

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MARKED IMPROVEMENT TO IHFA'S OPERATIONS

IHFA underwriters and loan reviewers use the same Lender Connection 2.0 system as a lender with additional features added to make corrections, apply late fees, purchase loans, or get additional documentation. With a new integration module to IHFA's document management system, underwriters review closed loan packets entirely paperlessly and can complete a loan purchase in 90 minutes with 100 percent accuracy. Training the loan underwriters to review paperless loans was challenging for some, but after a few days of immersion into the paperless review process, the underwriters were amazed at the increase in productivity.

The positive operational results are tremendous. Lenders have said that with Lender Connection 2.0 and the ability to electronically upload documents, they have experienced significant cost savings in printing, stacking, and shipping. The gains in efficiency at IHFA have been staggering as well.   The need to process large paper loan packets, manually separate files, and manually scan documents has disappeared. Large file rooms have been eliminated or consolidated. The challenge to secure loan documents has been eliminated.

Visual Aids

P.O. Box 7899, (565 W. Myrtle Street), Boise, ID 83707-1899 • Phone (208) 331-4889 • Fax (208) 331-4804