

Electronic Submission of Loan Applications

Background

Several years ago, THDA staff developed and presented to the Board of Directors a business plan for the single family mortgage program entitled “Operation Homeownership”. For several years leading up to the development of the plan, the level of participation in THDA’s programs by lenders across the state was very flat, and in 2006 several senior staff travelled across the state to ask lenders to provide feedback as to why the situation existed. Lenders (and Realtors®) were very honest in their assessment that THDA was difficult to deal with, that it required too much paperwork, that it took too long to process loan applications, and that the THDA staff was not customer service oriented.

Based on the feedback we received from our partners, the plan was developed to improve our program and our operations. THDA’s goal was to be more efficient, more flexible, and more customer focused. One of the components of the plan was to develop a mechanism by which lenders could submit their loan applications electronically.

The first step was to work with our software vendor. THDA has used the MITAS system for the single family mortgage program for a number of years, and the MITAS staff was excited when we approached them about developing an interface tool for our partners. Since THDA had staff that were very adept at systems management, the prognosis for success with this initiative was high.

After a period of time in development and testing, THDA was ready to implement the system in 2008. It was decided that we would work with one lender to serve as the “test case” for the system, and we reached out to our top lender – Mortgage Investors Group in Knoxville, TN. After several months of testing and training, we were ready to begin receiving files in early 2009.

During the bulk of 2009, we began adding additional lenders, again concentrating on THDA’s top producers. During the past 18 months we have reached the point that every lender has the opportunity to submit their files electronically if they choose to do so. THDA’s lenders absolutely love this feature!

How the Initiative Works

The Electronic Mortgage Loan Submission allows THDA to grant access to lenders to perform such tasks as electronic loan submissions, uploading initial underwriting documents and post closing documents, checking a loan’s status, reviewing outstanding conditions, and monitoring their pipeline of loans. To access the site, lenders are assigned several pieces of information, including a web profile, originator number, branch number, username and password.

The system is web based, and lenders access the electronic submission site through THDA’s regular web site (www.thda.org).

The system provides a mechanism for which an Originating Agent is able to upload mortgage loan data files to THDA, as well as their accompanying images. Each Originating Agent has access to an individual, secure website specific to their organization and is able to send loan files instantaneously as well as review the status of their loans at THDA. Additionally, this system, provided by MITAS, utilizes THDA’s existing MITAS Loan Origination System while interfacing with our current FileNet imaging system. This interface allows THDA staff to view documents from one application, rather

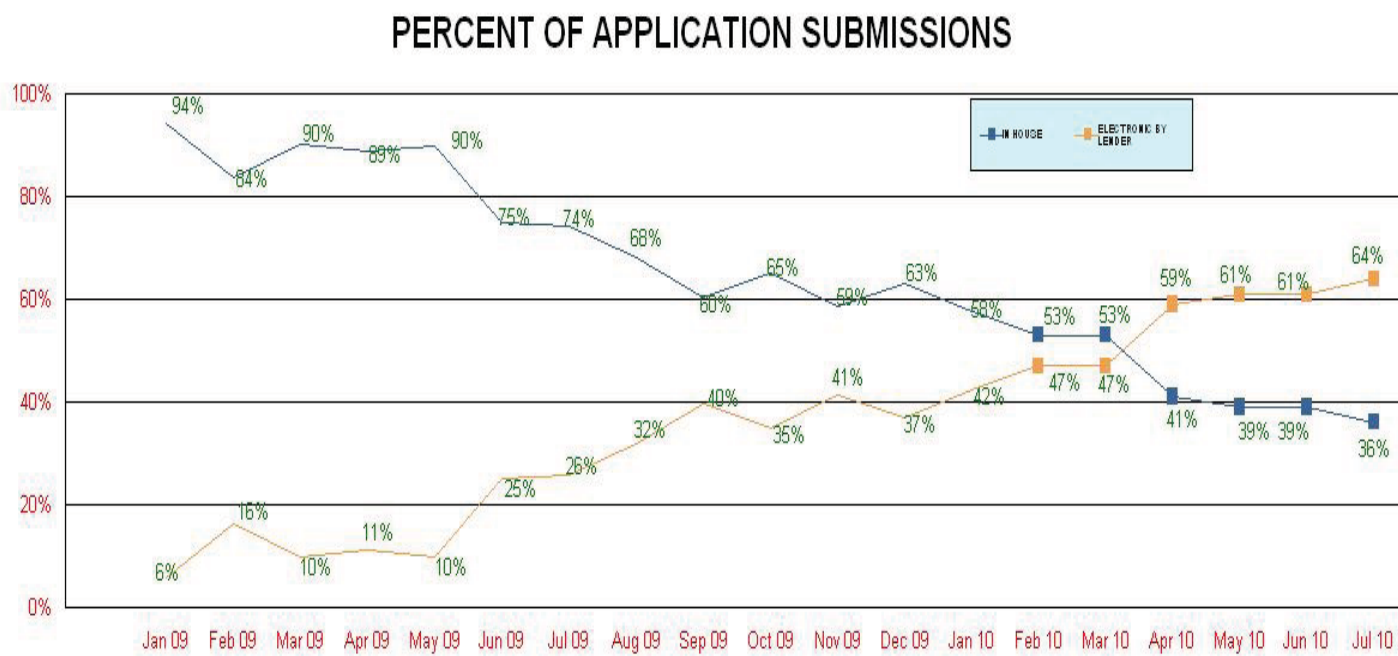
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than shifting back and forth between Filenet and MITAS. This project accomplished a myriad of things, but most importantly it creates a much more efficient way for our business partners to submit loan files and have them reviewed by THDA staff within hours.

The process is now completely paperless except for the Notes. THDA is aware of only a handful of HFAs that are receiving files electronically, and as far as we know THDA is the only southeastern state doing this.

Results (So Far)

The results up to this point have exceeded our expectations. From a volume standpoint, even during heavy production months in May and June (880 loans combined), over 60% of the loan files received by THDA were submitted electronically. Please refer to the chart below for an illustration of the participation growth of electronic submissions.



The positive operational results are staggering. Lenders have shared with us that they have experienced significant cost savings by filing electronically (due to reduced and/or eliminated overnight shipping charges for their loan packages). In addition, THDA has experienced gains in efficiency. Once again, referring to the heavy production months in May and June, THDA underwriting staff kept a one-day turnaround on loan commitments for almost the entire month.

Additional benefits have come in the form of better space utilization – we’ve been able to create better work space for our staff due to the elimination of paper files. In addition, the receipt of electronic files has created an opportunity for the single family staff to telecommute (work from home), where those opportunities did not exist before due to THDA’s policy that loan files had to remain in our offices. The opportunity to telecommute has improved staff morale and also shows signs of improving productivity (staff don’t have to miss a day’s work if they have to stay home for personal reasons, etc.).

Testimonials

As mentioned earlier, THDA's lenders have responded very positively to this initiative. A couple of quotes:

"We were really excited when the Electronic Delivery System was rolled out. The Electronic Delivery System is extremely easy to use. Once we upload the documents we are finished. It only takes a few minutes and is much more efficient than using an overnight delivery service. We no longer have to worry about our overnight packages arriving at THDA on time, or at all. THDA's Electronic Delivery System was truly a gift to all of us."

Ronda Day

Mortgage Investors Group (THDA's top lender for the past seven years)
Knoxville, TN

"I absolutely love submitting files electronically. It's fast and easy."

Judy Le

Guaranty Trust Company

Where do we go from here?

As evidenced by the chart on page 2, THDA has experienced significant lender participation in the electronic submission initiative since early 2009. Our goal is to have at least 90-95% of the loan files submitted electronically within the next 12 months.

Supporting Documentation:

Power point presentation – Introduction to THDA's Electronic Mortgage Loan Submission