



matchbox (Op)erations (Ed)itorial Page
Thoughts and Observations on the Mortgage Industry
November 24, 2015



matchbox consulting services - we speak mortgage...

2015 - The year that TRID happened is coming to close. As we sit on the sidelines, it is quite enlightening to work with lenders as they push through this TRID transition. October 3rd was uneventful and LE's were not too much of a burden. Yes, many bragged about closing their first TRID loan within a few weeks, but now we're in the weeds of stage II & III of TRID. Last week a client made quite an interesting comment stating that "TRID is prohibiting our thoughts and in the process, altering our confidence levels." We have to agree. There are some very smart people out there whose confidence is being shaken due to TRID. Whether it is a lack of clarity or challenges due to technology, there is consternation throughout all lenders in generating the CD. Delays and fear are becoming standard, regardless of effort and competence.

We are attending the Independent Mortgage Bankers Conference in Nashville next week so let us know if you would like to meet while there. Over this year and based on our vision for client's needs in 2016, we have put together some new offerings and updated others, which we are excited about and eager to share. And don't forget about Ignite, our sister company providing custom programming, development, and integrations - we're just getting warmed up!

Lastly, this week is Thanksgiving and a time to reflect on the great people we are blessed to have in our lives. We are very thankful for the opportunity to work with such great people, clients, and friends. We wish you all a very Happy and Healthy Thanksgiving to you and your families.

As expected, we are starting to see the first of mass CD issuance as we reached the 45-60 day window post TRID. For the first time many lenders are now realizing how many interrelated pieces there are to comply with TRID and how their workflow is being affected.

While we have not seen any issues with the timing of the CD delivery, there are a number of challenges in regard to fees mapping, tying the LE to the CD, and counter-party readiness. Disclosure errors and tolerance cures are the new norm and LOS and technology deficiencies are simply driving lenders batty. The questions and associated support is in line with what we expected and most firms seem to be frustratingly pushing through. So yes, the world still turns, but Q4 to Q1 financials historically bring dips to the balance sheets and this year, TRID will surely leave an impact.

So Stage II, the closing of TRID loans is the known and current struggle right now, but what about Stage III - selling the loans? This is when the real fun starts. Did you prepare correctly and are your actions in line with investors? Or are you shipping loans with your fingers crossed? This will be interesting. We'll see if lenders and investors are on the same page. Ultimately, whereas in stages I & II, there were delays and stress, lenders pushed through like they always do. But if investors start rejecting loans for the reasons unknown, or just because they disagree with your interpretations, how are you going to react?

- Fight the investor
- Pull the loan back and re-target
- Look for options to work with the client to get the loan eligible for purchase
- Re-close the loan because the error is not curable and take the cost on the chin
- All of the above

That would only be the first piece of the puzzle. Once you find out you have defects, then you have go back upstream and change procedures to make sure you do not have more of these non-eligible loans closing. This could require additional programming (on your end or at a counterparty), additional training, or additional third party counsel review. In any event, all of these options will lead to delays, incurred costs and revenue leakage. Our suggestion is to get these loans shipped as soon as possible. It is in your best interest to learn of investor tolerances and their stance on TRID, sooner rather than later. If you aggregate volume and pool loans for bulk trades, it may be worthwhile to allocate more frequently through year-end and early '16. Now, if you get passed Stage III, we still have Stage IV to look forward to. Like investors, internal and external QC will shed light on the operational process and adherence to TRID. It seems to be never-ending, but hey mortgage lenders have made it through worse.



New offerings designed for you

Since returning from a very busy MBA conference, we wanted to update you on a number of new (and updated) matchbox offerings that further support your growth and response to what we have seen as needs in the market, based on your requests and what we also feel are needs going into 2016. Here are some of our new offerings:

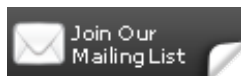
[Encompass Reconfiguration Program](#) - If you are an Encompass client and do not feel you are getting what you need out of the system for whatever reason, we offer an Encompass Reconfiguration Program where we work with you to maximize efficient system usage. The attached flyer provides a common clients perspective; having a great asset but knowing they are not using it correctly. If you are in this position, give us a call to discuss our Encompass Reconfiguration approach and how we can help you in getting the most out of the system on all levels.

[Encompass Custom Form Development](#)- Custom forms are a great way to manage your unique business model. From Tracking loan criteria through custom fields or putting rules in place around your process, custom forms can pave the way for your success. matchbox has an extensive custom form library that can be leveraged to make your process easier or more efficient. Custom Forms for TRID including: CD Comparison form, CD Tracking Dates w/ CD Due Dates, etc.

[Basic Training Program](#)- With the TRID changes being felt by all, there has never been a greater need for training on multiple levels. Our Basic Training Program offers both dedicated on-site and remote training options for your company. Our training can be based on your LOS, new policies and procedures, Secondary Department needs, or just a continuous reinforcement of your business model. Our Basic Training program was developed to streamline and standardize efficient workflow for all departments.

[Operations Workflow Review](#)- In this business, we can all agree loans start and finish in a consistent manner. What happens in between is fodder for many levels of discussion. Since inception, we have seen hundreds of different workflows and interpretations of such. Some lenders feel they have it right, others feel that they think it could be better, others outright know that they are a mess, and others do not know where they land. Our Operational Review engagement is a two day onsite review where we sit and interview your staff and see firsthand how you get loans from A to Z. With this program, we provide a full summary of your current process and the areas that are in need of improvement, including recommendations.

[Secondary Review](#)- Your Secondary department is a black box to many. It may work well or be very basic but most are just not sure if, or how they can improve execution and pipeline management. We enjoy the challenge of finding areas of leakage or untapped potential for lenders. Our reviews have consistently found multiple areas of exposure and leakage while providing recommendations to greatly increase revenue. Our Secondary expertise is unique, robust, and sure to find those evasive bps that you are always looking for.



[Optional Link](#)