

 igniting ideas for the mortgage industry.

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Matchbox OP(erations) ED(itorial) Page Thoughts and Observations On The Market

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[Happy Birthday, Who
Are You Again?
Off To The Races!](#)

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Before we get started, if you're coming into New York for the Secondary Conference and want to get together, please let us know!

We are not the manufacturer of little cars, and not something sitting in a fishbowl next to hostess stand in a restaurant. At speaking engagements and conferences, even close friends and long-time contacts continue to ask what specific items we can offer. Heck, even my wife sometimes asks what we actually do. Not that I can blame her, I don't understand what she actually does as a "Director of Integrated Marketing." As Matchbox reaches its 3rd birthday, we continue to grow, gain invaluable perspective and look to spread our insight throughout the mortgage banking industry. This week we'll give a concise but detailed explanation of Matchbox.

Also, as the sun comes out this morning in the northeast, we can confidently say that winter is officially over. With the warmer weather comes triathlon training season, and with my first race in June, mornings are full of swimming, biking, or running. As I come out of hibernation, I begin to think how the process of triathlon training is similar to the mortgage process. No, I'm not crazy, I just love analogies. I used to come into each year just looking to reduce my overall time without a real plan; believing that if I worked harder I would be able to improve my performance. It was not until a few years ago when I stopped to break the three sections down and concentrate on each individually that I was able to improve.

We strive to keep you all well-informed, as we share our views. Staying a step ahead and running a tight operation are the keys to success in the mortgage banking world, and we are here to help bankers do so. We hope you find our newsletter useful, and if there is anything you want us to cover, [please let us know.](#)

Most people know we can build out a pretty deep LOS customization, implementations and integrations, but what else? What are we? What do we offer? In the general sense, we're an aide, coach, counselor, and confidant to mortgage bankers. We are an ear to what you may be struggling with and will provide realistic, easy to understand and implement solutions. We either work directly with or for our clients in implementing and training or if it falls outside our core expertise, we will make the appropriate introductions. We break through the walls that have been constant struggles for years. We almost never provide advice or analysis without the action plan to execute upon our recommendations. What kind of aide, coach or counselor would we be then?

Our experiences have allowed us to know, first-hand, the pain points that lenders are facing and our goal is to assist them in avoiding the ever-present pitfalls and alleviating concerns. We are a bit weird in that we really like mortgage operations; who really likes operations? None of us come from a sales background so we feel our value has always been to drive profitability from the Operations side and we feel there is great opportunity to do so. How do we maximize net revenue and profitability through processes and execution? It's a challenge we welcome! But ok, what does Matchbox actually do?

-Need to implement a hedging platform but only have a basic lock desk?

-Need an independent 3rd party to convince your board of directors to launch a hedging platform, with easy to understand language?

-Is your Secondary execution and operational protocols allowing you to maximize your mandatory delivery spreads?

-Has your compare ratio been rising and need detailed insight as to forecasting, trending outliers and a go-forward action plan? Investors and warehouse providers and HUD is on alert as the numbers limb to 150.

-Are you looking to become Fannie, Ginnie, Freddie approved but not sure where to start and can't seem to complete the applications?

-Are you recently agency approved but not sure how to move forward, efficiently and effectively? Asking yourself the 'What Now' question?

-Are you struggling with pricing, margins, PPE's, and volume?

-Do you have the sense that certain departments are inefficient and possibly run off manual checklists, excel spreadsheets, or note pads?

-Need to go paperless but struggling with an efficient set-up structure?

-Not sure you are using your LOS appropriately and efficiently?

Need a check-up?

-Are you looking for more out of your LOS and still using spreadsheets to manage departmental workflows?

-Are you unsure if your LOS data is reliable or even able to gather the data you are looking to report on and analysis? Or not even sure what data would be helpful to better understand the pipelines?

There's much more but we sure hope this provides additional perspective.

In the simplest sense, if someone in management drives home with many questions and not many answers; Matchbox can help. Or if management has a 'To Do' list of projects that they cannot seem to address with current personnel and the day-to-day drama; Matchbox can help.

On Your Mark, Get Set....

Like the mortgage process, completing a triathlon has many interdependent pieces. Many companies ask us how to cut the number of days loans are in the pipeline, or their overall process by XX number of days, or how to scale and be able to handle increased volume with the same staff without breaking down their process into sections. As I was getting in a training run, my mind started to wonder and the analogy of training for a triathlon to the mortgage process came into my head. Sound Crazy? It probably is but I wanted to share.

Stage I- The Swim: Sales/Origination Process

Like triathletes, many bankers focus on this piece and look to drastically improve their performance metrics. It's a tough one as this is the stage with the largest external variables. For the swim it's the weather, more specifically, the current. Currents change with the time of day, month and weather patterns - and they're impossible to control. Sound familiar? Not much unlike Sales and Clients. They're unpredictable and even the best swimmer - or salesperson, will struggle against a rough current. Metrics here are hard to monitor, as this variable can wreak havoc on your numbers. But still, bankers must focus on this stage as it sets the pace to the rest of the race or marathon.

Training and education will undoubtedly help performance. How do we approach swimming in rough currents and weather patterns? Applying the right strategy and approach will go a long way in preparing sales to be successful in the first leg, as they look to take a full application for fickle clients and submit a complete and accurate package to processing. And at the end of the day, if you perfect your sales process if you do not have a good fulfillment process, the benefits of a good swim/sale will go to waste.

Stage II- The Bike: Ops - Processing, Underwriting, Closing

This is one area where bankers can use an external vehicle that can improve performance. The better the bike, the less energy used and the better the results. The external vehicle in the mortgage process is the Loan Origination System. This is the difference maker and could separate a lender from a perfectly equal competitor. The LOS and its capabilities provide the

foundation for the operational and compliance engine for the mortgage process.

As our readers know, we focus on efficient use of the LOS. It's not enough to have the right bike, the user must be training on how to maximize its functionality and take advantage of the options it offers. Over the past few years, we have seen some firms succeed and excel with beneficial use of their LOS and we have also seen others that have floundered with the same system offering. Again, it's not enough to just have the right equipment. Buying a great bike without the ability to ride it, is the same as buying a robust LOS and not investing the time and effort to make best use of it. A strong LOS build out allows firms to obtain the efficiency gains they are all looking for. Utilizing the systems strengths and making dramatic business changes (going paperless, eliminating manual checklists, building strong exception based reports, implementing business rules to ensure data accuracy and proper workflow) can, and will, separate one lender from many others in this market.

Lastly, compliance continues to be the underlying theme in all workflows these days. While no LOS can do the compliance for you, all of them can provide a good process for managing and reporting and how and when the compliance measures are being completed. If nothing else, we are all playing by the same rules and a good use of the LOS can make improve this process.

Stage III- The Run: Post Closing

Being that running is simple and able to be done so easily, (all you need is a pair of sneakers and an ipod) most do not put enough effort into this part of the race. People conclude that this will be the easiest part and will figure it out on race day. Take it from me, (I hate running) this is an area that can make or break you. Lenders can have a best in class Sales and Ops process but an inefficient or sloppy Post Closing department will bleed away net margins, profitability and liquidity. So much of the hard work will be taken for granted because running (Post Closing) is an after-thought. Post Closing is too often overlooked, maybe because they are the least vocal, but it is such an integral part of the origination process. The departments in Post Closing (Shipping, Insuring, Suspense, and Loan Purchase) all have critical roles in keeping the file flow moving along. They need to have good insight into loan details, understanding of investors requirements, and ability to utilize available resources to get their piece completed. They need to document their actions and have the tools to make them successful. In the race, these are seen as watering stations, where you have the ability to stop and get a drink in order to keep going - a terrible idea, this is not the time to take a break; it's time for one last final push. It all boils down to this last stage, so do not overlook this piece as many do. It can make or break success in the loan process and on race day.

About Us:

Matchbox is a collection of gritty industry veterans who decided to create a company aimed at helping mortgage companies ignite ideas that are outside the box to realize their true potential. We have years of real life, hands on experience in the business, and we want to offer our keen insight to others as they take on the challenges before them.

As individuals, we each contribute unique perspective and expertise. Collectively we provide a true roadmap to success, regardless of your current situation. Like any master craftsman, we are very passionate about our work and we approach each client as if your company were our own. In the end, we help you, be a better you.

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