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Igniting ideas for the mortgage industry.



The matchbox & Ignite teams are comprised of mortgage bankers who take pride in understanding the industry changes and being proactive in how these changes can be supported within your workflow and technology. We visited over 50 companies in the first quarter and gained some interesting perspectives on the state of this so called, Digital Revolution, which we share with you this week. Spring has finally sprung in New York which means the MBA Secondary Conference is around the corner. Please let us know if you will be attending and want to meet and catch up on your 2018 plans.

matchbox....we speak mortgage

As we settle back into our desks this week, fresh back from the MBA Technology conference, companies are managing the balance between shrinking profits, reduced margins, and implementing a digital mortgage strategy. After meeting with multiple clients last week and over the past month, companies are starting to (or struggling to) implement their DM strategy. We have heard for a few years now that this Digital Mortgage process is real and coming and in some cases has been termed a Revolution and a new age of Mortgage Lending. This innovation that has infiltrated the Mortgage Market in the past few years has been exciting and will appeal to those elusive millennials when they decide to become homeowners. To call this a revolution is a stretch and, for me, we have a ways to go before

I would say it is here to stay. If you have doubts, I will attempt to lay out my case for more needed work on the DM front. Here are some views that have been compiled over the first quarter:

Where is your Digital Mortgage Help Desk? Many feel these Digital Offerings are set and forget, however they are anything but systematized. Between assisting Clients, Loan Originators, and possibly Processors; you need a team of people to support your digital technology offering. Depending on the choice of platforms, there are user names, potentially multiple passwords, and just explaining basic functionality for these systems. If your objective is to capture those millennials, there is another harsh reality: 1) they are only going to give you one shot to get this right and 2) they are going to access your platform while out to dinner on Saturday night with a friend, who tells them about this great new app, and when it does not work your chances of getting them back will drop dramatically without a good technical support process.

Are your DM loans closing any quicker? There has been no pure evidence that has proven in a busy market this is true. Yes, there has been some data that points to a shorter life-cycle in February, but where are those loans going to be in June and July in the height of the season. If your process slots a digital loan in the same Underwriting bin as your other loans, how are your DM loans going to perform better? The DM process does not end when the application is complete and docs are received. It begins then and many are missing this. Your DM workflow is one that has to start with the application and end at the closing table. What happens in between should be a streamlined, efficient, validation and confirmation process.

Has your Processing Strategy changed? - Some feel that the DM strategy should ease the Loan Originators role in the process. I tend to disagree and feel that when implemented correctly, the Processing role should experience the biggest change with a DM implementation. If your offering, can access and possibly verify the majority of your borrower's documentation, then the Processor's responsibilities are dramatically reduced. If you have your Order Desk as part of the Processing department, then the point is even more convincing. The Processing role is one of the most varied within companies. It is often inconsistent and the execution of tasks come in varying levels. A good DM strategy should allow companies to improve their Processing workflow, turn times, and overall cost.

Has your Secondary Execution improved? Part of the DM vision is to have Digital loans that are cleaner, close faster, and cost less to produce. In terms of decreasing cost, Secondary

should be looked to as a main player in reducing the cost at the loan level. A good digital loan should come in with most of the information validated and locked without need to extend or re-locked. Once items are validated, your Secondary hedge cost should be locked-in and reliable for the estimated execution period. We have not encountered a company that is looking at Secondary as part of their DM strategy. If these loans are to perform as advertised, Secondary profits should be increasing or DM loans monitored at a minimum.

Have you incorporated your DM strategy into Training and Marketing? Like most topics these days, when you dig -own into your staff and discuss your company's DM strategy, you will get varying opinions. Some will love, some will hate, and most will not care or see a difference. A good DM strategy has to include an internal marketing strategy. Your team has to understand why it is being implemented and what the anticipated benefits are for them and the company. A memo or e-mail is not adequate to gain understanding on your DM strategy and its implementation. The investment of time to demonstrate the vision behind your strategy and positive impact will affect its success.

The Digital Mortgage "revolution" is exciting and has potential for greatness within the industry. A true revolution does not start and end on the front lines. It is an end to end strategy in which the whole team understands the mission and provides a beneficial improvement to the company for years to come. We continue to see an unbalanced level of attention being placed on the front end process, with no attention being paid to the other key parts needed to make your DM strategy successful. Our team at matchbox is skilled at helping you set up your other areas to match your front end process. As the weather turns, and volumes start to grow, your DM strategy needs to keep pace to make your investment pay off.

The Ignite team is in the development lab improving our current tools and creating exciting new tools for 2018. Call us today for a demo of our full toolset.

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