Manage Your Tech Stack to Align With Your Changing Business Needs

Reimagine your tech stack to drive future success

FINLOCKER®

Are you a mortgage lender who is worried about the rising cost of orginations and the shrinking margins? Are you concerned about not being able to provide the best employee experience for your loan officers and losing sleep over attracting and retaining top talent? Are you stressing about losing out to competition because of poor consumer experience and loyalty? If you said yes or partially yes to one or more, you are not alone. For most mortgage company executives a fragmented technology stack is a key contributor to one or more of the stressors above. Adding new technology that has promise can only complicate the landscape further unless you are continuously calibrating your technology stack with where the market is in terms of product and consumer segment (First-Time Home Buyer vs a Refi boom), and keep refining your technology to match your business.

Identifying technology gaps to drive results

Your mortgage tech stack should align with business goals at each stage of the homebuying journey to deliver an efficient consumer-centric integrated mortgage experience.

	Discover	Engage	Product Selection	Application	Processing	Closing	Post Close
Homebuyer Journey	Researches property options	Obtains agent and lender referrals from family and friends		Gathers documents	Responds to requests for additional documents	Borrower attends an in-person or remote closing of their home to sign closing documents	* Borrower is sent an NPS survey about 5 days after closing
	Researches financing options	Connects with a real estate agent to view home and receives lender referral	Researches lender and originator	Submits RESPA application	Waits for loan staus updates		* Borrower is emailed a request for a testimonial 2-4 weeks after closing
	Reviews credit score and credit report	Connects with a loan officer to determine product eligibility	Submits pre-qualification or pre-approval application				
	Reviews finances and cash flow to decide if they can afford a mortgage payment	Obtains pre-qualification or pre-approval	Searches for a property to buy				
		Obtains pre-qualification or pre-approval	Rate shopping				

	Marketing - Lead Generation		Sales - Lead Nurturing	Digital Mortgage Application	Operations	Closing & Funding	Post Close
Technology	Trigger monitoring - credit			* Direct sourcing, data capture and validation of borrower's identity, employment, income, credit and assets	Intelligent workflow routing from application through processing, underwriting, closing and invetsor	* Digital closing platform that delivers final documents electronically, enables eSigning and remote notarization	Net Promoter Score (NPS) platform
	Social marketing and listening	Mortgage lender & originator / branch / team websites	Reviews lender reviews	* Intelligent data transfer		* 25 states currently allow remote online notarization transaction Notary	Customer review and testimonial platform
	Paid search			* Digital mortgage verification services			
				* Document management			
	Drive leads to CRM	CRM sends data driven campaigns to leades to nurture based on consumer behavior and stages of progression hrough homeownership journey			* LOS with API connection to CRM triggers emails and SMS to update originator, borrower, co-borrower, borrower's agent and seller's agents as the loan progresses through operations	* Electronicially transfer loan data to investor and loan servicer	

FinLocker	Mortgage lenders connect with future homebuyers before the point of thought	Prospective homebuyers are guided on data-driven personalized journeys to achieve mortgage eligibility	* Consumer connects with their originator to discuss their loan eligibility, decide a loan product and get pre-qualified or pre-approved * Searches for a property through their app	Consumer presents themselves to their loan officer as a verified borrower by sharing their financial data and documents directly from their Finlocker app with originator	The shared financial data and documents essentially prefills the mortgage application in the lender's LOS, saving your operations team time and reducing risks associated with manual data input.	Homebuyer can upload and securely store their mortgage documents to their FinLocker app for future reference	Homebuyer continues to use their Finlocker app to sustain homeownership, achieve further financial goals, and stay connected to their lender for future mortgage transactions

Create an enterprise customer data platform

Getting a mortgage is one of the most significant decisions most consumers make in their lifetime. It is also one of the most costly, complex, and regulated processes. Consumers are often asked the same questions repeatedly, and it's not uncommon for the same documents to be requested multiple times across the entire process as people on the lending side use disparate systems to gather and process data at each stage of the mortgage process.

Borrower data is collected through multiple systems, including CRM, mobile apps, website analytics, and online applications. It is essential to establish a customer data platform that unites all of the silos under a single central source of truth of borrower data to drive marketing and communications channels and systems that manage borrower data and documents before adding solutions using artificial intelligence (AI), machine learning (ML) and blockchain technology.

Benefits of building a next generation mortgage tech stack

Managing the elusive trifecta of cost, risk, and consumer experience is not easy. Disjointed technology strategy vis-à-vis your business and market segment can create operational overhead. Technology stack out of synch with your business processes will result in higher loan production costs, create loan quality & compliance risk with poor data quality, frustrate borrowers and lower your retention rates.

Mortgage lenders who transform their technology stack can improve the experience of their borrowers, reduce the loan processing time, and facilitate operational efficiency and transparency.

McKinsey estimates that a reimagined mortgage origination journey will enable both cost and time savings, including:

- Reducing costs per loan by **10%**
- Shortening loan processing time by **15%** to **40%**
- Reducing the frequency of underwriting touches per application by **15%** to **40%**

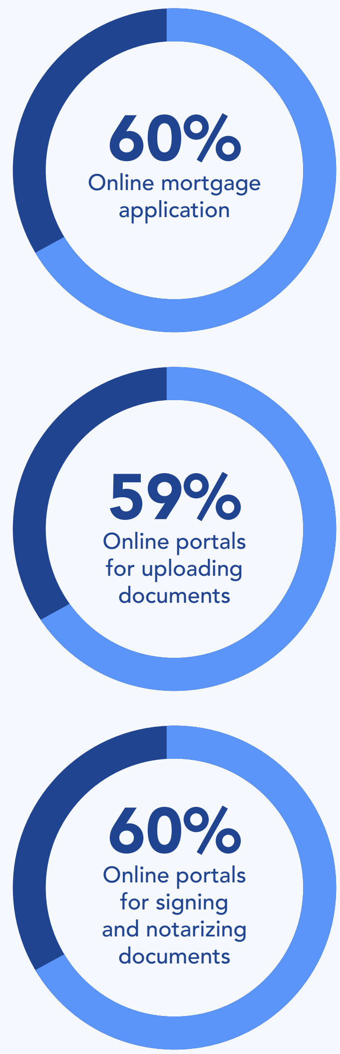
Streamline processes

Multiple stakeholders contribute to fulfilling the complete mortgage process. Lack of real-time information sharing with internal and external stakeholders working in silos contributes to inefficient and duplicative data processing. Workflow automation and RPA with AI/ML can efficiently disseminate loan data across reoccurring tasks to speed up the process of reviewing and decisioning mortgage applications with fewer human errors.

Lenders should select technology solutions that can streamline the mortgage process with user-friendly tools to provide a fully digital mortgage process for borrowers, including:

- Digital mortgage application forms with jargon-free instructions and explanations to frequently asked questions directly into the form can reduce application drop-off.
- Digital verification tools that check the borrower's and co-borrower's identity, income, employment, assets, and credit from consumer-permissioned single-sourced data
- Easy upload features that allow the applicant to instantly submit tax returns, bank statements, and income documentation
- Financial data transfer service that enables the applicant to securely share their financial data and documents to populate the mortgage application in the lender's LOS.
- Robo advisory system to automatically deliver loan status notifications to the borrower, co-borrower, buyer's agent, and seller's agent, and be flexible to add additional recipients such as the borrower's builder.
- Remote Online Notarization (RON), often supplied by a third-party vendor, provides a recorded notary service, distributes documents, authenticates the identity of the signer and witnesses, and enables documents to be electronically signed by the borrower. The signed documents are electronically packaged to the lender with the notary's digital certificate using Public Key Infrastructure (PKI) technology. A total of 41 states to date have enacted laws enabling the use of remote online notarization.

Factors that influenced a borrower selecting their lender



2022 Borrower Insights Survey, ICE Mortgage Technology

Cut loan origination costs

Despite substantial investment in providing digital mortgage applications, the mortgage process remains a document-intensive process.

Robotic process automation (RPA) can potentially reduce operations costs and increase productivity and accuracy by replacing time-consuming repetitive and rule-based tasks. Critical functions such as loan origination, loan processing, quality control, and servicing are good candidates for applying RPA.

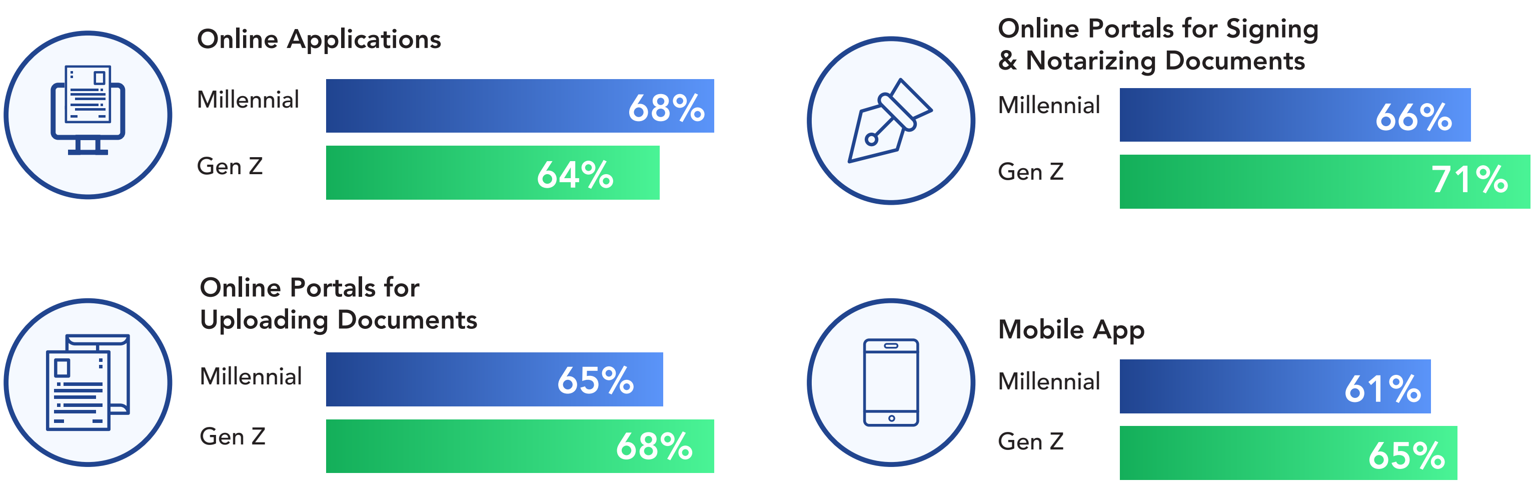
Blockchain technology solutions could remove cost and friction from the process, create transaction records that are infallible and incorruptible, and facilitate near-instantaneous settlement.

Attract future first-time homebuyers

To attract tomorrow's borrowers today, lenders should select technology solutions that deliver the experience expected by tech-savvy homebuyers. Homebuyers, especially Gen Z and Millennial borrowers, are strongly influenced by digital services when selecting their mortgage lenders.

According to ICE Mortgage Technology, in 2022 Millennial and Gen Z borrowers were most strongly influenced by digital offerings – online applications (68% and 64%, respectively), online portals for uploading documents (65% and 68%) and online portals for signing and notarizing documents (66% and 71%).

More notably, for Millennial and Gen Z borrowers, mobile apps were just as big an influence on the choice of a lender, with 61% of Millennials and 65% of Gen Z borrowers saying that mobile apps influenced their choice.



2022 Borrower Insights Survey, ICE Mortgage Technology

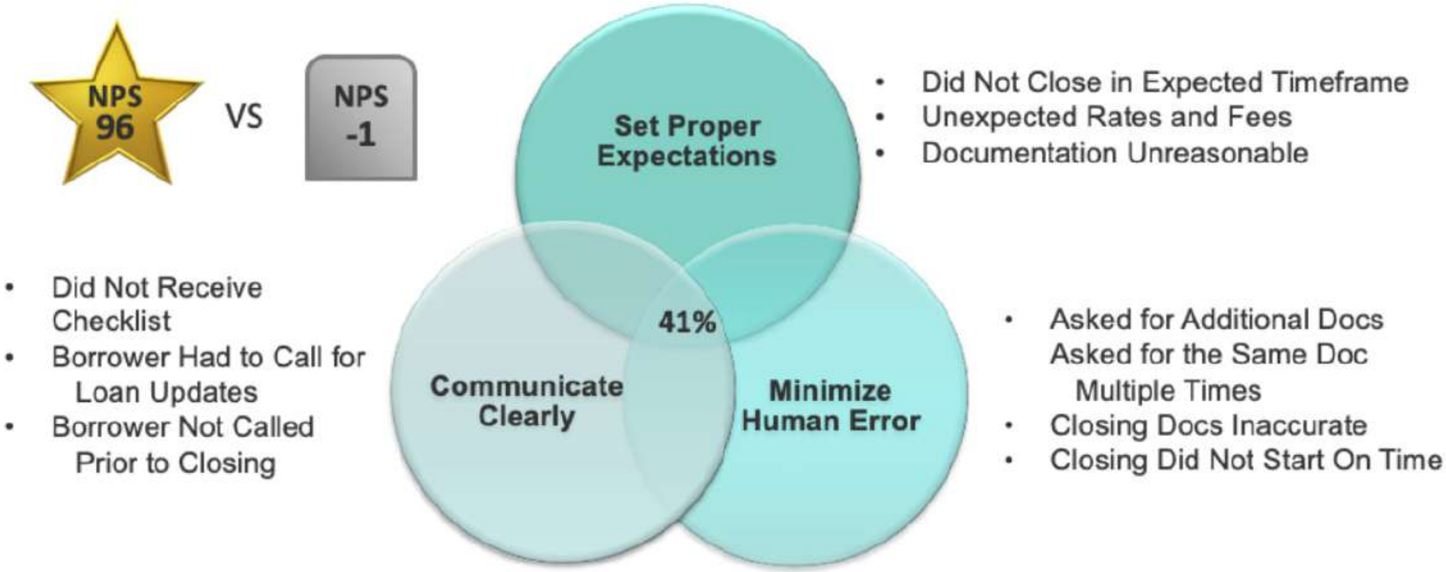
Improved customer experience

The efficiencies that digital technology provides to a mortgage lender's internal processes also impact the consumer's mortgage experience and the likelihood of the lender and originator earning repeat and referral business.

Lenders can private-label a personal financial management app, such as FinLocker, to connect with prospective borrowers early in their homebuying journey. Aggregating their single-sourced financial data can drive personalized journeys to help them address the three common reasons for application denial – low credit score, high debt-to-income ratio, and insufficient savings for a down payment and closing costs. A homeownership-focused PFM can also use consumer-permissioned data to inform the borrower when they have achieved mortgage readiness and directly connect them to their originator or lender to start their mortgage application by sharing their financial data and documents directly from their app.

Selecting a homeownership-focused PFM that provides education on the mortgage process and a streamlined mortgage application process can also reduce the number of borrowers who admit to abandoning a disparate online mortgage application, which was 31% of borrowers in 2022, according to ICE Mortgage Technology.

Technology solutions, however, can't replace personalized communications and human interactions. According to STRATMOR's MortgageSAT data, a flawless process without any of the below miscues generates a Net Promoter Score (NPS) of 96. When any one of these miscues is present, the average NPS drops to -1.



Source: © MortgageSAT Borrower Satisfaction Program, 2021. MortgageSAT® is a service of STRATMOR Group and CFI Group. (n=164,024).

Implementing a digital solution to gather testimonials and reviews from Promoters, who respond with a 9 or 10 out of 10 in NPS surveys, will further support early-stage marketing efforts. Many prospective borrowers who find their lender primarily through a referral from a real estate agent, family/ friends, or online search check online reviews before making their first contact with a lender or originator.

The same private-label PFM that nurtured borrowers to achieve mortgage readiness can also be used for retention and recapture. Retention of rate/term refinances borrowers has languished around 20% since 2018 for mortgage servicers. Mortgage lenders and servicers can stay meaningfully connected and top-of-mind with a PFM app that engages consumers with data-driven messages. The consumer-permissioned shared data of a customer's financial profile will also provide the lender with signals of early intent to refinance or purchase a new property.

Manage risk

Loan data quality remains top of mind for all lenders and a secular issue independent of market conditions. In a recessionary market, data quality and risk from lack thereof consumes a lot of time and effort. The risk of not having direct to source data, rationalized across your front-end, mid-office, and back-office systems is simply too high for lenders to ignore. Tech stack that is well integrated into the business process with data and loan statuses being seamlessly updated and maintained across the various workflow tasks are of paramount value for a lender

> *70% of digital transformation programs fail due to a lack of employee engagement, inadequate management support, poor or nonexistent cross-functional collaboration, and a lack of accountability.*
>
> -McKinsey

Gaining adoption of new technology

As we've already established, having the right technology is important, but the technology will not benefit the company and individual team members without an implementation plan that includes effective adoption.

Over the past few years, loan officers and operations have been overwhelmed, trying to close purchase loans on time while pushing through as many refinances as possible. Team members may not have had time to attend trainings and start using any new technology optionally introduced. The cooling market is an ideal time to gain adoption for new solutions and relaunch any technology platform that is not being fully utilized.

PHASE 1

Phase 1 – Create a pilot group

The champions who advocated for the new technology should clearly define how the technology will address specific pain points, create efficiencies, and benefit loan officers, consumers, operations, and the company overall. If relaunching a platform, reframe the decision to adopt the platform within the current market conditions.

The project manager should work with the marketing and human resources departments to identify how to message the benefits to each audience. Marketing can craft external messaging to consumers, business partners, and loan officer recruiting. Human resources can support internal messaging to branch managers, loan officers, and operations teams.

Each rollout should start by identifying a group of internal tech-savvy advocates who are prepared to commit to the training, provide feedback during the pilot phase, and champion the platform for the enterprise rollout. Rolling out new solutions or processes in small pilots will enable the group to learn how to use the product directly from the vendor and optimize how the platform will be leveraged operationally.

PHASE 2

Phase 2 – Identify Subject Matter Experts

If the platform is to be rolled out company-wide, for example, a new LOS to be used by loan officers and operations, using the train-the-trainer model can be more cost-effective than expertly training all employees as the process distributes subject matter experts (SMEs) throughout the organization. For example, one person in each branch or regional operations team receives additional training from the vendor to become the first person the branch or team contacts for assistance. They will also be responsible for training new hires after the official rollout and can be used to update their time with straightforward product updates.

PHASE 3

Phase 3 – Train the remaining users

When the champions and SMEs have been trained and using the platform regularly, gather their testimonials advocating how the platform benefited their business, improved their process, reduced time to close, etc., to inspire the remaining team members to attend training.

People learn differently, so it's essential to provide various types of training to roll out each solution, including:

- In-person training is suitable for up to 25 people in one session, combining a burst of formal training followed by hands-on tasks to reinforce the training. Allow time for questions and provide individual attention to those that need it.
- Online training is ideal for training remote groups or individuals and can follow a similar agenda to in-person training.
- Record the online training presentation for later reference by everyone being trained.
- Written and visual cheat sheet instructions for common tasks are a handy reference for all platform users.

If the new technology is replacing an existing system, such as a LOS or CRM, it's best to determine a cross-over period for stragglers to get trained and adopt. A firm deadline to cut over to the new system must be specified in advance and reinforced by executives and department leadership.

For optional technology platforms, consider providing incentives for completing the training and adopting the system. Assign weekly or monthly tasks to get users familiar with different areas of the platform. For example, incentivize team members to enroll five new consumers every week for eight weeks in your company's new CRM or PFM. Monitor usage analytics to identify adoption and training gaps and to identify wins to celebrate.

The right digital mortgage technology can transform a cumbersome, time-consuming process into an automated, efficient one that increases data integrity, provides transparency, and leads to better-informed decisions.

While there are multiple benefits for consumers and lenders to build a next-generation tech stack, it's important to remember to keep relationships front and center. Borrowers want the convenience of digital solutions to provide user-friendly online processes. However, a human connection is still sought at various times throughout the process. To enter the mortgage process, borrowers often use their personal relationships to obtain referrals to a mortgage lender. Once entered into the process, they expect their loan officer to respond quickly to their questions. Technology can help to facilitate faster and more accurate processes, but even the next generation of homebuyers seeks a personal trusted advisor at various times along their homeownership journey.

FinLocker can be your lead generation and lead nurturing solution that drives homebuyers to attain mortgage readiness.

FinLocker provides mortgage lenders with a private-labeled modern engagement solution that extends their business ecosystem with a high-tech, high-touch platform that compliments any existing tech stack. Consumers are guided to use FinLocker's comprehensive financial management tools with data-driven personalized journeys to achieve mortgage readiness in a secure space safe from external digital intrusion.

If you want a competitive advantage that will nurture prospective homebuyers from the point of thought, watch an online demo or schedule a 1:1 consultation to see how the FinLocker platform can drive your purchase business and consumer engagement to a new level.