

U.S. Bank Home Mortgage Documents Savings With VMP® X4 Solution

Overview

U.S. Bancorp's commitment to enhancing its business processes has helped it become the sixth largest financial services holding company in the country. This winning edge is also evident in its full-service mortgage operation, which realized significant success during the recent years of outstanding mortgage loan volumes. Like other smart, fast-growing lenders, U.S. Bank Home Mortgage realized the market's pace would soon slow down. Moreover, the company knew it needed to secure a solution for future growth to keep moving in the right direction. This case study reveals how U.S. Bank Home Mortgage enhanced its wholesale lending channels and successfully improved its operations by integrating Wolters Kluwer Financial Services' VMP® X4 solution.

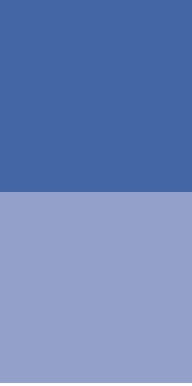
Objective: Improve the Wholesale Process

U.S. Bank Home Mortgage serves all 50 states with a full line of agency, government, and private investor products. While assessing its operations in preparation for the inevitable mortgage market slowdown, the lender returned repeatedly to its collaborative channels as an area primed for enhancements. The fast pace of the market boom had left little time to keep the company's wholesale lending process up to speed.

As a successful wholesale lender, U.S. Bank Home Mortgage enjoys relationships with numerous mortgage brokers and correspondent lenders. Until the middle of 2005, these third-party originators delivered funding requests to the company via fax transmissions. While the everyday inefficiencies of this hard copy approach—like busy phone lines, empty paper trays, and never-ending manual data entry—made for a slow process, the occasional hand-written request was enough to bring business to a crawl.

U.S. Bank Home Mortgage recognized the limitations of this practice and set to work on a shopping list for the best solution to bridge the technology gap between its wholesale operation, brokers, and lenders. The top three items on the resulting list included ease of use, advanced technology, and a highly compatible platform.

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“First and foremost, if a tool isn’t easy to use, no one will use it,” said Rick Kelley, Sr. Vice President, National Wholesale Sales Manager, at U.S. Bank Home Mortgage. “We specifically wanted a solution with a great design and an intuitive user interface so adoption wouldn’t be an issue.”

It was also essential for the solution to fit into current and emerging process flow, Kelley explained. “We wanted to find the best technology that’s put into documents to create a flexible system with a vision. We didn’t just want to review forms electronically; we wanted to interact with intelligent documents now and in the future.”

Lastly, it was crucial that the solution had the flexible technology required to interface with third-party systems so the company’s numerous brokers and correspondent lenders could simply upload loan information from their origination systems.

“We were done with errors. We wanted a solution that would create accurate closing packages issue-free. That meant a solution with the ability to apply business knowledge so it could pull all the documents for a program and save our customers the hassles and errors associated with guessing which documents to use and rekeying loan information,” said Debra Ringler, Sr. Vice President, Wholesale Operations, at U.S. Bank Home Mortgage.

Solution: VMP X4 Rewrites the Rules of Loan Documentation

Prepared with its list, U.S. Bank Home Mortgage began evaluating available products. The company didn’t realize it was in for such an easy shopping trip, however. Soon after learning about Wolters Kluwer Financial Services’ VMP X4 solution, U.S. Bank Home Mortgage knew it had found the ideal technology to transform its wholesale lending process.

“We were really attracted to the flexible platform of the X4 system. The company’s vision for the product showed how the industry can take advantage of advanced rules-based solutions,” said Kelley.

The VMP X4 solution helps mortgage bankers grow their business by providing intelligent rules-setting capabilities and a means for highly efficient electronic collaboration between the numerous stakeholders in the mortgage lending process. The rules approach allows changes to occur quickly and conveniently so lenders like U.S. Bank Home Mortgage can shift gears and remain competitive in a fluctuating market.

“The integration of VMP X4 into U.S. Bank’s lending process demonstrates the system’s versatility,” said Richard Beedon, CEO of Entyre, a Wolters Kluwer Financial Services company. “The automatic data validation and the robust rules engine enable their third-party originators to create accurate loan packages according to U.S. Bank’s specific requirements. That means they can move more loans through the process faster to increase loan volume and the bottom line.”

VMP X4 uses an open architecture with Simple Object Access Protocol (SOAP) and Extensible Markup Language (XML) to seamlessly transport data across diverse systems, like those of U.S. Bank’s mortgage brokers and correspondent lenders. This architecture also provides compatibility with the Mortgage Industry Standards Maintenance Organization’s (MISMO’s) data standards and future paperless mortgage efforts.

Kelley continued, “The technology behind the X4 system understands that we aren’t pushing paper, we’re pushing data. There was nothing else out there like X4, the solution is fully web-based and allowed us to have input on the creation of our custom portal.”

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The solution’s web-based platform allows the system to be used anywhere, any time, which makes it a highly convenient tool for busy brokers on the go and lower-volume lenders with fewer technical support resources. Moreover, the system can handle data generated by any programming language, including legacy applications.

Results: U.S. Bank Home Mortgage Receives Wholesale Benefits

After working with Wolters Kluwer Financial Services to design its branded portal, U.S. Bank Home Mortgage rolled out the pilot version of the solution to 150 correspondents in June of 2005. Following the 90-day pilot phase, the lender and provider worked together to fine-tune the solution and implement valuable feedback from the pilot lenders. Upon the completion of final changes, the solution went live in the fall of 2005.

Since implementation, the VMP X4 solution has fully satisfied each of U.S. Bank Home Mortgage’s purchasing criteria. For example, U.S. Bank points to the fast adoption of the solution as a testament to its intuitive interface. Moreover, the lenders’ representatives cite the system’s usability as one of its most valuable features.

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While the company doesn’t mandate its brokers and lenders to use the solution, it certainly encourages it. In fact, the solution has proven so beneficial that U.S. Bank pays for its brokers and lenders’ system usage.

As Kelley points out, “Using the system isn’t a requirement; it’s an invitation to join in on the savings and efficiency. It’s uncanny how our customers took to using this tool. With minimal effort, we have managed to get about 80 percent of our customers using the solution to submit loans for funding.”

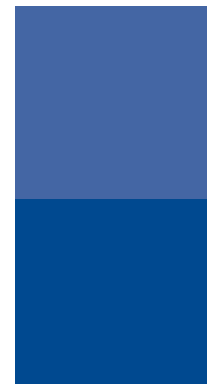
Fulfilling the powerful technology requirement on U.S. Bank’s shopping list, VMP X4 has eliminated the cumbersome process of faxing hard copies and manually entering data. Likewise, brokers and correspondents are free from redundant data entry and praise the ability to upload loan information directly from their systems into U.S. Bank’s X4 platform.

“That’s why X4’s ability to integrate with third-party systems was so important. Now our correspondent lenders can easily use data already in their systems to quickly populate the precise documents required for various loan products,” said Kelley.

“There used to be many errors on the post-closing documents. We now have so many less exceptions—practically none—on our collateral package documents; the system really helps us internally have cleaner documents and closing packages,” added Ringler.

Kelley also believes the technology in the VMP X4 solution has helped U.S. Bank Home Mortgage take a leading position in the wholesale market.

“Since implementing the X4 solution, we’ve been approached by ASPs (Application Service Providers) trying to sell us products with the functionality to pull required documents and validate specific information based on rules, and we tell them that they are too late. I estimate we are at least a year ahead of today’s ASP solutions with the technology we are using in the VMP X4 system.”



U.S. Bank Home Mortgage contends the savings provided by the solution create a truly win-win situation for all parties involved. While U.S. Bank has the ability to fund loans faster, increase its loan volume, and achieve greater customer satisfaction, its third-party originators receive the benefits of producing more accurate documentation, moving loans faster, and better serving their customers. Moreover, the integration of VMP X4 gives both U.S. Bank Home Mortgage and their wholesale partners the benefit of attracting new customers with their newfound streamlined efficiency.

"This solution has opened up other markets for us," explained Kelley. "We have new lenders on board because they see how easy it is to exchange loan documents with U.S. Bank Home Mortgage."

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Summary

While quantifying the time savings of this implementation is difficult, the company confidently reports that such savings are indeed significant. Through the integration of VMP X4, U.S. Bank Home Mortgage has accomplished the goal of improving its wholesale lending process. As a result, the company is already realizing greatly improved customer satisfaction and increased wholesale loan volume. With the help of Wolters Kluwer Financial Services, U.S. Bank Home Mortgage continues to thrive in the decelerating mortgage lending marketplace.

About U.S. Bank

With assets of \$209 billion, U.S. Bancorp—the parent company of U.S. Bank—operates 2,419 banking offices and 5,003 ATMs and provides a full line of banking, brokerage, insurance, investment, mortgage, trust, and payment services products to consumers, businesses, and institutions. The company's premier Five Star Service Guarantee assures customers of key valuable banking benefits and services or customers will be paid for their inconvenience.

About Wolters Kluwer Financial Services

Wolters Kluwer Financial Services is a leading provider of compliance, content, technology, and services for banking, securities, and insurance. We bring together some of the industry's most trusted and reliable solutions to help financial organizations address compliance requirements, reduce risk, and operate more efficiently. Our leading brand families include VMP® Mortgage Solutions, Bankers Systems, Expere®, and PCi/Wiz. From paper documents, software, and training resources to fully integrated technology solutions, we deliver the products and services you need in today's rapidly and constantly changing financial services industry. To learn more, visit www.WoltersKluwerFS.com.

