

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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December 2, 2005

Top Mortgage Lenders Rely On SOURCECORP

SOURCECORP has found a niche in the mortgage banking market. The Dallas-based document services specialist is currently imaging between four and five million pages per day to be stored in its *FASTRIEVE*[™] document repository. According to Jim Gerken, general manager of the *FASTRIEVE* business, the majority of those documents are related to mortgages.

Gerken credits (no pun intended) rising home loan interest rates as changing the dynamic of mortgage banking. "When interest rates were dropping, lenders were writing so many mortgages and making so much money, they were able to continually throw more labor at the approval process," Gerken told *DIR*. "About eight to 10 months ago, the market turned around. It has become more important for mortgage lenders to reduce costs, and going paperless represents a way to do that."

FASTRIEVE was originally launched in 2001 to service a single mortgage banking customer. [Due to the competitive nature of their business, mortgage bankers are reluctant to have their names used in print.] "We were doing microfilming for this customer and offered to transition them to electronic imaging without increasing their costs," said Gerken. "They had tried a couple internal imaging installations that didn't work out. We built our *FASTRIEVE* repository and workflow system around their requirements, and it has mushroomed from there. We now store all sorts of documents related to areas like human resources, accounts payable, insurance

claims, and medical records, but the majority are mortgage documents."

According to Gerken, *FASTRIEVE* services eight of the top 20 lenders in the United States, in addition to companies from several other vertical industries. "In the past six months, our *FASTRIEVE* volume has grown 25%, and [including backup files] we are managing more than 140 terabytes of data for our mortgage customers."

One of SOURCECORP's major competitive advantages is its turnaround time. "We can scan and post loan documentation within 12 hours; I believe our competitors typically offer a 72-hour turnaround," said Gerken. "We have implemented a workflow process for one customer that enables it to make a funding decision in four hours. This customer believes it has the fastest service in the industry."

Why is speed so important? "There are thousands of smaller brokers who send out loans for funding by the larger lenders," said Gerken. "Often times, these brokers will submit a package of loans to four or five mortgage companies and end up selling to whoever responds first. We have developed workflow processes that expedite our customers' decisions on whether to fund a loan or not."

According to Gerken, a typical loan file is about 300 pages long with 25-50 different document types or sections. SOURCECORP's largest processing center, in the Los Angeles area, uses **IBML** ImageTracs to capture the images.

Because of its large number of mortgage-related customers, SOURCECORP has been able to design some unique integrated processes. "We have one customer whose job is to make sure there are no liens on properties before loans are funded," said Gerken. "So, when one of our mortgage customers is using the service, we can just extricate the appropriate links and send them to our first customer."

SOURCECORP can also facilitate image exchanges between mortgage companies. "One of our services involves classifying images into a format suitable for the receiving company," he said. "For example, one lender might break up a mortgage into 55 document classes, while another might only use 42. Of course, we also print 60,000 pages per night from our repository."

This enormous print volume is just one sign that paper mortgages are not going away. "We accept electronic mortgages, but the only ones we receive have been scanned by somebody else," said Gerken. "We have no customers doing paperless mortgages. At least one customer has told us they don't see paper mortgages going away any time in their lifetime."

"Because of our advanced workflow services, our business is not totally dependent on paper. That being said, we are pretty confident there will continue to be paper mortgages for a long time."

For more information:

<http://www.sourcecorp.com/SOURCECORP/Industries/Financial/Fi>