



A Better Borrower Experience

Using e-mortgage processes not only makes us lenders **more efficient**, it allows us to offer the borrower a better overall process as well.

A NAVAL OFFICER STATIONED IN JAPAN TAKES OUT a mortgage from Navy Federal Credit Union for a home in the United States, while another sailor in the Persian Gulf and his wife back home are able to participate in the home-buying journey together. Navy Federal Credit Union's use of e-mortgage technology allows the loan process used by these members to move effectively and efficiently regardless of the distances and time zones involved.

E-mortgages have interested our credit union since the Electronic Signatures in Global and National Commerce Act (eSign) was passed in October of 2000 because they are a perfect fit for the lifestyles of our globe-trotting members. Our mission, to pursue lifetime financial relationships with members, includes simplifying one of the most stressful financial transactions for members in the mortgage process. Using the electronic lending processes blends our credit union's mission with emerging technology to enhance our members' experiences.



Since Navy Federal already receives most loan applications online via its secure website, we decided to look at how we could make the process of sending out three-day disclosures and other pre-closing documents to members more secure and borrower-friendly. To do so, we decided to offer the use of e-signing electronic disclosures where applicable.

Receiving all three-day disclosures electronically anywhere in the world allows our members overseas and couples separated by active duty deployments to securely review and e-sign the documents required to originate the mortgage or home equity loan.

Through the use of Fiserv eLending technology, we electronically deliver initial disclosures to members with an e-signature option. During the loan application process – regardless if it is online, through a call center or on paper at one of our branch locations – members have the opportunity to “opt-in” for electronic disclosures. Our loan origination

system, Fiserv's UniFi PRO, captures this information and seamlessly enables us to send the loan documents securely to the Fiserv eLending platform.

The members are notified via e-mail with website credentials and a website link that directs them to a secure Navy Federal Credit Union-branded website. At the site borrowers can access, view, print or electronically sign initial disclosures and other pre-closing documents. The technology also includes options for members to print out hard copies of disclosures for ink signature if they decide they do not feel comfortable using electronic signatures.

Disclosures are displayed on the secured website as individual documents with document pop-up explanations, and are e-signed individually. Documents that

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Panop-tical adj. 1. Including everything visible in one view. 2. All-encompassing, all-inclusive.

only need to be reviewed can be designated as such to minimize borrower confusion. Once the documents are e-signed, they are affixed with tamper-evident seals.

Navy Federal Credit Union can track borrower interaction with the documents in a comprehensive "pipeline" report prepared by our platform. These invaluable reports monitor the progress of our members in case problems arise. Items on the report include undeliverable borrower e-mail addresses, as well as when borrowers log onto the website and which documents they view, e-sign or print for ink sign.

Navy Federal Credit Union also sends the HUD-1 Settlement Statement Costs booklet, Consumer Handbook on Adjustable-Rate Mortgages (CHARM) booklet and Fair and Accurate Credit Transactions Act (FACT Act) Disclosure for review only as part of the documents available electronically to borrowers.

Our credit union members have responded positively to the e-mortgage process. During the electronic disclosure pilot program, an overwhelming 70% of members opted for the service, even though we were only piloting in certain areas. These participating members said they enjoyed how easy it was to access the documents anywhere and at any time, and how much easier it was for them to review their loan specifics. They also like having the option to "opt-out" of the electronic signature process at any time and go back to traditional "wet" signatures.

With the online transmission of electronic loan documents, the mortgage process is no longer the labor of love it used to be. We no longer have to spend time printing dozens of pages per loan, purchase extra printing supplies for disclosure documents, or pay for courier shipping or return postage. By sending three-day disclosure documents electronically, we save about 25 minutes in manual labor and about \$7 to \$8 per closing. With over 6,000 initial disclosure orders this year

in our pilot program, we have seen an impressive accumulated savings.

In addition to these savings, we have also noticed that using electronic disclosures reduces some of the stress and anxiety related to timing and compliance. We are able to offer our members faster closings because disclosure delivery is almost instantaneous. We have always been able to avoid fines for non-compliance related to three-day disclosure delivery, but now we have added assurance that our documents will arrive since we will never again have to worry about weather-

// Navy Federal Credit Union hopes to make the process of achieving the American Dream ... a little easier. //

related courier delays or printing malfunctions.

Our loan officers and processors are among the largest proponents of e-mortgage functionality since they have experienced instant, secure delivery of vital documents and information and now receive automated "receipts" for tracking.

Navy Federal Credit Union also utilizes the Fiserv eLending platform as a cross-selling tool. Through the integrated Fiserv systems, originators can sell multiple loan products when the member applies for his or her primary mortgage. Disclosures for first mortgage and piggybacks or home-equity loans can be electronically sent to borrowers at the same time as first mortgage documents to grow their financial relationships in one simple transaction.

The integration of the Fiserv eLending platform and Fiserv UniFi PRO accelerates the document delivery process so it can be completely automated.

The Fiserv eLending platform returns copies of the e-signed documents back to us so we can store them in our own imaging system. As we move forward with the e-mortgage process, we hope to utilize more synergies between our different technology products.

The e-mortgage solution provides Navy Federal Credit Union with an integrated workflow for all documents and the ability to access to all documents in one place. In our quest to serve the needs of our members, we expect to become a fully paperless lending environment that uses electronically signed documents and imaged documents whenever possible, for a completely paperless process.

We believe that the day of the e-mortgage is upon us. Navy Federal Credit Union's goal for 2008 is to increase member participation in electronic disclosures as the process becomes available to all of our borrowers. Our goal moving forward is to incorporate other areas of the e-mortgage, like e-closings and e-recording, into our regular business practices – and not just as pilot programs. As we pursue an end-to-end electronic mortgage, we will continue using our members' feedback to make the process even more convenient and easy to use.

Navy Federal Credit Union hopes to make the process of achieving the American Dream of home ownership a little easier for its members by providing a true end-to-end e-mortgage solution. **MT**

Molly Steele is the associate vice president of projects and compliance of lending at Vienna, Va.-based Navy Federal Credit Union. She is responsible for maintaining the compliance of an \$24-billion dollar loan portfolio that includes consumer loans, credit cards, mortgages and equity loans. She also manages projects within the lending department specifically related to electronic efficiencies. Navy Federal is the largest credit union in the world with \$30 billion in assets, nearly 3 million members and 6,700 employees. For additional information about Navy Federal, go to www.navyfederal.org.