

SERVICING MANAGEMENT

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Processing Releases And Assignments

The tasks involved in preparing and servicing lien releases and assignments are supported by a combination of technology and people.

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After a release document is received for recording by a county, it could take up to a year to actually record the document. Conversely, if a document reaches one of the few counties that utilize electronic recording technology, it might take as little as 15 minutes.

Or, consider this scenario: Your staff spends hours manually matching lien release documents to checks, verifying that required paperwork is enclosed and stuffing envelopes for mailing. With the right technology, all those steps could be accomplished in just minutes.

Technology definitely has its advantages - especially when you're challenged with hundreds of individual tasks to accomplish in order to ensure timely recording of releases and assignments. But when it comes to preparing and processing these documents, mortgage lenders and servicers need more than just efficient software or automated equipment. In fact, the most effective solutions tend to combine the latest proven technology with a knowledgeable staff and old-fashioned attention to detail.

Ultimately, to find the correct balance of people and technology, a lender or servicer needs to look at its business objectives, staff, budget and time considerations. What is the best use of these resources for preparing,

processing, servicing and tracking assignments and lien releases?

Document management software has proven useful to many servicers in achieving timely filing of lien releases and assignments. However, if you have been in the servicing business long, you know that with most software there are many administrative tasks and follow-up procedures left to be completed by the servicer after the document is created.

Typically, the challenge is two-fold:

One, taking care of all those details necessary to get the paperwork to the right county office in time to avoid costly penalties and potential litigation and, two, complying with the regulations and submission requirements that differ

from state to state and, often, from recording office to recording office.

That's where a knowledgeable, thorough staff or a solid working relationship with an outsource company is key.

The right technology

If you're handling it all in-house, it's essential to have the right technology in place - such as software that you know works for your business - and to clearly define who is responsible for each step of the process.

In-house technology sometimes has a hefty price tag, but if you have the resources to follow that route,

you'll want to consider including the following:

■ Databases that provide specific pricing and content requirements - such as up-to-date fees, formatting and information - for all your recording jurisdictions.

■ Document management software that handles your typical business volume, gives you room to expand and helps you manage the assignment or lien release process efficiently. For instance, software that won't allow you to print documents without entering all the required data for that county helps to reduce rejections.

You may also want to give some thought to imaging technology (or a way to access it), because document imaging is becoming increasingly important in the recording industry.

Consider the role this electronic process will play in your future business. It can eliminate the need to key in data, which improves accuracy and reduces the need to send paper back and forth. In fact, a growing number of counties are accepting imaged documents for recording, and some document service providers are also utilizing electronic imaging to receive files from larger lenders and servicers for



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processing. Servicers who don't have the resources to purchase and maintain in-house equipment can work with an outsource partner that has the capabilities.

Whatever the level of your technology, there's no doubt that the quality of your staff is critical to effectively handling the steps of the recording process. So, it's essential that staff members are trained to handle specific tasks. It's also vital to have someone on board who is experienced in working with the recording offices in the counties where you record documents and can update the county regulations and access databases containing important information.

Experience counts

Here are a few key areas where you'll need experienced people:

■ **Handling rejections.** According to the Public Records Industry Association (PRIA), the mortgage industry rejection rate is around 12%, at a cost of \$540 million dollars a year. Most servicers strive for a lower rate than that.

However, no matter how sharp your software package and staff are, you will have rejections. You might, for instance, send a document to a county on the 15th day of the month, and a fee increase is put into effect on the first

day of the following month. If the county doesn't start processing your file until the second day, your fee won't cover the recording costs, and they'll send a rejection back. What's your process if a document is rejected? Someone on your staff needs to know how to handle that rejection to ensure that it is correctly re-submitted.

■ **Document retrieval.** You'll need a knowledgeable staff person to recruit and manage the various third-party abstractors you may need to contact for any missing pieces of information.

■ **Follow-up.** Without proper follow-up, you won't know if your documents have been recorded. From a service standpoint, that can be important. If the customer calls and you've verified the recording, you can keep that customer happy. To do this, someone on your staff needs to make the phone calls or write the reports and letters to ensure that each document has been recorded.

If your staff doesn't have sufficient time or resources to handle these details, there is the option of working with an outsource document services provider for some or all of the tasks. The key here is to find a company that will work with you as

a true partner. In other words, look for a company that knows and understands your business, manages its own business well and provides plenty of personal attention.

What to ascertain

Important points to assess include:

■ **Rejection rate.** If you're outsourcing, look for a low rejection rate, and be sure to ask the company to provide documented proof of its rate.

■ **State-of-the-art technology.** Your outsource partner should, of course, have the technology in place to manage your business needs efficiently and accurately.

■ **Innovation.** Find out if the outsource partner has the knowledge and capabilities to be adaptable. This will be valuable as technology grows in importance for facilitating the exchange of information.

■ **Customer service.** Look for a commitment to providing outstanding service, such as a 24/7 ability to check the status of your documents online.

■ **Consultation and customization.** Be sure your lien release and assignment provider has the technology and industry knowledge to be a resource for you throughout each step of the process - at account-level detail. **SM**