



Automating Mortgage Services with a Point-of-Sale Platform

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Introduction

Technology is evolving at a brisk pace in the mortgage industry. The upside is improved speed, better borrower experiences, and more automation to simplify processes. In short, it's easier than ever for lenders to work with borrowers through the entire origination process on digital channels.

A mortgage point-of-sale (POS) platform is one of the tools that banks, credit unions, and other financial institutions (FIs) utilizes to move the process along; while communicating with and guiding borrowers to complete all the necessary steps.

On the borrower side, a mortgage POS makes applying for a home loan as easy as possible for a borrower. Considering how lengthy and cumbersome the mortgage application process can be, finding the right POS can mean the difference between a completed application and an abandoned one.

Between extensive credit checks, employment verification, deep dives into financials, and all the other lengthy procedures and checks that go into a home loan, a great POS will be able to add value by easing the borrower through the process of submitting required information as quickly and simply as possible. Consider the following ways that a robust POS can support the mortgage application process for both borrowers and lenders:

- Gathering 1003¹ data from the borrower
- Loan status tracking
- Ability to upload documents (As opposed to manually requesting them through email)
- Ability to pull credit
- Integration to lenders Pricing Engine
- Ability to pull VOX services (Verification of Employment, Income, Assets)
- Appraisal
- Online chat with loan officer
- Mobile responsiveness/app

“Robust” is the key word here. While there are plenty of POS systems available in the market, not all come stacked with the entire suite of invaluable options listed above. Some POS systems may not fully integrate with a loan origination system (LOS,) either. If you're working with a POS that falls into either one of those buckets — or no POS at all — you're missing out on value, and it could be costing you money.

¹The 1003 Form is Fannie Mae's form number for the Uniform Residential Loan Application (URLA). It details the loan terms and information about the borrower, such as income, employment, assets, and expenses. It also requests information that the U.S. government regulates.

How Do LOS and POS Systems Work Together?

Understanding how LOS and POS systems work together is important in order to understand where gaps in your technology might exist. The LOS does most of the heavy lifting on mortgage lending, so it's helpful if data can be seamlessly and automatically transferred between the two systems to keep borrowers apprised of their loan status. Before we dive into system compatibility, let's look at each system individually.

Understanding LOS Systems

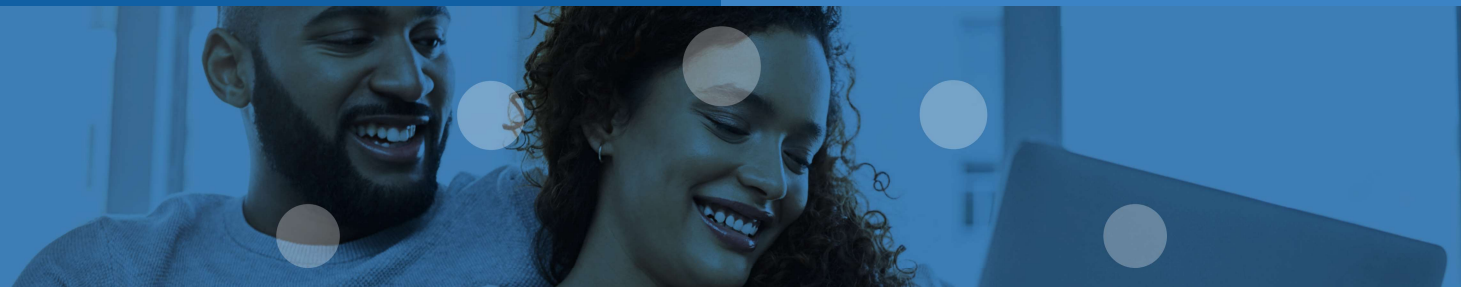
A Mortgage Loan Origination System (LOS) is a platform that takes a completed loan application submitted through an FI's front end and facilitates the mortgage transaction from origination to post-closing. It is the platform a lender uses to underwrite and process the loan after it is submitted from a POS platform. LOS systems handle a variety of activities, including verification, document management, pricing and eligibility, compliance, underwriting, and fulfillment.

Because they cover so much ground, they often integrate with other critical systems that touch the mortgage process, including CRMs, compliance tools, POS systems, document prep companies, and other vendors.

Understanding POS Systems

A mortgage POS system facilitates the client-facing side of the process and serves as a vehicle for borrowers to interact with the FI throughout the entire process. It's the "Click to Apply" functionality that borrowers can interface with to apply for a mortgage online, submit the required documentation, track the progress of their application, and communicate with their mortgage loan officer from anywhere with an internet connection. In other words, the entire experience the borrower has after clicking to apply is done within a point of sale platform.

While a POS system is client-facing, lenders benefit too. A strong POS platform simplifies the mortgage application process, digitizes the standard 1003 application form for a streamlined user experience, increases efficiency, and improves the overall borrower experience.



How Do LOS and POS Systems Work Together? *...continued*

POS System Integration 101: Compatibility with the LOS

Both the POS and the LOS make up an iceberg in the ocean of online lending. The POS acts as the tip of the iceberg that is visible above the surface while the LOS constitutes the mountain beneath the surface.

While a POS and LOS handle different aspects of the mortgage process, they work hand-in-hand, which is why it's critical that the POS you choose be compatible with your LOS system. One way to ensure this is to consult with your existing LOS providers, who can inform you of their integrated partner POS vendors. In some cases, an LOS provider may offer their own fully integrated POS.

Integration of POS & LOS: Not all POS systems are integrated into Loan Origination Systems (LOS.) It's critical to understand the borrower's perspective when evaluating a POS system. Your borrowers expect to be able to track the progress of their loan from start to finish via status updates. They also want to be able to submit the required documentation digitally. Since that information and documentation is typically processed within the LOS, your POS and LOS systems must be able to talk to each other and integrate correctly, otherwise, you may have to manually enter data into your POS.



When considering a POS system, lenders must consider two different questions:

1. What POS systems are integrated into my LOS?
2. Of those POS systems, what features of the POS system are integrated within my LOS?

How an Integrated POS Adds Value to the Entire Mortgage Lifecycle

While many FIs have launched digital transformation initiatives, the pandemic has fast-tracked the push for digital mortgage solutions. Integrating a POS — or upgrading to a more robust one — to your LOS can not only put you on par with other lenders but also position you as a market leader that can provide an optimized borrower experience. There are several important ways that a POS adds value to the mortgage process, which we discuss below.



Borrower Experience

A POS that deeply integrates with your LOS can not only improve conversions but also improve an FI's ability to manage volume. The key is to consider both the UI/UX as well as the backend functionality like automation. Even if you're able to achieve a sleek, TurboTax-like experience, if your POS isn't able to play nice with your LOS, you might miss out on some important capabilities. At a minimum, lenders should be sure that the 1003 data can be pushed from the POS to the LOS. Not only does this streamline the mortgage process, but it also ensures that you can fully communicate updates to borrowers.

Today's borrowers expect speed and convenience and service on their terms. The ability to serve those needs and communicate clearly at every step of the mortgage loan process is table stakes. Finding the right POS platform can help you meet and exceed those needs while streamlining the backend.



Automation

Automation is a critical component when considering the best POS system. To take advantage of automation, it's imperative that a POS fully integrate into your tech stack. In some cases, this may require making a trade-off between a shiny, new UI/UX to find the best integration with your LOS.

Lenders can work with a POS vendor to review specifications and ensure that a POS system can be fully integrated into the existing LOS system along with any other integral vendors for auxiliary services (VOX, credit, appraisal, etc.). This approach requires a much deeper assessment of POS systems than simply identifying one with a nice UI/UX. That said, the results can be extremely satisfying to both employees and borrowers.

Ideally, you'll be able to identify a POS solution that provides a streamlined user experience while also enabling automation. In most cases, you'll need to consider which features provide the most value and make tradeoffs as needed.

How an Integrated POS Adds Value to the Entire Mortgage Lifecycle ...continued



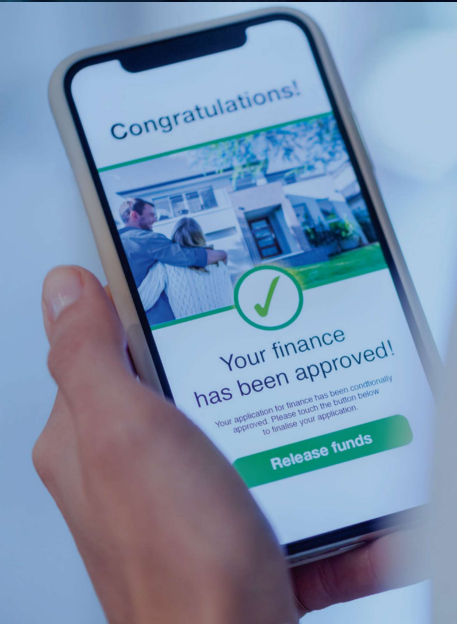
Access to & Control over Data

Data can impact both the borrower experience and the ability to automate, so this is a big consideration for lenders evaluating POS systems. Mortgage applications deal heavily in data, including income records, bank statements, brokerage accounts, tax returns, credit card statements, credit history reports, and more.

The ability to harness big data can make the process of data collection much smoother for both the lender and the borrower. Sorting through and processing big data means lenders can autofill some of the necessary fields on a mortgage application, making the process shorter and easier for borrowers. Retrieving such information in real-time and early in the loan process can reduce the burden and time commitment of the borrower while also speeding up the loan decision process.

Another major pain point for lenders that a POS can help solve is errors around data or incomplete data. Lenders can be hamstrung by incidents involving missing borrower documentation. Rather than scanning stacks of applications and rifling through essential financial information, a POS can facilitate cross-departmental collaboration and verification within the FI.

What's more, borrowers have more control of their data within the POS, improving transparency on both sides and providing all parties with the information needed throughout each step of the origination process.



Improved Conversion Rates

Online loan application abandonment is no small issue. The Digital Banking Report—published in September, 2021—states many financial institutions have a digital loan abandonment rate between 40% and 60% depending on the complexity of the process. When fintech competition (and some legacy financial institutions) can process loans in minutes using only a digital device, as opposed to a process that currently takes 15 minutes or days for a loan, the performance gap is massive.

Better conversion rates rely upon an optimized customer experience from start to finish. Not only do borrowers expect a simple, easy process, but they don't want to experience any complications either. Improving the UI/UX and reducing or eliminating the possibility of human (or other) error can significantly improve conversion rates.

How an Integrated POS Adds Value to the Entire Mortgage Lifecycle ...continued



Faster Close Times

The mortgage loan process is not for the faint of heart. With the typical mortgage loan file **exceeding 500 pages** and an average processing time of roughly **50 days**, the process is cumbersome, to say the least. Employing a digital POS system that can facilitate a truly omnichannel experience while automating core processes can reduce loan processing times and provide a better experience for borrowers.



Lower Costs

Reducing cost is probably one of the biggest factors for lenders considering a POS system. Several areas within the mortgage loan process can become very costly for lenders when not optimized. Compliance, for example, can be extraordinarily time and resource-consuming. Leveraging a POS that can automate some of the workflows and reduce the risk of errors can save time and money.

Records management is another area where FIs can reduce costs — and an often overlooked one. FIs face significant costs related to the entire value chain of records management systems, including a record's point of origination through to its warehousing and destruction. While many FIs view this as a cost of doing business due to the necessity of maintaining borrower records for compliance and governance reasons, there are ample opportunities to reduce these costs with digital platforms.

The Reverse Approach

The considerations mentioned here are integral to making a good decision when shopping for a POS system, but those considerations also apply to your LOS system. Not all LOS systems are created equal. Lenders that are working with LOS and POS systems that are from different vendors means they must be especially cognizant of integration specifications and functionality.

It's a mistake to think only about choosing a POS with optimal functionality while choosing a run-of-the-mill LOS. Even a strong POS cannot make up for an LOS that is not equipped to handle the full functionality of the POS. Therefore, it's important to talk to your POS vendor about which LOS systems are ideal for integration. In the best-case scenario, your POS vendor can provide you with a comparison chart that outlines the integrated features of the POS and sufficient LOS counterparts.

Going back to the iceberg analogy, your LOS is an incredibly large and complex system that does most of the behind-the-scenes heavy lifting. No matter which POS system you choose, your LOS must have powerful APIs and a vast ecosystem of technology vendors and partners to ensure you can get the most out of your POS—and maximize the benefits, features, and functionality of both systems together.



The integration between your POS and LOS systems is only as good as the open application programming interface (API) that simplifies the task of integrating a variety of third-party vendors into one efficient system. Instead of waiting months or years for two vendors to reach an integration contract, build and code a proprietary integration, then test and finally roll out the solution, vendors can instead use the open API to build integrations more quickly and accurately with data standards provided by the LOS. By ensuring the APIs and integration framework are solid and have vast connectivity points, you can rest assured you will be able to maximize powerful integrations and scale easily with future integration capabilities.

meridianlink marketplace

Visit the MeridianLink Marketplace today to view our partner vendors, see how technology can enable revenue growth & improve efficiency, and learn more about open APIs for seamless integrations.

www.meridianlink.com/marketplace

What MeridianLink Brings to the Table

MeridianLink Mortgage, formerly known as LendingQB®, is a proven configurable, streamlined SaaS cloud-based end-to-end loan origination software system that empowers you to process compliant loans fast and hire the best talent.

Lenders choose MeridianLink Mortgage because of the sophisticated Open API that offers lenders the flexibility to quickly scale their business by integrating with our vast ecosystem of more than 250 vendor partners. Plus, our comprehensive suite of tools (Open API, PriceMyLoan (PML), eDocs, web portals) allows for individual customization of the process while maintaining strict regulatory compliance best-in-class support teams are there every step of the way.

Visit www.meridianlink.com today to view our LOS and POS system partners, see how technology can enable revenue growth and improve efficiency, learn more about open APIs for seamless integrations, and find out how to connect with our trusted advisors on best-in-class, scalable solutions.

Want to know more?

Talk to a [MeridianLink Mortgage](#) expert today!

Contact Us Today!

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