

# In Search of the Perfect Home Loan Application: The Job Aid

## INTRODUCTION

### In Search of the Perfect Home Loan Application--Review of the Performance Analysis (PA):

Taking a complete home loan application is not just a single task of filling out a form; a complete application has many steps:

- Initial contact with the borrower
- The interview where the application is filled out
- After the interview has been concluded, reviewing the borrowers' information to verify, if all data can be confirmed, the borrower qualifies
- Handing the file to the processor with all of the information she needs to start her review process.

While each step has the possibility of performance gaps that would merit a performance analysis and a job aid, my PA and job aid concentrates the final steps: Reviewing the file to qualify the borrower and turning it in with enough information so that the processor does not have to spend time trying to figure out what the Loan Officer (LO) was thinking and how on earth did he qualify the borrower.

In my PA, I surveyed five LOs: two water walkers and three "typical" LOs. While the job aid would help the water walkers a little, my target audience is Regular Joe. In the analysis, "typical" LOs revealed they did not always know what was expected of them, had a hard time organizing their thoughts, finding information or, figured that it wasn't their job; all they needed was to bring in the borrower. The goal of my job aid is to assist in the former; the latter, while helped by the job aid in the review process, would have to be carefully monitored by management, as that performance gap is primarily motivational issue.

## ANALYSIS

In developing the pilot job aid, I interviewed two Operations (Ops) Managers from the PA and a Branch Manager/Loan Officer. Their input on the initial design of the job aid was critical in that they have 360 degree view of the process, would know what would be needed and they are the subject matter experts. More importantly, since they were on the ground floor of the job aid's development, they would have a sense of ownership, thereby increasing the likelihood the checklist would be required part of the submission, not an "if ya want" option. Of the two Ops Managers, one already had a checklist, and the other was in the process of putting "something together". The Branch Manager loved the idea, and has been trying to find the time to create one.

Along with interviewing the Ops/Branch Managers, I also culled a number of government-regulated forms that underwriters and processors use as part of their qualifying process. These forms helped define the "must haves" for the qualifying data points.

Ideas from the loan processors and LOs were not used in creating the initial checklist. While I would have loved to include them in the pilot, there simply was not enough time for a full analysis. Their feedback from the pilot was critical and heavily weighed, as they are going to be the end users and the checklists' success will rest on them.

## OBJECTIVE

With the help of the **Loan Officer Review/Processor Set-Up Sheet** job aid, loan officers will be able to qualify the borrowers and turn in an application to the processor with all of the information needed for her to start her job, showing a 75% improvement over unaided submissions.

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### **JOB AID MEDIA**

At my company, the application is taken with a stand-alone loan origination software (LOS) called Point. Although many companies use Point for processing and underwriting, our use is purely to take an application and transfer the file to our proprietary processing system. While an enormous amount of time and energy has naturally been focused on the internal system, little thought has been given to Point and how it could help the LOs prior to the upload due to its limited functionality.

The key to the job aid's success is a one-page format. For branches that currently have a checklist, the LO manually fills out a very detailed form and calculations are done via a calculator or flipping back and forth between a number of screens in Point. For branches that did not have any form, no true system was in place other than the proverbial throwing a file against the wall to see what sticks.

In considering the best way to help the LOs, I needed to get the information where they could use it. If they take an application in Point, that is where the checklist needed to be, and my challenge was how to get it there. Upon review, I discovered the software program had the ability to create custom forms via Word. When created and programmed in Point, the checklist auto-dropped most of the pertinent information the LO needed on a single form. Once an application has been taken, the LO can review the form via the Print Preview function prior to printing it for completion. While the checklist originated in Point, it was imperative it be printed out as processors typically did not have access to the software program.

### **JOB AID DESIGN**

Since processors typically do not have access to Point, as part of the paper submission, the loan officer prints the checklist from Point and completes the fields that are not data dropped. Purposely, not all fields are data dropped, while this may seem counter intuitive, I did not want the form to be too easy. The LO needs to participate in the form--if all fields were already filled in, no true review of the file would take place and no improvement would occur.

The job aid includes only the basic information that is required on all loans; no specific investor overlays were addressed. LOs have access to various matrices to assist with specific programs, once completed, the job aid assists the LO in reviewing the file in that most of the pertinent info is on a single page. In the PA, support staff concerns included not knowing if automated underwriting (AUS) had been done and if so, what was the case number along with not knowing what credit reporting agency had been used and the credit report ID number. Without this information, the processor may rerun the AUS or credit report at a cost to the branch.

The job aid is meant to take on the role of a tailored sidekick. Tailored because it has the borrower's specific information, a sidekick since the LO uses the job aid as he is in the review process, while he is doing the task of qualifying.

### **PILOT TEST**

The initial pilot was tested on the Branch Manager, one LO and a Processor. I installed the new template on their computers and sent a questionnaire asking for their impressions. As Processors do not have the LOS on their computers and to mimic "real life" she received a printed out version to review. The feedback was mainly positive: the test revealed the flow made sense, the format provided "additional communication and clarification between the LO and Processor to streamline and speed up initial review and approval of files". While the consensus was that it would be useful company wide, I received very good feedback on how to improve the form.

## In Search of the Perfect Home Loan Application: The Job Aid

### PILOT TEST INTERPERTATIONS AND REVISIONS

Although the checklist was well liked, there were some glitches in its programming that needed immediate attention, primarily the **Cash Needed** field was not correct. Other suggestions included: adding Processor information, number of pages on the form so it could be used as a cover sheet when faxed and combining the **Property** and **Program** sections to allow the form to be printed on letter sized paper as opposed to legal. Two suggestions, using an Excel format for auto calculations in the **Assets** section and having the form interactive within the LOS system, were great ideas but could not be done due to incompatibilities in Point.

In the revision, I made some design changes. My company's colors are blue and yellow, so that was incorporated into the form and the form itself became more uniform in appearance.

The revised format was also tested on two LOs that were not part of the initial PA or the pilot and would be considered very typical in their performance. The positive feedback was the same as the initial, they thought it was easy to read and liked the "vitals in a snap shot" layout. One LO suggested to add more information and to make it legal size---I chuckled at that, you just can't please everyone!

The Processors for the testers did see an improvement over unaided submissions, however not at the 75% I was hoping for. They thought the LOs performance was improved by about 50%, but mentioned that with more use and becoming familiar with the checklist, the 75% improvement was attainable.

The Processors also liked the format for their review. One of the Processors worked in corporate and processed for a variety of branches that had different ways of communicating a file's information. She would like to see the checklist become mandatory for all of her branches so she would have just one consistent format. It would reduce her initial review time because she would know on all files where to go for information.

### SOLUTION SYSTEM

The job aid helps the LO in submitting a complete application and the Processor in the initial review, however it is a work in progress and is only part of the solution. To improve the form, an addendum should be created with the exact same categories. In place of data drops, hyperlinks pertaining to the category could take the user to specific websites, matrices, and worksheets to help complete the checklist. As an example, in the Mortgage Insurance (MI) section, the hyperlink would list the various MI companies rate/guideline finder page. The LO could complete the screen and verify, from the data listed on the job aid, if their borrower can get MI and at what rate, thereby qualifying for the loan.

Another solution is to create a one-stop shop for guidelines. Currently LOs and Processors be consistent with use of caps need to go to various locations on the company website to find answers. This can be very frustrating to use and provides the perfect excuse to turning in an application that does not meet investor guidelines: "I couldn't find the guidelines saying I *couldn't* do the loan, so I turned the file in 'cause I knew you would fix it"...

And finally, no matter how well a job aid is designed or how user-friendly a web site is, nothing takes place of communication and a reward system. All parties need to know what is expected of them and a well-placed "Thanks for a job well done!" or a Starbucks card for optimal performance goes a long way. The checklist is designed to help clarify the expectations and get kudos for the LO.

### SUMMARY

All in all, the job aid was positively received. With the revisions based on feedback from the pilot, I think it will be well used by its intended audience, the LO, and appreciated by its end recipient, the Loan Processor. As the job aid matures and improves, it will definitely help in the search for the perfect home loan application.