

Automating the Underwriting Process for National Mortgage Insurance

Company Overview

National Mortgage Insurance has a strong capital position, financial strength and is unburdened by legacy portfolio risk. A U.S.-based private mortgage insurance company, National MI enables low down-payment borrowers to realize home ownership, while protecting lenders and investors against losses related to a borrower's default.

Another business differentiator for National MI is its approach to delegated-underwriting for trusted business partners. National MI pioneered 12-month rescission relief, delivering rescission relief after 12 timely borrower payments, providing peace of mind and certainty of coverage to lenders.

The Challenge

As a new entrant into a very competitive industry, a significant component of the National Mortgage Insurance (National MI) value proposition was to fundamentally change the way mortgage insurance applications are processed. From its inception, National MI has taken a different approach than other MI providers. Instead of reviewing a sample of loans long after they close, National MI reviews every 12-month rescission relief loan shortly after closing to provide a clearer view of risk.

National^{MI}

Partners

Zia Consulting and Alfresco

Use Case

Mortgage Underwriting

Industry

Mortgage Insurance



Delegated Assurance Review:

- Day One Coverage – upfront reviews of files
- Rescission relief after 12 months
- Trends analysis and feedback
- Eliminate traditional mortgage insurance quality control audits

National MI’s delegated process provides an upfront underwriting review that assists with lenders’ loan manufacturing quality in order to provide more confidence to meet GSE and ATR requirements.

“To be successful, we require strong technology partners, willing to go the extra mile and form strong strategic alliances for the long haul. Zia Consulting fits the bill.”

—Eric Low, VP E-Business & Software Development at NMI

This helps National MI’s customers:

- Gain immediate confidence of loan eligibility and coverage
- Reduce buybacks and rescissions
- Control loan manufacturing defects
- Eliminate the hassle of future quality control audits

In order to efficiently and cost effectively execute this new delegated model, and an efficient non-delegated underwriting model, the paper intensive mortgage insurance process required significant automation as National MI intended to launch a completely electronic documentation process from inception.

National MI was looking for an integrator with prior experience in setting up solutions for mortgage processing and underwriting. As one of the leading partners of Alfresco, Zia Consulting was brought on board to help create a solution.

National MI engaged Zia Consulting to assess their technology requirements for:

- Electronic document capture, classification, and indexing
- Content management including workflow and document annotation
- Integration with National MI’s enterprise transaction system and B2B gateway





The Solution

Zia architected a solution utilizing Ephesoft Transact and Alfresco’s Content and Process Services to implement National MI’s underwriting processes—prioritizing speed, accuracy and ease of use as the primary market differentiators. Loan documents are routed to Ephesoft for classification, data extraction and metadata application, while the Alfresco repository serves up the documents to the enterprise transaction platform.

These solutions were developed and deployed to the National MI environment using an iterative methodology, enabling the rapid delivery of functionality. Zia has partnered with National MI’s product team and internal IT team for all development work, production support and infrastructure.

The Results

National MI averages several thousand batches per week. As the solution has matured, National MI has seen substantial improvements in both pre-processing and overall batch processing average times over the last year. Zia and National MI continue to work together to evolve the solution according to the company’s needs and the ever-changing environment.

“National MI faced the multifaceted challenges of entering a highly competitive industry as a new entrant, introducing new business models, building all systems, processes and procedures from scratch—and all in a very short period of time. To be successful, we require strong technology partners, willing to go the extra mile and form strong strategic alliances for the long haul. Zia Consulting fits the bill.”



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