

# Underwriting Moves the Story Forward

Behind-the-scenes staff play a large part in helping borrowers achieve their dreams

By Eric Webb



**T**hink of a mortgage as a story, one that outlines how a borrower achieves his or her individual goal of homeownership. In many ways, the contents of a loan file provide the details of that borrower's journey, from start to finish, and how his or her home purchase finally came to fruition.

Staying with the same analogy, the loan originator would likely be considered the author of this story. Although the originator may be the mortgage professional who spends the most one-on-one time with a borrower, this story is only capable of moving from one chapter to another because of those who tend

to work behind the scenes. One of those unsung heroes is the underwriter.

Underwriting is a critical aspect of the loan-origination process, as it's the underwriter who assesses the level of risk associated with each loan and determines whether the homebuyer is qualified (and truly able) to pay off a mortgage. Underwriters know the right questions to ask, which documents are required to validate a borrower's story and how to ensure the lender is making a good investment.

Much like a story's developing plot, each step of the mortgage process is interconnected. This is why it's

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**Eric Webb** is assistant vice president of underwriting for Churchill Mortgage, a privately owned company by its more than 400 employees. A full-service and financially sound leader in the mortgage industry, the company provides conventional, FHA, VA and USDA residential mortgages across 46 states. For more information about Churchill Mortgage, visit [www.churchillmortgage.com](http://www.churchillmortgage.com) or follow the company on Twitter @ChurchillMtg, LinkedIn at [www.linkedin.com/company/churchill-mortgage](http://www.linkedin.com/company/churchill-mortgage) and Facebook at [www.facebook.com/churchillmortgage](http://www.facebook.com/churchillmortgage).

critical for originators — as well as other departments within a mortgage company — to develop a synergistic relationship with underwriting in order keep a borrower’s story moving forward.

### **Risk and trust**

Underwriting would not exist without sales, and sales would not be able to close on a loan without underwriting’s qualification and approval standards. Although loan officers and mortgage brokers compile much of the necessary documentation from borrowers, it’s the underwriters who review borrower financials, examine credit reports and ensure borrowers have a property survey and title insurance.

Because underwriting staff generally do not interact directly with borrowers during the origination process, it is up to originators to carefully foster their borrower relationships and serve as intermediaries for underwriters. It is crucial for the two to understand each other’s strategies, personal preferences and nuances, yet all too often, operational barriers and lack of internal communication create holdups that negatively impact borrowers.

In truth, the loan-origination process is one that requires a great deal of trust internally as loan officers and brokers pass the reins to the underwriter at a critical moment — typically, right after a borrower has selected the home he or she wants to purchase. Understandably, the originator’s main priority is moving quickly and closing the deal, while underwriters want to be more meticulous in ensuring they are assessing all of the potential risks and originating a loan that will be beneficial to lender and borrower alike.

An underwriter’s job requires a great deal of time and attention to minute detail. In order to ensure a positive experience for the borrower, it’s critical for originators to understand this and demonstrate their trust in the underwriting process. Underwriters, in turn, should recognize the pressure that originators are under to expedite the process for borrowers.

### **Speed and efficiency**

Borrowers are increasingly looking to work with lenders that can provide a mortgage quickly and get them into their new home faster, which is why online and mobile-friendly mortgage providers have captured so much market share in recent years. Although, in truth, the overall process remains relatively unchanged from traditional methods and timelines, these mortgage companies provide borrowers with the perception of being significantly faster than traditional brick-and-mortar shops.

Beyond new underwriting technologies, there are strategies lenders can use to enhance the efficiency of the mortgage process. The first is to ensure originators and underwriters are working in sync. They should both be aware of what is expected of the other and the timeline for delivery. When a deadline is established and agreed upon, it should be met without exception.

Many lenders have adopted a “client-oriented” approach to the process — when the originator hands off a file to underwriting, that originator then becomes a “client” of the underwriter. And, just as the originator wants to provide excellent service to borrower clients, underwriting should strive to meet or exceed their originator’s expectations. The same also holds true

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in reverse. If underwriting needs additional information, it then becomes the originator’s priority to quickly respond to underwriting’s requests.

Data and analytics also can serve as a powerful tool for lenders to enhance internal processes and underwriting. By tracking how a loan file moves from the originator to underwriting and beyond, lenders can

better identify pitfalls in their processes, as well as areas of improvement. Data analysis also creates an additional level of accountability by creating clearly defined goals and targets. In today’s market environment, interest rates are largely similar across all lenders, so lenders must provide value-added tools and benefits for borrowers in order to distinguish themselves from the competition.

One approach is thorough pre-underwriting. While many borrowers are familiar with the concept of being preapproved for a mortgage, at the end of the day, an approval is really nothing more than an originator’s opinion that a borrower might be qualified for a loan. A borrower that is pre-underwritten, however, knows he or she is qualified for a loan up to a certain amount.

Being pre-underwritten provides borrowers with increased peace of mind that any offer they make will go through more quickly and easily. It also makes their offer more competitive compared to other buyers, since sellers tend to want a quick closing process as well. Although this does require more upfront effort, as lenders must compile and underwrite a loan from the start, the lifetime value of clients who walk away satisfied with their mortgage decision will help offset additional expenses.



Internal collaboration and transparency are critical to a mortgage company’s success — especially in a market like the one we see today. Everyone in the process must be accountable for their portion of a borrower’s story and ensure that it continues to move forward. Establishing a more collaborative approach to the origination process allows loan officers and underwriters to better work with each other toward the common cause of a quicker path to closing, accompanied by an exceptional borrower experience. ■

### **Key Points**

#### Strategies to put originators and underwriters in sync



- Ensure deadlines are met without exception
- Adopt an internal, client-oriented process
- Track how a loan file moves through the process
- Qualify loans through pre-underwriting