



Increase Servicing Efficiency with an Automated Tax Processing Technology Hub

Unprecedented housing market and economic conditions over the past few years have increased the pressure on mortgage servicers to find ways to increase efficiency, reduce costs, and minimize risk. To survive today's turbulent environment, and to succeed in the future, servicers are focusing on each one of these issues. Recent developments in mortgage-related process automation technology offer servicers solutions that help them work toward achieving all of these goals.

Automating manual practices and procedures can significantly boost process efficiency, and is one of the first places servicers look to achieve efficiency gains. Many servicers have identified the processing of escrowed taxes for loan portfolios as a step in the loan servicing process where efficiency gains are needed. Although there are systems that provide tax information and loan data, they do little to automate the payment of taxes due in an efficient or timely manner.

Until now, servicers have had to contend with a large number of manual steps and touchpoints when obtaining tax data, locating tax bills, matching tax lines, processing payments and updating multiple systems. Lender Processing Services (LPS) has developed technology that not only enables the efficient and timely payment of taxes on a portfolio, but also significantly reduces the amount of manual intervention required to process them. This technology ensures that, once a tax bill is tied to a tax line, it will never be "lost" in the system.

Significant Efficiency Gains and Reduced Costs through Tax Process Automation

LPS Desktop™ Tax Management is an intelligent technology that automates routine steps in the tax process by aggregating incoming data from multiple systems, and applying a servicer's business rules to process matched transactions in a highly efficient manner. These pre-determined servicer business rules enable the servicer to decide which transactions and exceptions to process automatically, thereby reducing the number of its staff needed to process taxes and freeing them to focus on non-automated exceptions.

LPS Desktop Tax Management acts as the hub between servicing platforms and tax data systems. It connects seamlessly with the industry-leading LPS Mortgage Servicing Package, LPS Desktop and LPS Tax Services systems to take advantage of widely-used technology and familiar interfaces, reducing the time, risk and cost of processing and paying taxes. Designed as a service-bureau-neutral platform, LPS Desktop Tax Management has architected the solution so that future releases can connect to and send processed information between any existing servicing platform or tax vendor system.

LPS Desktop Tax Management gathers tax data from the tax vendor, and loan and tax line data from the servicing platform. This information is then presented to and processed in the LPS Desktop Tax Management environment with flexible, preset servicer business rules. All matches between tax amounts due and tax lines in the servicing platform are automatically processed and scheduled for payment while all exceptions automatically flow into servicer exception work queues.

Automated Tracking Reduces Risk and Ensures Timely Exception Resolution

Upon entrance into the work queue, each exception and its associated due date are automatically tracked within the system until the exception is resolved to help reduce the risk of penalties and interest incurred from lost tax bills and missed tax lines.

Servicer business rules automatically classify and prioritize exceptions and assign them to the servicer's processor work queues. The system automatically displays the first exception to the processor, and presents the relevant information necessary to research and resolve each exception using the servicer's pre-set options. Upon completion, the system automatically advances the processor to the next exception – keeping the resolution process moving in an efficient manner.

Flexible Resource Management

In addition to automatically assigning and tracking tasks for the servicer's loan processors, LPS Desktop Tax Management's work queues allow servicer managers to effectively track productivity, assess priorities and balance workloads.

In a time where managers need to monitor employee productivity to evaluate efficiency and bottom line costs, production statistics become paramount. Instead of having to stop production several times throughout the day to count work (often inaccurately) and evaluate progress, managers can see directly into the work queues to precisely measure productivity. Managers can then modify queue assignments and change priorities in real-time to accommodate business fluctuations and tax cycles. Changes to assignments and priorities are immediately communicated to the loan processors within the system.

One-stop Shopping for Tax Processors Speeds Timelines and Lowers Costs

In addition to automated work queues, LPS Desktop Tax Management takes tax processing to the next level by delivering all of the information a servicer's processor needs to research and clear exceptions within LPS Desktop Tax Management. In the past, processors have had to access many screens, on a combination of systems, to obtain and enter the information required to process an exception for a single tax bill. LPS Desktop Tax Management consolidates relevant data from disparate systems to save servicer personnel a tremendous amount of time researching and resolving exceptions. All work completed and data entered in LPS Desktop Tax Management automatically updates relevant systems during end of day processing.

In addition to clearing exceptions, one-stop data maintenance is possible from within the LPS Tax Desktop system. In the cases where data needs to be updated in multiple systems, or when there is a mismatch, corrections made from within LPS Desktop Tax Management sync automatically with connected systems.

Management Dashboards Spot Potential Problems and Help Manage Resources

LPS Desktop Tax Management incorporates state-of-the-art dashboards that give servicers a birds-eye view of their predetermined key performance indicators, enabling servicer management to monitor deadlines, spot potential problems, meet personnel needs and anticipate cash flow requirements. The application's Cycle, Projection and Investor dashboards give managers daily snapshots of important tax processing information with easy-to-interpret, stoplight-style color coding. The dashboards highlight the bills in cycle according to the servicing platform, the number of bills missing from the tax vendor, the number of known exceptions and the forecasted tax bill volume.

Conclusion

Although current market conditions have made operations more challenging for servicers, there are ways to significantly streamline the servicing process. Implementing automation can boost efficiency, lower costs, and effectively manage risk. Flexible tools like LPS Desktop Tax Management can be implemented quickly and efficiently with existing systems, without major investments in servicer infrastructure, and can deliver measurable benefits almost immediately.

For more information on LPS Desktop Tax Management, please contact Sharon Braner at (904) 527-4008.