Case Study

STONEGATE MORTGAGE SUPPORTS CORPORATE VISION TO RE-ENGINEER ORIGINATION WITH DOCUMENT IMAGING POWERED BY CAPSILON

Stonegate Mortgage Corporation (NYSE: SGM) is a leading, publicly traded company that originates, services and finances residential mortgages. They recently replaced Xerox BlitzDocs® with Capsilon document imaging to manage residential loans. Capsilon better supports Stonegate’s vision for service and impressive growth.

**Challenge**

“Our overarching strategy is to deliver the best possible experience to customers with our people and our superior technology,” stated Stonegate Mortgage President Dan Bettenburg. To this end, Stonegate set out to remodel the entire origination process, with internal and external solutions that address needs at each stage. “To realize our vision, we knew we would need to re-engineer the data and documents that were coming into our processes.”

While Stonegate used paperless document management, its previous system did not support Stonegate’s current way of doing business or the growing company’s longer term goals. “Our old solution was somewhat archaic from a technology standpoint,” said Brandy Walton, Underwriting Manager for Stonegate Mortgage. As such, the product hindered Stonegate’s processes. “Using the previous system, we were not able to scale our operation to our current size, or to accommodate our growth,” Walton said, noting constraints and inefficiencies that did not support expansion. While the paperless system offered a barcode document intake process, Stonegate found it unreliable. Instead, the mortgage company contracted an offshore team to index and name documents manually, adding to expense and time per loan and often returning mis-indexed results. Additionally, a restriction on document size could force customers to submit packages in multiple parts, increasing complexity.

Once files were indexed, groups at Stonegate—particularly underwriting professionals—faced slow and frustrating procedures to manage document-related tasks. For example, a high-definition, multi-page document such as an appraisal report, could take three minutes to upload. “Later, when you tried to view a whole loan folder, it would take a while—like a ‘get a cup of coffee while’—to get the file,” according to Pat Schroeder, Director of IT and Development for Stonegate. Schroeder also noted the need for a more efficient way to traverse documents and track information and actions surrounding a loan folder. “Our old document imaging system had rudimentary workflow, but we wanted to improve file flow and communication,” she said.

**The Capsilon Solution**

Seeking paperless loan management that supports its
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“Corporate vision and operates within its cornerstones of experience, accountability and service, Stonegate found Capsilon’s document imaging technology to be an ideal fit. Stonegate adopted Capsilon DocVelocity® Enterprise Edition, a cloud-based imaging solution with features for document capture, collaboration, delivery and retention, along with APIs for system-to-system integration. The mortgage company customized and branded its implementation as Stonegate Mortgage Corporation Imaging (SMC Imaging).

Stonegate investigated Capsilon based on the recommendation of a new employee who preferred it over the company’s previous solution. Along with strategic technology efforts, the time was right to replace the outdated technology, according to Schroeder: “I had implemented our previous solution at another company eight years ago and nothing had changed since then,” she said. “For nothing to change in that long is not a good sign ... Capsilon has a more technically advanced platform.”

Good signs were evident at the introduction and demonstration of core Capsilon capabilities. “I remember the first day we were blown away—our underwriters were almost giddy—by how quickly we could access loan folders and traverse documents,” Schroeder said. SMC Imaging retrieves all documents when a folder is opened, so users easily scroll between resources rather than waiting for each one. While documents can be managed via a web interface, Stonegate’s underwriters work mainly through Capsilon’s desktop application, a standard feature within both editions of DocVelocity. “The power of the desktop offers us even greater speed,” Walton noted.

Giving credit to intuitive and user friendly features, Walton reports her group of close to 75 underwriters are in agreement: "Generally, everyone loves the system," she said. "I've never heard anyone say that a system they used at another lender is better." Enthusiasm stems from efficiencies at every stage of document lifecycle, including:

**Capture**

Customers upload documents directly from the Stonegate website through a widget. Automated Document Recognition indexes documents with a richer document taxonomy than previous methods. "Our old solution supported a single layer hierarchy," Schroeder said. “Capsilon supports master and subordinate document naming. Richer taxonomy equals more opportunity, and it supports sophistication and security for our organization.”

**Collaboration**

Stonegate professionals also describe Capsilon Threads technology—secure, collaborative workspaces—as a sophisticated and easy way to communicate with clients. “Threads between Stonegate and our clients are a spectacular addition,” Walton expressed. “We have visibility into loan folders that we did not have at all before.” Threads also aid in accountability and confidence that all items are received.

**Retention**

Walton expressed a similar response for automatic tracking of documents and actions. “The audit trail is phenomenal,” she said. “It’s been a huge help, showing everything done to the loan folder in greater detail than anything I’ve ever seen.”

Stonegate worked directly with Capsilon to integrate and customize the SMC solution. “Capsilon’s technology was easy to develop around,” said Schroeder. “And, Capsilon is a good partner with expertise that helped us through any issues.”

**Results**

“DocVelocity is a big win. Early and often feedback is what makes it work,” Schroeder said. Instead of waiting for documents and wondering about status, Stonegate professionals use Capsilon’s technology to glide through loan folders and easily collaborate on business-critical operations. Speed, ease-of-use and reliability enhance document management and support Stonegate’s technology and growth strategies.

“If we had used the previous platform, we would have had to pay more for manual indexing and data capture and grow our head count faster to support growth,” Bettenburg said. Instead, within the first year of using Capsilon technology along with proprietary advancements,
Stonegate more than doubled its loan volume while minimizing the need for staff additions.

“We’ve been able to improve indexing quality as well as remove and expedite parts of the process,” Bettenburg added. “I think Stonegate and Capsilon have a similar view of the mortgage marketplace: Current methods are very labor intensive. Capsilon has discovered how to minimize the amount of human intervention that is required for documents to move through origination.”

As underwriting manager, Walton reported efficiency gains related to the ease and speed with which employees manage files. “Underwriters offer a specialized skill,” she noted. “You don’t want them going from document to document, you want them underwriting.” Stonegate managers estimate a reduction of 10 to 15 minutes for each new loan and five minutes per file on additional reviews. The time-savings average close to an hour saved per underwriter, per day. That’s a full hour to spend on more business-related tasks. For Stonegate’s sizeable staff of underwriters, total time-savings could be equated to the addition of almost two weeks of full-time underwriting every day.

While productivity improvements are welcomed, what they enable is of greater import to Stonegate and its customers. Bettenburg explained, “At the end of the day we’re trying to be that lender of choice. If our underwriters can move through a file faster, they can get to an answer faster and deliver a better customer experience.” Enhanced service exemplifies Stonegate’s vision for technology: “The more we can automate processes, the more we can use our people and resources to work directly with customers.”

Bettenburg also noted Capsilon places Stonegate in position to better leverage its own decision making technology and simplify compliance efforts. “The mortgage industry is going through greater and greater regulation and it requires lenders to do more things to ensure loans are compliant. A strong imaging platform makes it easier to ensure loans are complying with regulations.”

Following initial steps of automated indexing and support of the mortgage company’s technology, Stonegate plans to continue its partnership with Capsilon. “In the first implementation, Capsilon delivered as promised; we look forward to building the next phase, which includes data capture,” Bettenburg said. “We’re excited about working with Capsilon going forward.”

About Capsilon
Since 2004, Capsilon has provided comprehensive document management that enables lenders and investors to increase productivity and lower loan costs while ensuring full compliance. The company’s product, DocVelocity®, is a cloud-based imaging solution enabling document capture, collaboration, loan delivery and retention. The winner of numerous mortgage technology awards, Capsilon currently serves medium to large mortgage companies. Learn more at www.capsilon.com.