

# Overcoming four common digital mortgage barriers

Learn how lenders can build  
a smart digital strategy today

# Digital mortgages are inevitable

Borrowers today expect the same seamless, online experience for their mortgage process that they enjoy in so many other areas of their lives. A PwC report found that millennials, Gen X, and even baby boomers now prefer to be online for each phase of the lending process.<sup>1</sup> These savvy consumers are empowered by online comparison shopping tools that reward lenders who deliver fast digital mortgages at competitive rates.

The trend is clear: Digital mortgages are the future. Whether it takes two, five, or ten years, it's inevitable that the mortgage industry is going fully digital. Lenders who are slow to embrace this transformation will be left behind.

There are four common technology-adoption barriers that have stood – and, for many lenders, still stand – in the way of that digital future. But with smart strategies, lenders can further their own digital transformation journeys before it's too late. We created this guide to help lenders ask the right questions, overcome common challenges, and create winning digital transformation plans that are right for their businesses.

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## **1 CHALLENGE** **Getting all parties to agree—and to adopt**

The mortgage process requires collaboration among a long list of entities – from borrowers and lenders to mortgage brokers, notaries, title agencies, settlement agents, and local government employees. It's one thing for lenders to choose digital solutions for their own organizations, but getting all internal and external parties to adopt the new technology is an entirely different issue.

## **SOLUTION** **Prioritize user experience and simplicity**

When evaluating potential digital solutions, look for technologies that are user-friendly and intuitive for employees, borrowers, and third-party users involved in a transaction. A smart, clean UI makes onboarding and adoption significantly smoother for internal and external teams.

Mobility is another key factor for adoption. Confirm that the technology partner has a mobile app with the same or similar functionality as the desktop version. Offer a platform that allows people to work however they want to work, whether sales representatives in the field or borrowers who prefer to complete forms on the go. And be sure to verify satisfaction and usage of the mobile app – either with reviews or by number of users – to ensure vendors aren't just “checking the box” with a hard-to-use app.

Training and change-management plans are also critical for any digital transformation effort. When evaluating vendors, make sure they have dedicated customer-success resources to guide your rollout, and that they offer specialized training programs for easy adoption.

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## **2 CHALLENGE** **Complex regulatory environment**

The mortgage industry today is regulated by a complex mix of federal agencies; state commissions; federal, state, and local laws; and different regulations for bank and nonbank lenders.<sup>2</sup> On top of that, states and counties differ in how they regulate title registration, digital document acceptance, and notary services.

The result? A complex set of regulations that can differ from state to state, or even county to county. While these regulations are meant to protect all parties involved in the mortgage process, they can be a burden for lenders.

## **SOLUTION** **Select trusted vendors that accommodate the complexity**

The pressure to maintain compliance in this environment scares away many lenders from using new technologies. But reputable technology providers today factor compliance concerns into their solutions and can help mitigate risks, something that manual processes and paperwork simply can't achieve.

When researching technology partners, look for solutions that make it easier to maintain compliance across changing federal, state, and local regulations – and that are flexible enough to support third parties (e.g., county clerks) that still rely on paper forms.

From a security standpoint, choose a cloud-based platform that allows lenders, borrowers, and other parties to securely transfer information and encrypt sensitive data at every stage of the mortgage process.

By digitizing mortgage workflows, lenders can standardize their processes and maintain compliance more easily, even as industry regulations evolve. And if a transaction is ever called into question, digital systems of agreement automatically maintain certificates of completion and digital audit trails, and enable fast reporting to regulators.



## **Look for the GSE-approved stamp of approval.**

Work with government-sponsored enterprise (GSE) providers, approved by the federal government to process digital mortgages.<sup>3</sup>

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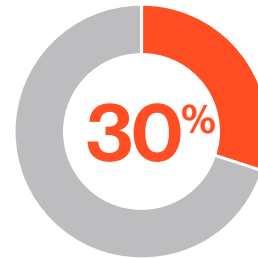
## **3 CHALLENGE** **Integrating legacy systems with modern tools**

Lenders today often run their operations on legacy software customized to their specific needs, such as loan origination systems and document generation. These systems are embedded in the fabric of their businesses and cannot simply be ripped out and replaced by new technologies. And while some technology providers claim interoperability during the sales pitch, it's often a different story during implementation.

Many mortgage companies are (rightfully) hesitant to swap out the mission-critical systems they've relied on for decades. Yet there's intense pressure to keep up with online-only and nonbank lenders such as Quicken Loans, which claims its Rocket Mortgage technology shaves two weeks off of the average mortgage process.<sup>4</sup> Nonbank institutions now account for 44% of lending by the top 25 originators, up from 9% in 2009.<sup>5</sup>

## **SOLUTION** **Open and flexible technology partners**

No matter where lenders are in their digital transformation journeys, they need trusted, enterprise-scale solutions that integrate with existing IT infrastructure. Choose technology partners with open APIs and robust integration options that work with existing back-office systems – and that will support future digitization efforts. The right technology platform can run on top of legacy systems, modernizing existing workflows while maintaining the flexibility to stay up to date with the latest market conditions.



Sierra Pacific Mortgage integrated DocuSign into its existing technology systems, including Box, trimming a tedious 38-step application process down to 12. In addition, the number of borrowers sending back closing packages **increased by 30%** after the implementation – and that figure continues to rise.

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## **U.S. lending executives cited operational efficiencies from new technology as the top expected profit driver.**

Fannie Mae's "Mortgage Lender Sentiment Survey" (Q4 2018)<sup>6</sup>

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## **4 CHALLENGE** **Inflexible point solutions**

Mortgage companies that have previously explored updating their tech stack may have found themselves in an all-or-nothing situation. They, perhaps, were persuaded to buy multiple point solutions to manage specific workflows, but later discovered that the technologies didn't work together. Or, they may have purchased a supposedly "all in one" platform that neither supported all of their workflows nor integrated with other tools that could fill the gaps.

Understandably, these lenders are wary of bringing in new technologies and getting stuck in the same situation.

## **SOLUTION** **Future-proof your digital transformation journey**

Rather than rebuilding processes around specific tools, define a vision for the experience you want to deliver and develop a digital transformation plan to achieve it. Find a technology partner that will support that journey today and throughout the next two, five, and ten years.

Work with a technology partner to build out the plan one step at a time, but with a goal of integrating the tools end to end. After you've deployed the first priority solution, repeat the process to integrate additional technology tools.

For a truly end-to-end digital system of agreement, lenders can use solutions like DocuSign Rooms for Mortgage, which provides a secure digital environment for all parties to process and finalize a mortgage. The solution combines paper documents, digital documents, electronic signatures, wet signatures, and notaries into a secure portal. All participants can prepare documents and jointly manage the workflow to create an integrated, digital experience for the borrower. The result? Transparent collaboration – no matter where each party is in its digital transformation journey.

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## Embracing digital is not optional

Going digital is not just about getting rid of paper, but about developing a new workflow that better operates in today's digital world. A digital mortgage process helps lenders collaborate securely with third parties and modernize legacy systems while staying compliant.

While any digital journey will include some challenges, mortgage lenders that embrace digital solutions today will experience faster time to close, reduce costs of managing paper documents, and, most importantly, deliver the seamless digital experience that borrowers now expect.

For more than 15 years, DocuSign has been helping organizations accelerate and simplify how they do business. We started by defining and leading the electronic signature category. More recently, we've broadened our vision to help modernize the mortgage process. The DocuSign Agreement Cloud is built for mortgage, empowering lenders to transform the entire process, from application to close. Whether guiding customers through application forms, sending documents for electronic signature or notary, enabling closing packages to be assembled in a secure digital workspace, or even with signing and vaulting electronic promissory notes that are GSE-approved for sale in the secondary market, the DocuSign Agreement Cloud can make the digital mortgage a reality. Learn more about the [DocuSign Agreement Cloud for Mortgage](#).

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**“Our eClose option combines DocuSign’s trusted, user-friendly eSignature technology that is already widely used in the industry with the personal touch Guild is known for in order to offer our customers a better lending experience. Rooms for Mortgage marks an exciting time in our industry as we take another step closer to realizing a digital future.”**

**Lisa Klika**  
SVP and chief compliance officer  
Guild

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### Notes

1. <https://www.pwc.com/us/en/industries/banking-capital-markets/consumer-finance/consumer-lending-radar.html>
2. <https://www.wsj.com/articles/the-new-mortgage-kings-theyre-not-banks-1536242400>
3. <https://www.fanniemae.com/content/list/eclosings-emortgages-vendor-list.pdf>
4. <https://www.wsj.com/articles/feeling-the-need-the-need-for-speed-11553618025>
5. <https://www.economist.com/finance-and-economics/2018/12/01/non-bank-firms-are-now-big-players-in-americas-mortgage-market>

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### About DocuSign

DocuSign helps organizations connect and automate how they prepare, sign, act on, and manage agreements. As part of the DocuSign Agreement Cloud, DocuSign offers eSignature: the world's #1 way to sign electronically on practically any device, from almost anywhere, at any time. Today, more than 500,000 customers and hundreds of millions of users in over 180 countries use DocuSign to accelerate the process of doing business and to simplify people's lives.

**DocuSign, Inc.**  
221 Main Street, Suite 1550  
San Francisco, CA 94105

[docusign.com](https://docusign.com)

**For more information**  
[sales@docusign.com](mailto:sales@docusign.com)  
+1-877-720-2040