

The Path to More Productive Payment Processing

Today's mortgage environment requires servicers to be intensely focused on efficiency. For most, this means either enhancing existing technology solutions, or deploying new ones, to streamline operations. If servicers can simplify a complex process by doing so, the benefits will follow.

An example of this is the invoicing process, particularly when a loan is in default. During this cycle, large volumes of invoices are submitted that require review, reconciliation and payment. This process can be made more efficient with solutions such as **LPS Desktop™ Invoice Management**. Through client customized workflow, third-party invoices are tracked from submission to payment in one Web-based application, and can be viewed at any time for status.

In addition to client customized workflow capabilities, LPS Desktop Invoice Management also offers an **Electronic Payment Option** which expedites the check payment stage of the invoicing process. This feature interfaces with servicing systems, such as LPS MSP, to provide efficiency gains, enabling servicers to process third-party provider payments more effectively. When comparing traditional check production to electronic payments, the benefits are clear: reduced costs, enhanced processing and improved accuracy.

When servicers traditionally produce checks in LPS Desktop Invoice Management, the system transmits a check disbursement file to the servicers' servicing platform or directly to the servicer. The servicer then takes the appropriate information from this file in order to pay its third-party providers. Checks are printed, reconciled and mailed manually to each vendor, involving multiple servicer personnel in the process.

Check production and distribution can be a time-consuming process, particularly with the large number of third-party services being billed during the normal default cycle. The expenses for personnel, postage, paper and printing supplies are a key factor when budgeting costs. Some commentators have estimated the costs associated with the check payment process to be as much as \$8.00 per check, or greater!

By contrast, the Electronic Payment Option in LPS Desktop Invoice Management gathers information nightly from the LPS MSP system during the daily transaction processing cycle and uses the information to create a separate payment file. With the servicer's written authorization, LPS Desktop Invoice Management then withdraws the required funds from the servicer's bank account(s) and deposits them into the appropriate vendor bank accounts within two business days.

With the Electronic Payment Option, servicers eliminate printing, materials and postage-related expenses. Staff previously dedicated to performing these functions can be reallocated internally to perform other key functions. By infusing automation into the manual process, servicers recognize greater levels of accuracy, and concerns over lost checks and stop payments are reduced or even eliminated.

The Electronic Payment Option provides servicers with the same audit trail reports currently available through LPS Desktop Invoice Management. It also provides reconciliation reports for the servicers' third-party providers, allowing them to respond to

payment inquiries quickly. Third-party providers can compare LPS Desktop Invoice Management reports with what is in their bank accounts, reducing the need for them to contact the servicer directly.

Servicers choose the Electronic Payment Option feature in LPS Desktop Invoice Management as a tool to realize meaningful cost savings in their daily operations. There is a small implementation fee to the servicer to get started. Servicers pay just one fee per vendor per day even if multiple invoices from that vendor are being paid that day. Each daily transaction can run as little as one dollar, contributing to significant savings overall.

While defaults continue to rise, servicers are constantly looking to manage or cut costs and keep losses at a minimum. For those using LPS Desktop Invoice Management and LPS MSP, incorporating the electronic payment option for the payment of vendor invoices improves efficiencies and accuracy, while contributing to servicer efforts to reduce costs.

To learn more about LPS Desktop Invoice Management's Electronic Payment Option, please contact Pam Beck-Janssen at 612-234-3698