

Case Study

Greater efficiency and reduced risk with auto continuation

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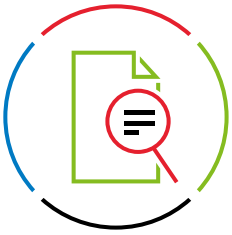
Introduction

The value of a better way

As a large, national financial institution, our client clearly understands the importance of obtaining and maintaining perfection for the assets it finances. This includes ensuring that its Uniform Commercial Code (UCC) filings are continued after five years if the life of loan exceeds that timeframe. Traditionally, our client used a manual process to handle this aspect of its portfolio management. But, with the departure of the key subject matter expert, they realized that the time was right to adopt an automated process to manage these continuations (UCC-3s). That's when the client turned to Lien Solutions to learn about ways in which Auto Continuation could help safeguard the bank's assets.

The situation

Large portfolio, large quantity of continuations



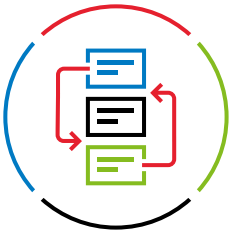
The larger a company's lien portfolio, the greater the need to efficiently monitor and manage a significant quantity of UCCs — and, by extension, a large number of continuations and terminations. In the case of our client, 2015 saw a total volume of over 7,000 new UCC-1s, along with extending the life of over 6,500 loans via continuations (UCC-3s). Each UCC-1 represented a lien on a loan, and its attendant financial risks, which needed to be judiciously managed. With the anticipated personnel changes in this area of the business, our client began to explore alternative ways to ensure the smooth ongoing management of its UCC continuations. Up to that point, to continue the perfection of all active loans, the client had to manually review all UCCs due to expire. To accomplish this, they had to devote a number of employees to handling the continuations, including the creation, submission, follow-up, and acknowledgement of all UCC-3 continuations. The potential value of an automated approach was clear in comparison.



The client was able to reduce overhead by the equivalent of 1.5 full time employees.

The solution

Adopting a more efficient system



Together, Lien Solutions and the client collaborated to build and implement the business case for change. Automating the client's continuations not only promised efficiencies in terms of time and resources. It answered to the overall risk management mandate of portfolio management by reducing the errors and oversights that can compromise the perfection of assets. In addition, part of what attracted our client to our Auto Continuation service was the low implementation cost. That meant that they could look forward to a more immediate return on investment.

The way the client now works with Auto Continuation balances efficiency, accuracy and control:

- All UCCs on the iLien Pending Expiration report are automatically continued by Lien Solutions.
- A small portion of UCC-3 continuations require manual follow up by the client.
- The team uses the Pending Expiration report and compares it to their internal Document Tracking System to identify any exceptions, in which case historicals are created.

With the implementation of Auto Continuation, the client's focus is now only on the items placed "on hold" due to missing information. For example, this applies to items where the Legal Land Description or attachment is missing, where the PIN is incorrect, where the total amount of recording information is incorrect, or where tax-related fees are not accurate.



The results

Reduced time and cost savings

Before the adoption of Auto Continuation, our client regularly had to take additional steps to correct two percent to four percent of its total continuation volume. Due to oversights, it was necessary to create historicals on about 80 items per month in iLien for UCCs that were filed by attorneys. Today, those numbers have been reduced considerably. The client's overall processes are noticeably less manual, data and filings are more accurate, and there are very few items needing to be double checked in the system. Because there are far fewer rejections, considerably less employee time has to be spent handling the reject queue and the on-hold queue. Where two full time employees were previously assigned to continuations, the client now devotes only half a full time employee to the process. The rest of the time previously dedicated to continuations by these employees is now applied to other processes and projects.

What's more, our client has realized a savings of over $41,000 a year in incremental revenue. In short, both the workflow and economics of our client's UCC continuations have been transformed.

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