lendfoundry

DIGITAL TRANSFORMATION IN LENDING: A SUCCESS STORY WITH LF-LMS

ABOUT THE CLIENT

Our client, headquartered in New York, is a direct lender specializing in providing accessible capital to support the growth of small to medium-sized businesses. With over 600 active loans on their books, they offer financing options secured by property or vehicles, catering to businesses that struggle to secure funding from traditional lenders.

BACKGROUND

Our client had been utilizing a loan servicing system from a different vendor, but they faced several challenges as the support for that system was nearing its end of life. The existing system was plagued by limited configurability, scalability, and outdated user interface issues. Manual work was required for ACH payment processing, validating standard letters, and generating complex portfolio-level reports. Faced with these limitations, the client made the decision to switch to a new loan servicing system within a tight timeline, requiring the implementation of unique features.

KEY REQUIREMENTS

1 End-to-end loan lifecycle management, from amortization to pay-off/charge-off, with seamless automation

2 Integration of additional custom fields in the onboarding API to accommodate unique requirements

3 Support for different schedule types, including hybrid schedules

4 Capability to send custom installment amounts for interest-only loans

5 Ability to tag loans as performing/non-performing and track interest accordingly

6 Automatic adjustment of interest rates for delinquent loans, with the option for manual intervention

7 Bulk ACH creation at designated frequencies, storing funds in a suspense account for scheduled payments

8 Calculation of prepayment premiums based on rules and inclusion in relevant documents and pay-off payments

9 Agile technology partner capable of meeting evolving business needs

10 Highly self-service and automated system to minimize operational costs and ensure accurate payment and delinquency tracking

11 Custom report generation at both loan and portfolio levels

12 Future capability to offer monthly frequency loans with quick turnaround time

13 Capture and management of various collateral data at the loan level

14 Tracking of payments and withdrawals for multiple escrow accounts associated with loans

15 Migration of the existing loan portfolio to the new LF-LMS system

PROPOSED SOLUTIONS

LendFoundry, leveraging its domain expertise and end-to-end solution, proposed the implementation of LF-LMS (LendFoundry Loan Management System) to meet the client's business needs. The proposed solution comprised the following components:

- Micro-services support loan servicing features, including amortization, payment tracking, notifications, document management, and audit trail management
- API-based Loan Servicing Solution enabling automated loan onboarding and integration with new/existing APIs
- Configurable UI architecture for manual loan operations, tailored to the client's requirements
- We enhanced portfolio/loan data views with smart filters and customized queues
- Robust monitoring and infrastructure for microservices, facilitating the agile deployment of new releases
- Customized UI displaying additional details with client branding specifications
- The robust framework supports independent activities, such as scheduled payment applications from a suspense account
- Document Management system for back-office users to manage uploaded documents
- Data as a service solution for seamless integration with the client's reporting and data solutions
- Configurable ETL scripts for smooth loan migration from the old servicing system to LF-LMS
- Iterative and robust loan migration process accommodating loans in different statuses/buckets
- Utilization of LendFoundry's powerful BI module for creating complex portfolio-level reports with real-time data synchronization
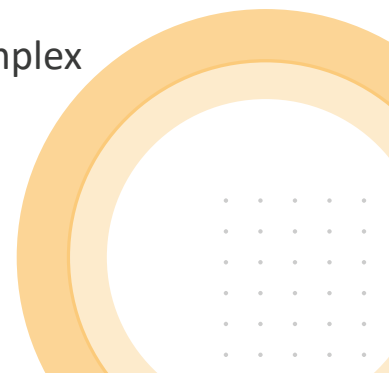
Some of the key benefits realized by the client include:

The LF-LMS implementation enabled our client to automate the loan servicing process, from post-funding to pay-off/charge-off/settlement. With an integrated solution, different teams within the organization could perform appropriate actions based on their respective roles, while the system administrator maintained control over user access levels. The client successfully migrated their active loan portfolio, empowering them to focus on scaling up their lending operations while relying on LendFoundry's technology, data management, and 24/7 support as a trusted growth partner.

ABOUT LENDFOUNDRY

LendFoundry is a next-generation, cloud-based technology platform for digital lending.

Available as a SaaS offering on AWS, LendFoundry is built using a micro-services architecture and is highly customizable and scalable. Powered by API integration with 80+ traditional and alternate data providers and platforms, it can help digitize a lender's entire loan lifecycle to deliver faster loans and also add new customer segments.

Key Modules: Borrower Portal, Broker Portal, Dealer Portal, Merchant Portal, Lender Portals, Loan Origination System, Loan Servicing System, Loan Management System, Business Analytics.

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