snapdocs

2024 EDITION

The ROI of Digital Closings

A cost-savings analysis of operational and secondary market efficiencies



Foreward

At Snapdocs, helping lenders and title companies close loans efficiently—and create exceptional borrower experiences—is at the heart of everything we do. However, the complexity of mortgage transactions makes it challenging for lenders to accurately assess the value technology can deliver. Closings, in particular, are multi-party transactions with dynamic cost structures influenced by loan volumes, market conditions, staffing needs, and best execution (i.e "best ex").

Nevertheless, every technology investment, including digital closings, must prove its value to a lender's bottom line. To validate the financial impact of digital closings, we engaged third-party expert, Falcon Capital Advisors.

The study analyzed the closing processes of more than 25 mortgage lenders and secondary market participants, spanning various sizes and tech stacks. Falcon Capital Advisors collected data on how digital closings influence staffing, loan production timelines, and best execution. This report details the findings of the study, including operational savings and pricing gains realized in the secondary market through faster loan delivery.

This guide is designed to provide transparent, practical insights that drive real value for our customers. I encourage you to explore the findings in this report, and connect with our team—we'd be happy to answer questions and provide a tailored ROI evaluation of your loan portfolio. We're here to support your success every step of the way.

Make mortgage a snap.



Michael Sachdev
CEO

Key Findings

Cost Savings

Respondents report an average savings of **$115 - $283** per loan with digital closings, noting that savings increase with a loan's level of digitization (hybrid, hybrid + eNote, and RON).

Value Drivers

The study identifies **eight primary factors** that drive cost-savings, organized under two categories: operational & processing efficiencies and secondary & capital market efficiencies.

Pricing Gains

Transactions closed digitally allow lenders to deliver loans to investors **five days earlier,** leading to a pricing gain of up to **10 basis points (bps).**

Eight primary factors contribute to the financial impact of digital closings

Operational & Processing Efficiencies

- Error reduction
- Closing & funding preparation
- Post-closing QC & doc management
- Remediation for lost or damaged notes

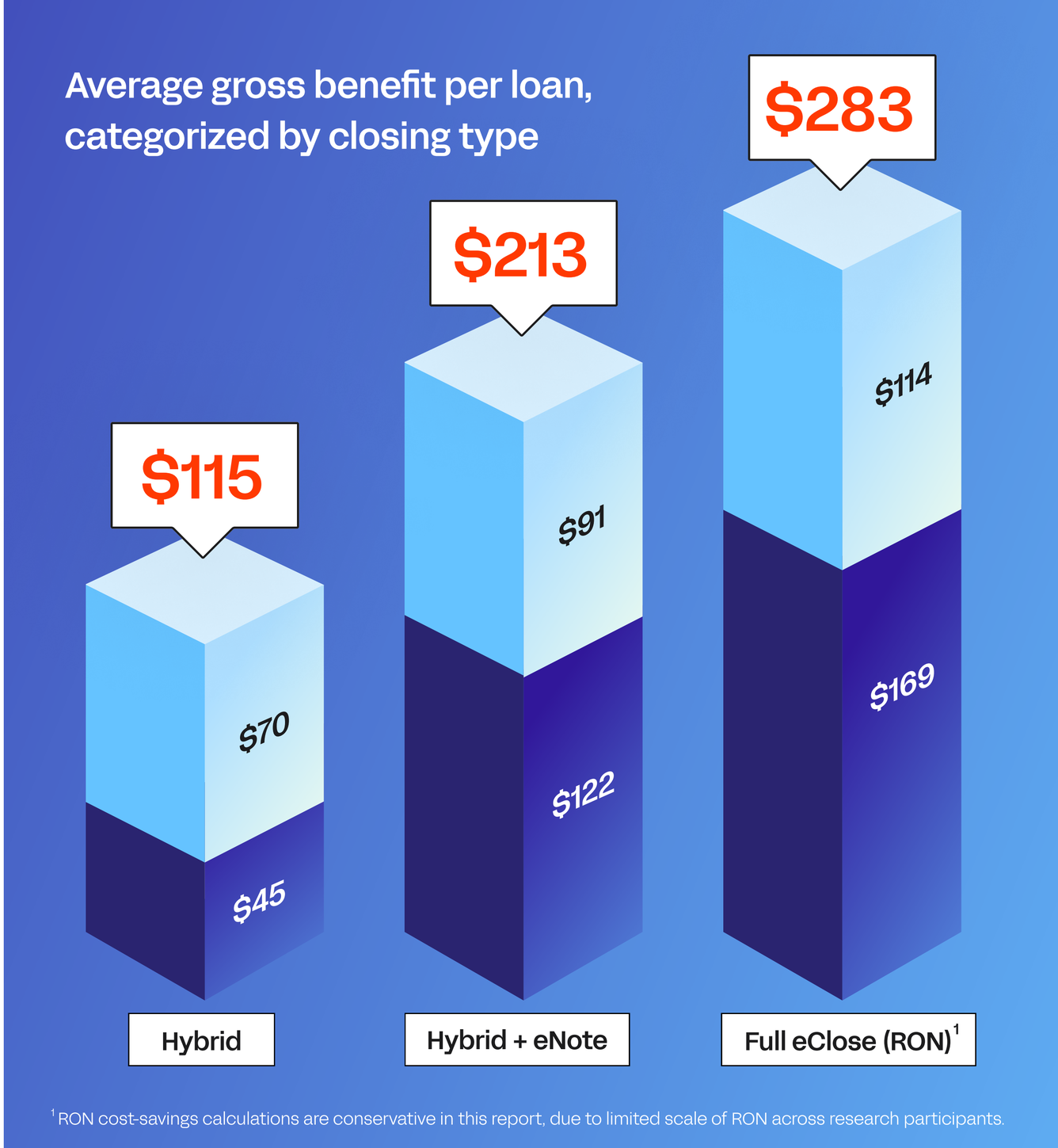
Secondary & Capital Market Efficiencies

- Pricing gains
- Warehouse line or internal funding spread
- Certification, shipping & custodial costs
- Delayed investor delivery savings

A Note on Borrower Experience

This study does not calculate the impact digital closings have on borrower experience. However, customer satisfaction is one of the most valuable benefits of digital closing technology—enabling lenders to provide shorter closing appointments, reduce error rates, and increase borrower net promoter scores (NPS).

To learn more, read the **2024 Borrower Experience Report.→**



[1] RON cost-savings calculations are conservative in this report, due to limited scale of RON across research participants.

UNDERSTANDING

Operational & processing efficiencies

Efficiency Driver	Hybrid Savings per loan	Hybrid + eNote Savings per loan
Error Reduction Reduction in remediation costs for minor errors that do not require a re-signing appointment or re-signing of critical documents, and major errors that require an additional signing appointment.	**$19** 60–80% reduction	**$25** 80% reduction
Closing Preparation Reduction in time spent preparing a loan for closing (e.g. pre-balancing with title, reviewing document data for accuracy, sending closing package to settlement, etc.).	**$3** 20% reduction	**$4** 20% reduction
Funding Preparation Reduction in time spent on activities required to fund a loan (e.g. manual QC of executed closing documents and authorizing funding).	**$12** 50% reduction	**$14** 60% reduction
Post-Closing Quality Control Reduction in time spent performing manual shipping and quality control activities on a loan (e.g., ensuring closing package is fully executed and accurate).	**$16** 70% reduction	**$18** 80% reduction
Post-Closing Suspension & Document Management Reduction in time spent performing trailing document management activities (e.g. communicating with borrower and title, tracking missing or delayed documents).	**$20** 80% reduction	**$20** 80% reduction
Lost and Damaged Promissory Notes Reduction in activities related to tracking or replacing lost or damaged promissory notes and other costs (e.g., researching issue, communicating with borrower and other parties, shipping costs).	**$0** 0% reduction	**$10** 100% reduction
Cost-savings driven by operational & processing efficiencies	**$70**	**$91**

UNDERSTANDING

Understanding secondary market & capital market efficiencies

Efficiency Driver	Hybrid Savings per loan	Hybrid + eNote Savings per loan
Pricing gain Better pricing from the investor/secondary market due to delivering a loan faster.	**$23** 2 day reduction	**$58** 5 day reduction
Warehouse line or internal funding spread Savings generated between the interest paid to the warehouse bank and the interest paid by the borrower.	**$18** 2 day reduction	**$46** 5 day reduction
Shipping costs to investor / custodian eNote and RON transactions do not incur the costs of physically shipping the promissory note and security instrument to the investor/custodian and warehouse lender (often in multiple shipments).	**$0** 0% reduction	**$6** 67% reduction
Custodian certification & storage costs Certification: Reduction in the cost to certify the promissory note. Freddie/Fannie auto-certify eNotes with no additional fee. Storage: Digital collateral (e.g., promissory note, security instrument) do not require physical storage, eliminating (or dramatically reducing) storage costs paid to a document custodian.	**$0** 0% reduction	**$7** 100% reduction in certification costs 50% reduction in storage costs
Investor penalty and/or hedge costs Decrease in the likelihood of roll costs incurred from missed delivery commitment date, or worse price execution from delayed sale into the secondary market (due to errors, shipping delays or other issues).	**$3.50** 80% reduction in errors	**$5** 80% reduction in errors 100% reduction in lost/ damaged notes
Cost-savings driven by secondary & capital market efficiencies	**$45**	**$122**

When evaluating secondary market benefits, the study found that loans closed digitally allow lenders to deliver loans to investors five days earlier—leading to a pricing gain of up to 10 basis points (bps).

In the next section, we will delve into the study's findings on pricing gains, in particular.

The financial impact of pricing gains

The study found that digital closings enabled lenders to deliver loans five (5) days earlier, leading to a pricing gain of up to 10 basis points (bps).

What are pricing gains?
“Pricing gains” refer to the better pricing lenders achieve from investors due to faster loan delivery.

Pricing gains in the TBA (To-Be-Announced) and Aggregator Markets

- **+10 BPS in the TBA Market**
  In the TBA market, lenders commit to delivering loans for future months at set prices. A key advantage of delivering loans five days earlier via digital closings is the opportunity to place some loans into an earlier month’s mortgage-backed security (MBS). This not only enhances liquidity, but also results in a price gain of approximately 10 basis points (bps) for those loans.

- **+1–2 BPS in the Aggregator Market**
  Lenders that sell to aggregators have more flexibility in taking down a shorter term commitment to receive better pricing. Lenders can deliver 100% of digitally closed loans promptly, enhancing their overall pricing strategy. The study’s conservative estimate indicates that a five-day earlier delivery can yield approximately 1–2 bps improvement in pricing.

Pricing gain of up to 10 bps

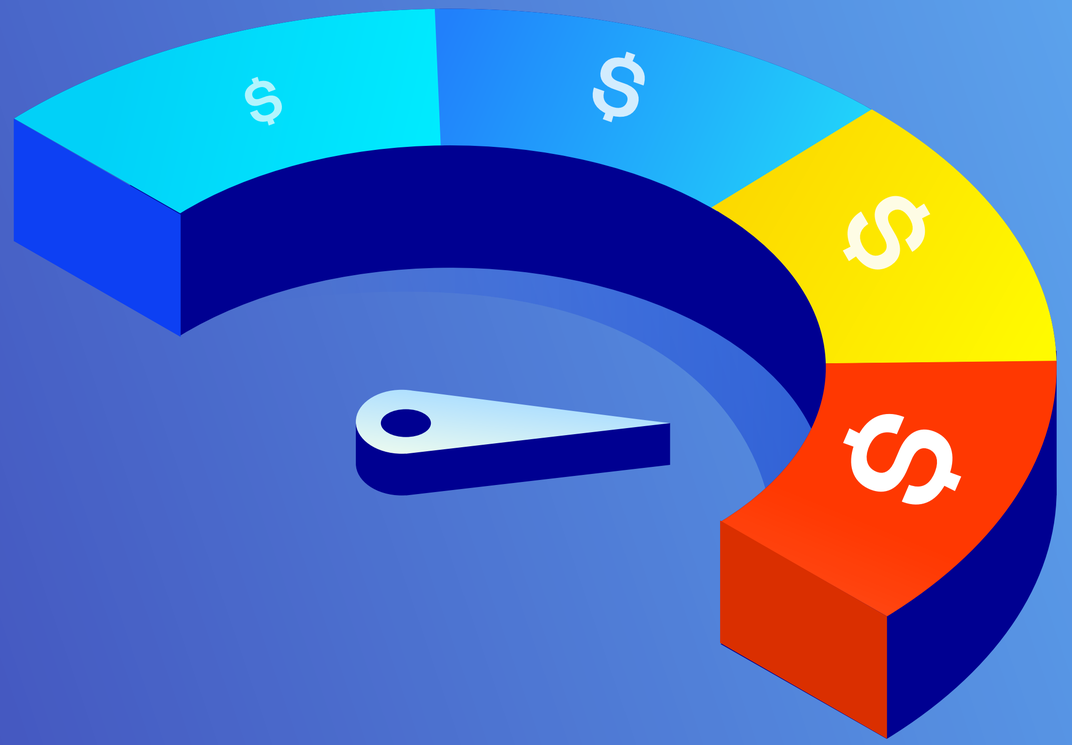


Why faster delivery with eClosing drives pricing gains

1. **Better pricing from GSEs or other investors**
   Study respondents reported digital closings reduce the time between closing and investor delivery by an average of five (5) days, with some respondents delivering in as little as 2 days after closing (or even the day-of closing when delivered through the GSE cash window).

2. **Immediate returns for investors**
   Aggregator investors are willing to pay more for a loan delivered in an earlier window because it allows them to start earning returns immediately, reduces exposure to interest rate changes, avoids potential fluctuations in market conditions, and better aligns with their investment strategies and liquidity needs.

3. **Increased certainty and best execution flexibility**
   Digital closings minimize errors and reduce the likelihood of lost or damaged promissory notes, providing greater assurance of on-time delivery. This also translates to increased flexibility and control over how and when lenders deliver loans to investors.



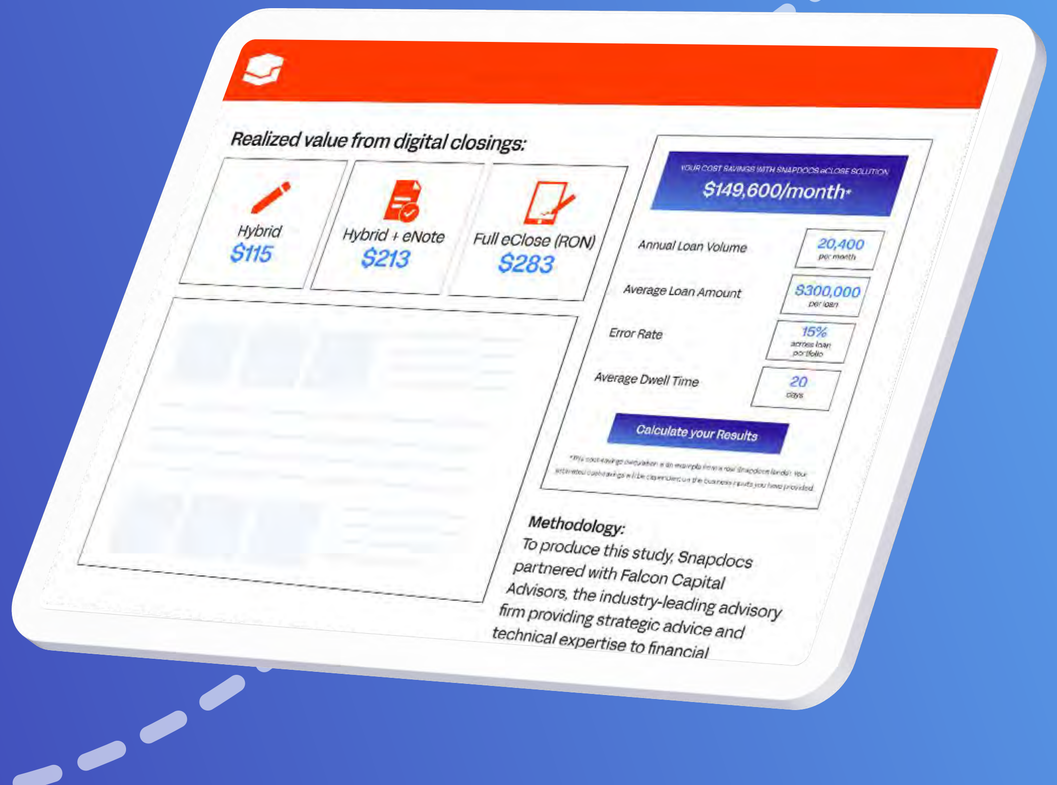
Conclusion

The findings from this study underscore the significant and continuous value of digital closing technology. With fewer errors, higher staff productivity, and faster loan delivery, digital closings remain a vital component of a lender's strategic toolkit.

Interested in understanding the value of digital closings for your organization?

Get in touch for a custom ROI assessment.

Request Custom ROI



Methodology

To produce this study, Snapdocs partnered with Falcon Capital Advisors, the industry-leading advisory firm providing strategic advice and technical expertise to financial institutions and government agencies.

The study was comprised of interviews and surveys between June and August 2024 with 25+ industry participants and Snapdocs customers, including:

- Loan originators (both eClosing and non-eClosing users)
- Secondary & Capital Markets professionals
- Warehouse lenders & investors
- Custodians

Falcon Capital Advisors held eight (8+) interviews between with Warehouse Banks, GSE's, Custodians, and technology vendors to inform value drivers. A sample size of fifteen (15) mortgage lenders of varying size/business model were interviewed or surveyed about the improvement of metrics before and after implementing digital closings. A lender's individual financial benefit may vary depending on business and market conditions.

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Snapdocs is the leading digital closing provider, connecting the people, processes, and technologies that power a mortgage closing. Our platform automates every interaction between lenders and title companies from pre-closing through the sale of the loan. With our patented AI technology, hands-on customer service, and extensive settlement and notary networks, all mortgage participants enjoy accurate, smooth, and secure closings. This approach gives customers a competitive advantage by saving them time and money. Snapdocs makes mortgage a snap. For more information, please visit www.snapdocs.com.

FALCON CAPITAL ADVISORS

Falcon Capital Advisors (FCA) is a Washington, D.C.-based business and technology advisory firm that provides strategic advice, technical expertise and engagement execution to financial institutions and government agencies. The FCA team is comprised of industry experts who have developed deep financial services expertise by serving as regulators at federal financial regulatory agencies and as top business and technology executives at leading financial institutions. FCA's capabilities span the entire mortgage landscape, from origination and servicing to government agency consulting. The firm's technology consulting practice is known for its expertise in digital transformation, its ability to implement as well as design solutions, and its vendor agnostic approach. For more information, visit www.falconcapitaladvisors.com.