



SUCCESS STORY FOR GOVERNMENT

# South Carolina State Housing Finance and Development Authority

State Agency Improves Efficiency and Solves Its Paperwork Problems

## Challenge

Lending partners throughout the state send thousands of pages every day consisting of more than 150 types of paper, translating into more than 30 different types of loan documents, arriving through the mail, by fax or e-mail. These loan document types include notes, copies of deeds, copies of driver's license, broker funding notifications, wiring instructions, title commitments, property tax information, credit reports, appraisals, certificates of eligibility, mortgage riders and many more. Because of the variation in lending partners, these documents can take on many shapes or forms, and two of the same documents from different partners often look completely different.

At SC State Housing, every incoming document must be separated and sorted before it can be processed. This labor-intensive process was completed manually before SC State Housing decided to find a solution for improving overall operational efficiencies, improving customer service and managing the amount of paperwork within the agency.

## Solution

To address its needs, SC State Housing turned to KeyMark Inc., Kofax Platinum Reseller and award-winning document management solution provider known for its expertise in complex solutions and its exemplary customer support. KeyMark is headquartered in Liberty, South Carolina.

Previously, SC State Housing had implemented a document management system which helped the agency electronically capture, store, route and manage all of the documents that were generated or received by the agency. While the solution was a tremendous help in reducing paper storage needs and having an electronic document repository, there were still operational challenges. Documents still had to be manually sorted into document types before they could be scanned and stored into the system. This meant that an employee had to



*The South Carolina State Housing Finance and Development Authority (SC State Housing), based in Columbia, aims to create affordable housing opportunities for the citizens of South Carolina. Every day, a significant volume of paper is received and processed by the agency in fulfilling that mission. It is a self-supporting state agency that does not rely on tax-generated funds for its operations.*

*SC State Housing has served South Carolina citizens for more than three decades. Throughout the years, agency programs have made housing affordable for more than 150,000 people. It has also issued more than \$1.1 billion in tax-exempt bonds that provide financing for affordable housing without the use of any state-appropriated funding.*

*A number of federal and state programs directed at low and low-to-moderate income South Carolinians are administered by SC State Housing. Agency programs assist families and neighborhoods and help stimulate the economy by supporting jobs in the construction, real estate, and financial industries. SC State Housing also partners with banks, credit unions, legal firms and mortgage brokers to give potential borrowers an extensive list of lending partners. Potential borrowers are offered various loan programs to help them buy a home, competitive fixed interest rates and down payment/closing cost assistance. The major benefits to homebuyers are lower interest rates and reduced mortgage insurance rates, allowing them to have more affordable monthly payments and save thousands of dollars over the life of a mortgage.*

## Products in Use:

- ◆ Kofax Transformation™

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***“With our new solution in place, we feel prepared to process higher volumes of loans as the economy continues to improve. And in the end, the faster loans can be processed, the more South Carolina residents will receive help with their housing needs.”***

Mark Phipps, Director of information technology at SC State Housing

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physically touch and look at each document to determine what type of document it was and separate the entire loan package into individual documents. It typically took several hours just to separate and prepare a day’s worth of loan packages.

The solution KeyMark engineered is built upon Kofax Transformation™ document classification and data extraction software. SC State Housing’s solution was developed to automate the document preparation and sorting process, and then seamlessly release the documents into the system for the loan processing workflow. Today, the solution scans every incoming document, recognizes its document type and loan number, validates it against SC State Housing’s loan database and releases it into the a document management system where it can be retrieved, emailed and archived.

## Results

With the implementation of KeyMark’s solution in early October 2009, SC State Housing has seen an improvement in the operational efficiency of its mortgage processing business. The solution is utilized to automate the process of document classification and data extraction for loan documents. This is accomplished by using optical character recognition (OCR) technology to read all words on a document and then uses logic to determine what type of document it is based on the layout and context in the document. The software has been trained on sample sets of documents and intelligently compares the document context to classify the document without manual intervention. Once a document has been identified, the solution then intelligently identifies its start and end point. With loan documents often being tens or even hundreds of pages long, the ability to intelligently separate document start and stop points eliminates the need for document separator sheets and provides a higher degree of automation.

Alternatively, for those documents that have a structured layout (i.e. a HUD-1 Settlement Statement), the software has been trained to look for line intersections, logos, etc. to classify the document based on the layout since text on these documents may often change, making context less reliable. Finally, even complex or lengthy documents are easily streamlined into structured electronic information.

Documents that are unidentified, or are questioned by the software, are flagged and queued for manual review by an operator. Once all of the documents have been classified, the software is trained to extract a loan number. Using this extracted information, a database lookup is performed to ensure that the loan number is valid and also to retrieve corresponding information that is used to index the documents in the document management system, where it can be easily retrieved by those individuals needing access to the loan.

Since SC State Housing’s solution implementation, one of the biggest time savings has been document preparation. “What once took hours to complete is now accomplished in approximately 30 to 40 minutes,” said Mark Phipps, director of information technology at SC State Housing. “That’s how long it now takes for incoming information to be scanned, classified and prepared for a loan officer, from the time it arrives within our offices. The solution has cut loan processing time in half.” Automating the identification of documents by type and dynamically extracting key information has limited the staffing needs associated with manual preparation and classification. With the increased efficiencies brought to the process, the agency was able to realign personnel and assign new duties. With the reassignment of two staff members and the retirement of another, SC State Housing’s loan origination department size has decreased by three fulltime staff members. This has brought added efficiency to the entire agency, as staff members were moved into areas that needed more manpower.

The end-to-end solution has also delivered both improved employee satisfaction and customer service. “Employees are happier that they aren’t spending so many hours in the file room,” said Donna Fletcher, information technology project coordinator at SC State Housing. “It’s also helped us improve our customer service levels, as we can easily pull up loan information when we’re talking to a customer over the phone.”

“We’ve also seen a dramatic reduction in the amount of paperwork we need to store,” said Fletcher. “Previously, we used off-site storage but now we have established a 3-month retention plan.” And with the ability to electronically share documents, the agency has also realized a reduction in mailing costs.

Another added benefit has been the ability to manage, share and control documents between multiple departments or individuals. Improvement efficiencies have been felt throughout the entire organization as employees are able to immediately access files or multiple users access the same documents at the same time. And in the event of a disaster such as a flood or fire, the agency has the peace of mind that important documents are not lost forever.

“We’ve been pleased with the whole solution,” said Phipps. “With our new solution in place, we feel prepared to process higher volumes of loans as the economy continues to improve. And in the end, the faster loans can be processed, the more South Carolina residents will receive help with their housing needs.”

“The government group at KeyMark was really good to work with,” said Fletcher. “They listened to our needs and developed a solution that isn’t built to stay static but to grow with our processes.”

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