

Simplifying Commercial Real Estate (CRE) Loans



As per Industry Analysts, typical lending portfolio of a bank consists of at least 20-25% of Commercial Real Estate (CRE) Loans. Although CRE loans are easier channels of financing and popular with borrowers, the methodology and processes associated with loan origination for CRE are far from easy.

Contributing factors to CRE Loans complexity

Unique Requirement For Each Loan

Each CRE loan differs as per borrower requirements, industry type, product type and specific terms and conditions. Instead of a standardized process, it requires a collaborative framework to align the process as per the loan requirements

Multiple Information Systems

CRE loans add new touch points and hand offs in the process for fetching information from different systems for property analysis, title search, surveys and valuations

Industry Specific Template Requirements

Income projections and financials are calculated differently for each industry in different banks. Additionally, these templates require dynamic changes for unique requirements

Third Party Property Appraisals

Third party appraisals add to the already complex long origination and disbursement process as lenders do not have control over the third party appraisers

Options For Multiple Loan Structures

With options for recourse or non-recourse, prepayments, equity & mezzanine financing and interest types, multiple products can be structured by banks. This leads to the complexity of the loans and time to process them

Newgen Solution

Newgen has been providing software solutions to the banking industry for more than 20 years now and has developed solution accelerators for Customer Onboarding, Consumer and Commercial Lending, Trade Finance, Payments etc. As part of its Commercial Loan Origination Portfolio, Newgen offers a simple, unified and efficient model for processing CRE loans. Newgen LOS leverages its proven platform for CRE Loan origination encapsulating its entire life cycle from application submission to disbursement and monitoring. The solution provides intuitive interfaces to handle the complexities of CRE loans for multiple product structures, industry specific projection templates, touchpoints with multiple systems and event based disbursements.

The solution also provides comprehensive real time dashboards to monitor business and process reports such as KPI/SLA Reports, Risk Reports, and Compliance Reports. Profile based dashboards empower the users with complete visibility and control on the process.

Features of Newgen CRE Loan Origination System

Activity	Newgen Solution
Application Submission	<ul style="list-style-type: none"> • Option for submitting online loan origination request by borrowers • Mobile based application submission • Unified form for one time data entry • Pre-population of data from Core Banking System • Seamless integration with third party systems for borrower due diligence (Blacklist Check, AML, OFAC Check, World Check, De-dupe Check) • Collection of required documents from borrower for paperless processing
Underwriting	<ul style="list-style-type: none"> • Ability to integrate with existing spreading tools to leverage bank investments • Registration of industry specific templates • Automated selection of templates and required data in dynamic forms • Spreading capabilities on the uploaded data including ratio calculations (LTV, LTC, DSCR) • Easy configuration of registered templates by business users • Generation of credit memo in bank specified templates
Third Party Appraisals	<ul style="list-style-type: none"> • Automated initiation of third party appraisals • Fetching of reports and information on valuation, environmental study, title search, flood certifications, UCC filing etc.
Risk Analysis	<ul style="list-style-type: none"> • Integration with existing risk rating engine to leverage existing investments • Configurable Risk Rating Module with industry best practices • Additional parameters for property as part of risk rating • Generation of executive summary for approvals
Approval	<ul style="list-style-type: none"> • Flexible approval cycle with support for sequential or parallel approval workflows • Audit trail for all actions, approver decision and comments • Generation of facilities offer letter for customer signature
Documentation	<ul style="list-style-type: none"> • Option of integration with existing documentation provider to leverage bank investments • Generation of loan package, security documents from system • Integration with e-sign applications for customer acceptance • Ability to scan customer signed documents
Disbursement	<ul style="list-style-type: none"> • Automated booking and funding from the system with seamless integration with Core Banking • Event based disbursement with follow up alerts and reminders
Post Disbursement	<ul style="list-style-type: none"> • Post disbursement financial and non-financial covenant monitoring • Automated email alerts for red flags on covenant compliance • Out-of-the-box tickler system or time based reminders and alerts

Benefits

Complete Visibility and Tracking

End-to-End automation of CRE Loans in a collaborative workflow environment

Reduced Costs and Processing Time

Paperless processing with built-in Document Management System

Lower Turn Around Time

Flexible Template Manager to handle Industry Specific/Customer Specific financials

Great User Experience and Reduced Error Rates

Integration with disparate systems to eliminate re-key of information

Complete Visibility and Control

Real time dashboards for business and process reports

Business Agility to meet Current and Future needs

Underlying Business Process Management Framework with configurable modules

About Newgen

Newgen Software is a leading global provider of Business Process Management (BPM), Enterprise Content Management (ECM), Customer Communication Management (CCM) and Case Management solutions with a global footprint of 1300+ installations in 61+ countries with large, mission critical solutions deployed at the world's leading Banks, Insurance firms, BPO's, Healthcare Organizations, Government, Telecom Companies & Shared Service Centers.

Newgen's Quality Systems are certified against ISO 9001:2008 and Information Security Standard, ISO 27001:2013. Newgen has been assessed at CMMi Level3.

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