

# RESPA, Assembly Lines and 'I Love Lucy'

## How Document Vendors Handle Initial Disclosures

By Clint Salisbury  
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“I Love Lucy” is one of the most influential sitcoms in TV history, and in 2012 it was voted in one poll as the “Best TV Show of All Time.”

One of the most recognizable scenes from its six-year run is Lucy and Ethel working on the assembly line at the chocolate factory. What starts out as manageable quickly leads to the pair fighting a losing game.

As more and more chocolates roll by, Lucy and Ethel begin jamming them in their mouths and stuffing them down their shirts and under their caps to avoid letting their boss know they are having issues and can't keep up.

With increased loan origination volume this year, initial disclosure maintenance has led some processors to increase their operational efficiency in order to avoid finding themselves in their own Lucy-and-Ethel type of calamity—overwhelmed, underperforming and with some explaining to do.

Perhaps the most important aspect of managing initial disclosures, or loan estimates, at least from a regulatory perspective, is making sure the consumer has received them, whether by mail or email, no later than three days after application.

### RESPA REQUIREMENT

The Real Estate Settlement and Procedures Act (RESPA) states, “The creditor

is responsible for delivering the loan estimate or placing it in the mail no later than the third business day after receiving the application.”<sup>1</sup>

It's important to recognize that even as the mortgage industry is pushing to go completely digital, paper still plays a role in the document process due to the need for a fail-safe document delivery method, among other reasons. The complexity in abiding by this rule emerges in keeping track of whether a consumer has received the disclosures by email, and then mailing them out, if required.

Credit unions can use document vendors to keep track of when disclosures must be mailed. If necessary, the document vendors can then mail the



documents at a reasonable cost. This can provide a tremendous amount of peace of mind.

Here's how it works: Once the credit union orders and emails the disclosures to the borrower, the document vendor's system starts monitoring the order against the RESPA three-day mailing requirement.

If the borrower does not open the disclosures in their email in a timely

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manner, the mailing requirement is triggered, and the disclosures are automatically printed and sent to the fulfillment center assembly line to meet compliance requirements.

### DOCUMENT-PREP ASSEMBLY LINE

Due to the nature of mailing physical documents, a document vendor's fulfillment center features an actual assembly line, not a metaphorical one.

A team of fulfillment operators far more efficient and qualified than Lucy and Ethel line up along tables, and going from one person to the next, goes to work addressing envelopes, stuffing envelopes, running the postage machine, applying the postage, and placing them

in a transport container supplied by the post office.

At this point, the disclosures are ready to be hand-delivered to the post office.

Once the mortgage boom of 2020 began, document vendors and their fulfillment centers faced the challenge of quickly scaling up operations while remaining cost-effective and productive. In many cases, document volumes were up as much as 100% or more over 2019 totals.

This scaling up led to document vendors and their fulfillment centers increasing staff and upgrading equipment such as printers to handle the increase in production.

In some cases, fulfillment centers looked for ways to increase the efficiency of delivering the documents to the post office, such as purchasing a cargo van to decrease the number of daily trips to the post office.

These extra measures taken by docu-

ment vendors to ensure the grunt work gets done efficiently and accurately allows credit unions to focus their energy on matters other than ensuring documents are delivered to the borrower in accordance with the RESPA three-day mailing requirement.

### SWEET SENSE OF FULFILLMENT

Creditors can rest assured that there are solutions that make managing initial disclosures a whole lot easier, especially as the mortgage applications keep rolling in one after the other.

Rather than having a Lucy and Ethel situation in which overwhelmed processors might be stuffing documents, envelopes and postage stickers under a desk, creditors can utilize a document vendor's fulfillment center and well-staffed assembly line to mail out disclosures efficiently, accurately and within regulatory requirements.



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*Since 2008, Clint Salisbury has served in many roles at IDS Inc. His breadth of experience includes In-House Counsel and Director of Implementation, giving him unique perspective into the mortgage industry. As Northern Regional Sales Director, he uses two core principles: seek to solve problems and be helpful in any way possible.*



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### Footnote

<sup>1</sup> <https://www.cfpaguide.com/portalresource/tilarespadiscrueguide.pdf>