

CASE STUDY

From Manual to Masterful in Lien Management

INTRODUCTION

Addressing Gaps in Lien Management

Many organizations with lien portfolios assume that manual in-house processes and using state systems are more cost effective than outsourcing. But a closer look often reveals gaps in consistency and accuracy that can lead to errors and associated risks.

Such was the case with one Lien Solutions agricultural lending client, who realized there was a better way to manage their lien portfolio. A manager in the organization reflects that historically, “all collateral documents were generated out of our Loan Origination System (LOS). That means UCC-1s were populated and put into a form, and our process was different across all of our different branch offices.”

Having multiple processes for a single task made it challenging to ensure that the portfolio was being managed effectively. This was compounded by a lack of visibility across the portfolio, with paper records stored at each regional office. Our client recalls that “if you wanted a copy, you would hope they would have it. If not, you would have to purchase a copy of it...we never really had a good grasp on what we had.”

That uncertainty was a big obstacle to effectively maintain the portfolio and guard against errors and oversights, which can be costly to any organization. But it's of particular significance in a specialized industry like agricultural lending, where risks can increase along with shifts in the economic cycle. When financial strains increase, the risks from unperfected liens increase, too. That means a more consistent and effective approach to lien management is an important contributor to the financial health of the organization.



SITUATION

The Risk of Error and Lack of Oversight

While variations in process created challenges for our client, the root cause of many of those challenges could be found in one place – manual input. Employees would often take the form that was generated by the LOS and file it at the secretary of state (SOS) online. That meant looking at the form and manually inputting the borrower's name, collateral language, and other important data into the SOS website, thus creating endless opportunity for human error. Other branch offices would choose to print the form and mail it to the SOS. That process required manual input on the part of the SOS as they entered data from a PDF into their system. Again, the manual process was prone to error.

Integration with our clients' existing systems and technologies is key. As our client explains: “Lien Solutions is directly linked to our LOS. So the benefit for us – and this is just a game changer – is being able to click a button in our LOS and it sends all the debtor and collateral info to Lien Solutions.”

As the client notes: “You can imagine how many errors we continue to find even in the spelling of our name as secured party. But more seriously, the debtor names were mistyped, collateral was not typed correctly...anything you can think of in terms of human error, that was the experience.” In the case of lien perfection, even the smallest typographic error can have serious consequences. A misspelling of the debtor name can make the filing unperfected. A mistype of a file number on a termination can cause the termination of someone else’s filing. What’s more, mistakes like these are all legally binding.

SOLUTION

Implementing a Comprehensive Solution

With Lien Solutions, our client has been able to take a more proactive approach to managing its lien portfolio. First, the organization has been able to clean up many past errors and inconsistencies, correcting problems with previously filed liens.

Our client says: “We catch [errors] all the time. When we pulled our liens from the SOS website into our Lien Solutions portfolio, there were close to 50 variations of the way our secured party name was spelled, and that was all due to human error. We fixed all those with amendments.”

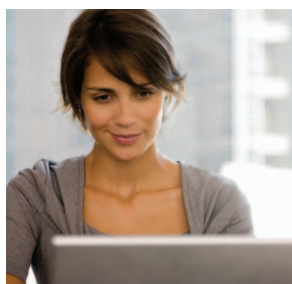
Our client found another advantage in process consolidation. As new liens are created and perfected, Lien Solutions provides a robust toolset that the whole organization can use across the entire lifecycle of lien management – from searching and filing to monitoring. This has allowed our client to automate and standardize previously manual or variable processes. For example, when tracking UCCs, our client used to depend on a manual tickler system, which opened them up to errors. Now, they simply use the “Pending Expiration” feature that comes complimentary with iLien and prompts them to address all expiring liens as they come due.

The fact is that many people at organizations who manage lien processes in-house like their manual processes because they are familiar. But once managers and executives realize the risk involved, and users see how easy iLien’s systems are, they see the extraordinary value of working with Lien Solutions.

Requiring only a quick review to make sure everything is input correctly, this integration is a big time saver and efficiency driver. By eliminating human data entry, errors are minimized and accuracy enhanced. This, the client reflects, “is a feature that really sold us on making the switch [to Lien Solutions].”

RESULTS

The Value of a Proactive Partner



Our client believes that one of the overarching benefits of Lien Solutions is the ability to see and keep track of the lien portfolio as a whole.

The client says, “It comes down to our branch offices being able to see all filings in one portfolio, see the status, and have it be top of mind. Before they only caught things when loan action came up or when an account went bad. Now with Lien Solutions, we can have a hand on our whole filing portfolio...having all that information in one place has done a great deal for our association.”

Our client has experienced the value not only in using a service provider, but in using one with the depth of expertise and commitment of Lien Solutions. Lien Solutions takes a consultative approach to sales and onboarding, customizing solutions to the way an organization works and what they need. Comprehensive training on our already easy-to-use systems is standard, as is complete availability for clients through every step of the transition.

“After [implementation], the training was easy because everything was right there. The system was so easy to use and learn”, our client said.

Ultimately, our client has been able to achieve the consistency and accuracy it requires with the support of a proactive partner who continues to be there at every turn.