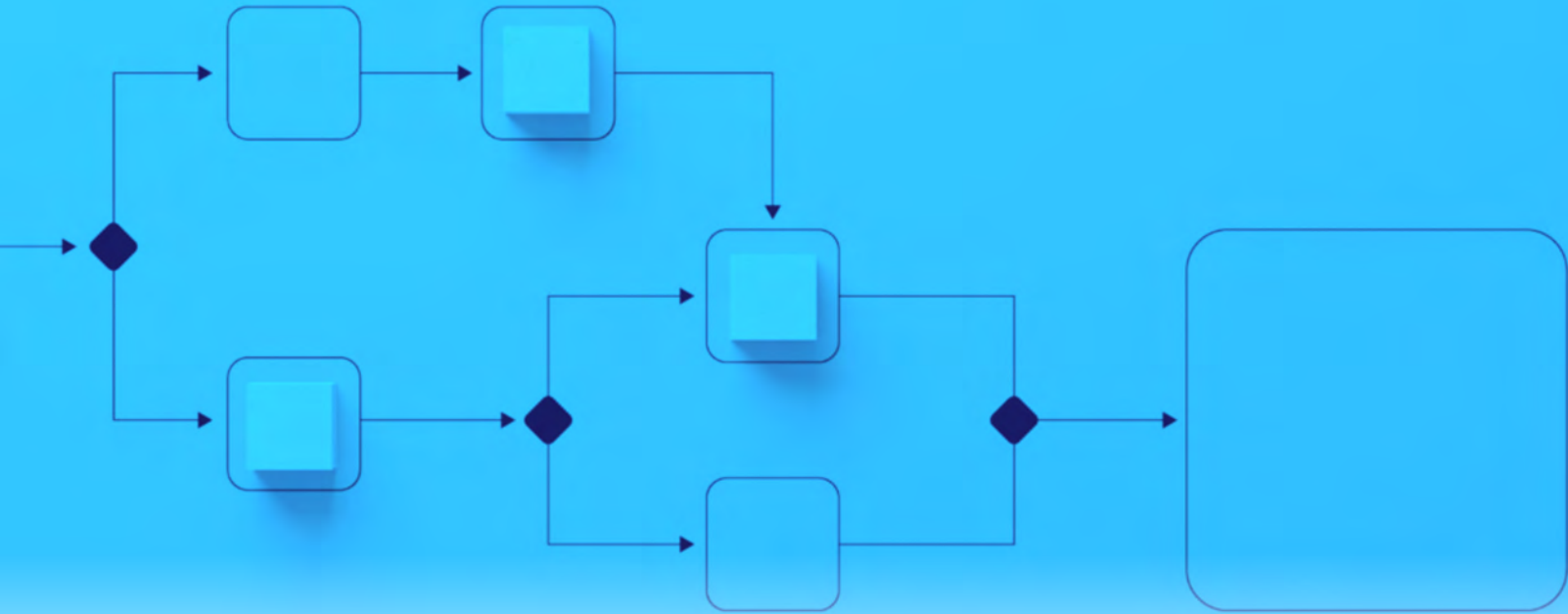


# The Next-Gen Closing Doc Workflow



WHITE PAPER

## Synchronizing Doc Gen Automation and the Attorney Relationship

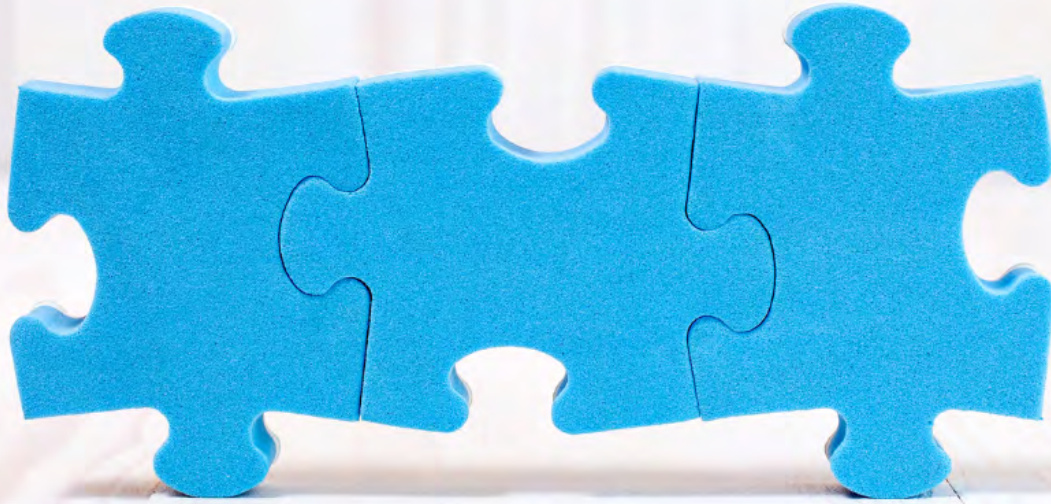
for the Commercial Lending Market

A white paper designed to provide insight on synchronizing and fostering the new closing doc workflow between automation and the existing attorney relationship — offering transformational opportunities for the commercial lender.

**GoDOCS**<sup>®</sup>

godocs.com

Powering Lender Growth with Doc Gen Automation



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# WHAT TO EXPECT

## Fostering a New Relationship

Sometimes in commercial lending, we typically feel that the complexities of the loan process are simply inherent and unavoidable. After all, it's detail-oriented work that requires the loan detail to cover any complexity needed. For this reason, many commercial lenders have stuck with the "tried and true" approach to documentation and leveraged teams of attorneys to draft closing docs. Automation, it is said by traditionalists, oversimplifies an inevitably unavoidable complex process.

In reality, that couldn't be further from the truth. The new, automated closing doc workflow offers transformational opportunities for your organization. In its best iterations, automation creates harmonious synchronization between technology and the existing attorney relationship, adding value to the process and taking none of the necessary "complexity" away.

In this white paper, we'll discuss the subtle intersection between attorneys and technology and how the right automation solutions can foster a new relationship between these resources and your institution. By no means does the advent of automation spell the end of your in-house team or your trusted commercial law firm. Instead, you can leverage technology to create a faster, more efficient, accurate, and more affordable closing process in a way that capitalizes on your longstanding attorney relationships to create a next-gen workflow.



# An essential relationship.

Commercial Lending White Paper

Synchronizing Doc Gen Automation and the Attorney Relationship

*Your legal team is essential to risk mitigation and commercial lending success. Automation and your legal team are a critical cohesive relationship.*

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## Automating Closing Docs Doesn't Mean an End to the Attorney-Relationship

Attorneys have long been a central and essential part of commercial lending. It goes without saying that having a knowledgeable person on hand who understands the ins and outs of contractual language is essential to risk mitigation and success in commercial lending. While some might see the advent of automation as an “end” to the attorney-client relationship, that is not actually the case. A trusted attorney, or even a team of attorneys, will continue to be an indispensable member of your team, even as it becomes necessary to shift priorities in order to remain competitive.

### *There is room for both, the attorney and automation.*

Automation and attorneys are not mutually exclusive. There is room (and a need) for both at your company.

While implementing automation into your doc gen workflow is critical to remain competitive and drive growth, the automation and attorney relationship does not become obsolete. Instead, it adjusts to a new reality, as often happens in business and commercial lending.

## Collaborative Modifications with the Next-Gen Workflow

The collaborative next-gen workflow is critical to commercial lending success. A best-in-class automation provider will work closely with the lender's in-house and outside legal counsel. Below are a few examples of the collaborative modifications that often occurs as you create a new workflow that reframes your attorney-client relationship without diminishing it:

### 1 *New Legal Issues*

As new legal issues arise, a lender's attorneys will still need to be on hand to provide legal analysis and prepare legal memos. While an automation provider, such as GoDocs, provides current and up-to-date templates that reflect the latest legal and regulatory changes, a trusted attorney can provide that extra layer of protection and serve as an additional resource.

This collaboration can ensure that a lender receives the highest quality analysis and implementation in a "fool-proof/error-free" document automation system. Think of this "meeting of the minds" between attorney and automation as a best-of-both-worlds scenario: Once a new or modified provision is automated, a lender will receive consistent, comprehensive, and compliant documents without the risk of human error. Let's face it, even the most experienced loan documentation processor isn't immune to human error, and without automation, these errors can be commonplace in commercial lending, yet they do not have to be.

### 2 *Document Revisions*

Post-automation, a lender may choose to continue to use its attorneys to negotiate and revise the documents prepared by the automation solution provider's system. In-house or outside counsel would be involved in reviewing and modifying document revisions for complete assurance to the lender. In the case of a high-quality, professional automation provider, the provider will have an attorney network that provides such services under a negotiated fixed-fee service agreement.

### 3 *Local Closing Attorney Requirements*

Lastly, a lender can continue to utilize its closing attorneys in states that require local closing attorneys.

### 4 *Legal Network Access*

Recognizing the importance of a trusted attorney-client relationship while also understanding that not every company has access to in-house or outside attorneys, a well-established, integrated automated doc gen solution, like GoDocs, should provide seamless access to an affiliate network of attorneys for its customers needs. GoDocs LegalNet is a tool that provides one-click access to a network of attorneys from within the GoDocs platform and auto delivers loan documents to the attorney of choice.

## What are the primary considerations when automating loan docs, particularly complex loans?

For most lenders, their biggest concern is whether their attorney will stay on board, but outside of this, what are some other primary considerations when turning to automation for loan docs? The benefits that result from automation are pervasive, but you do need to look for the right feature set, especially when it comes to complex loans. The following are our top considerations to keep in mind when automating loan docs and choosing a solution provider.

### 1 *Wide Variety of Built-In Templates*

Ensure that automated templates in a software solution address a wide variety of loan structures with custom formats. Some solutions might offer a flimsy alternative, using the same template base repeatedly and just adding on different features.

A truly performant solution, like GoDocs, will have detailed and diverse templates built in. GoDocs provides loans for all commercial collateral types, i.e., retail, industrial, self-storage, hospitality, office, multi-family, manufactured housing, Fannie Mae, 1-4 unit BPL, and raw land. It also provides construction loans (including revolving lines of credit and construction-bridge-term combo loans), C&I loans (including borrowing base facilities), secured or unsecured working capital loans (either lines of credit or revolving lines of credit), fix 'n flip loans, land lot development loans, etc.

### 2 *Market Competitiveness*

Commercial lending is fast-moving and constantly fluctuating. An automation solution must be as responsive to shifts in the market as your company is. Look for a solution that captures current market provisions to maintain adaptable and flexible templates that will be market competitive. GoDocs' legal team always stays ahead on top of market trends, 50-state compliance requirements, and local law procedural matters.

### 3 *Custom Language*

As comprehensive as a quality automation solution can be, on occasion, lenders will encounter a commercial lending deal that requires incredibly unique and specific language. Any automation solution you consider should extend the ability to work with counsel to develop custom language to be included in automated documents and then become a templated customization for future use with ease.

The GoDocs legal team has years of experience working collaboratively with outside counsel to address lender needs, and our process is efficient and expeditious. We do not take months to implement newly developed customization.

## Primary Considerations When Automating Loan Docs *(continued)*

### 4 *Interactive Underwriting Requirements*

Another consideration to keep in mind, finding an automation solution that has an established, interactive product development process to address periodic changes in a lender's underwriting requirements.

Unlike law firms, GoDocs has a disciplined product development team that provides stable, predictable, consistent, and comprehensive document updates/revisions that undergo extensive quality control and well-developed quality assurance processes which are beyond the capabilities of law firms.

### 5 *Complex Financial Covenants*

Software solutions that offer a "one size fits all" template or are limited to one sphere, such as residential, won't deliver when it comes to your most complex financial covenants. Having the ability to document complex financial covenants, financial reporting requirements, alternative cash management structures, additional collateral options, disbursement controls/protections, and more is essential when it comes to automating loan docs. GoDocs provides a wide variety of these types of documents, borrower covenants/ reps and warranties, and ancillary loan documents for both CRE and C&I loans.

### 6 *Fixed Fee Program*

Ensure you have transparency when it comes to fees with any loan doc automation provider. Look for a fixed fee program that provides clear, up front fees that can be included in a lender or borrower budget. Attorneys still resist fixed fees and committed turnaround times, whereas an automated platform can provide both features— something that is increasingly becoming an absolute necessity for borrowers.

### 7 *Same Standard of Care as Leading Law Firms*

The right automation software should provide the same level of care as you would expect from the nation's leading law firms. There are some companies out there that will offer a "warranty," but these types of agreements come with a lot of limitations and only amount to a gimmick.

You'll want to find a solution like GoDocs that operates according to the same standards as law firms with its product and documents backed by E&O and Cyber Liability Insurance. The expectation from customers and the deliverable from GoDocs is full compliance and no errors across all documents.

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## Why doc gen software automation backed by a powerful, experienced legal team is essential.

We have walked through how your own attorneys will remain an essential part of your team post-automation. Now, let's consider what you should look for and expect on the other side of the equation. The most powerful commercial doc-generation solution in the industry will mean little without the backing of the right experts.

Creating the right automation solution is only possible when there is collaboration between software developers and a team of experienced attorneys. For example, GoDocs' team of respected attorneys has decades of experience and ensures that their software produces accurate and updated, attorney-quality documents that address the critical complexities of commercial loans. By choosing an automation solution with a powerful and experienced legal team, you will be able to set your mind (and the mind of your commercial law firm) at ease by ensuring not only is the software developed by an experience software dev team but also has the backing of a powerhouse legal team.

## Doc Gen Software Backed by a Powerful, Experienced Legal Team (*continued*)

What should you look for in a legal team for your automation solution? Ask the following:

### 1 *Is the legal team dedicated to the software only or are they sharing resources with the law firm's legacy commercial clients?*

A best-in-class software solution will have legal resources dedicated to the development of the software and the quality of the documents the software produces. Shared resources affect the success of the workflow and pull resources from one side of the business to another, etc. You will want a legal team that is solely focused on supporting software development and functionality.

### 2 *How many attorneys are dedicated to software development customer support?*

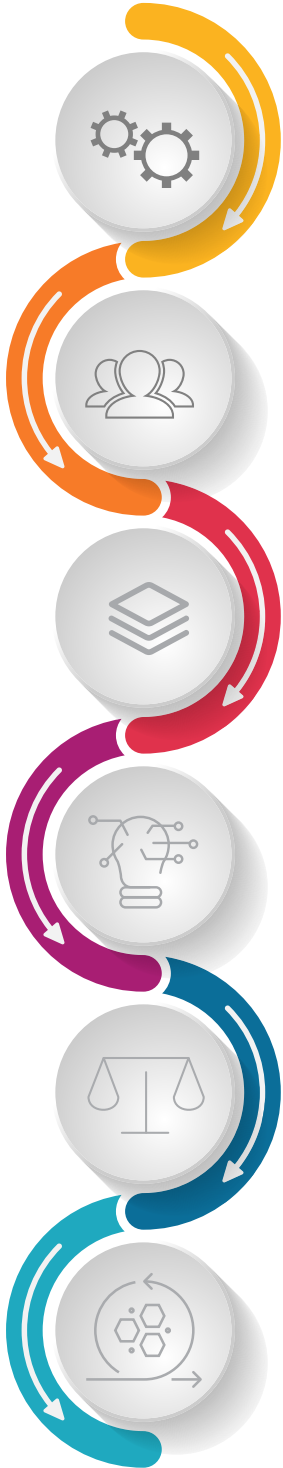
As you can imagine, it takes a solid team of attorneys to ensure accurate and compliant documentation across all 50 states. You need a legal team that has a disciplined and committed program to ensure compliance on all levels – legal, market, and changing economics.

### 3 *What does the doc prep operations team look like? What is their level of experience?*

You should be looking for a well-staffed team of experienced attorneys supported by paralegals, along with a robust customer support team. This type of comprehensive team is the only way to ensure customized documentation that is accurate, compliant, and complete.

### 4 *What is the legal team's CRE and C&I experience?*

Seek a solution where the legal team that works alongside the software development team has the experience necessary to support the technology and ensure the loan docs meet all CRE and C&I requirements. You want attorneys that specialize in these areas and have firsthand experience navigating these types of loans for excellence in software development.





## Doc Gen Software Automation Backed by a Powerful, Experienced Legal Team *(continued)*

### Legal Team Strength

*Ensure the legal team leading the software development has a solid process, a dynamic team, and a well-designed technology roadmap.*

#### 5 *How is the legal team designed to develop the software needs?*

The software and legal teams should have a clear and proven approach, a collaborative environment, and a solid, well-defined process for feature development, enhancements, improvements, and innovation. A top-tier solution will have a well-designed and effective technology roadmap that clearly defines the future evolution of the product and services.

#### 6 *How does the legal team ensure compliance across all commercial lending requirements, even as they change?*

Stakeholders, such as regulators, customers, investors, borrowers, etc., are unlikely to tolerate an approach to compliance that demonstrates anything less than best practice. Best practice dictates an effective, risk-based compliance program with policies and procedures that are in place and implemented, supported, monitored, and enhanced by a top-quality legal team.

To get to this understanding, ask what their compliance program entails and how it works and, most importantly, provide them with compliance-related scenarios to understand how they are addressed. If there is a solid program in place that you can view and discuss, you will experience compliance comfort.

# Doc Gen Software

## *Legal Dream Team*

### What does a legal dream team look like within a doc gen automation solution provider?

#### *Key components of a software legal dream team:*

- Years of private practice experience representing private lenders, loan servicers, and loan originators for loan sales.
- Years of in-house experience in the financial services industry, leading and implementing governance, risk management, and compliance strategies and programs.
- Years of private practice experience representing regulated lenders, including state and federally chartered banks and credit unions.
- A strong team with the gravitas and foundational resources and experience (private practice and in-house) to effectively execute on a 50-state loan documentation governance, risk (management), and compliance program.

#### *A process that includes:*

- A legal team that creates new loan products, advanced loan features and options, and enhancements and expansions of existing loan products.
- A legal team that understands the software development process and works directly with the product and development teams to produce accurate, complete, and legally compliant loan materials.
- A legal team that oversees the QA and QC program.
- A legal team that embeds continuous product improvement into its strategy and operations of software development and enhancements by leveraging customer feedback, customization requests, legal developments and trends, legal network collaboration (i.e., GoDocs LegalNet), market research, etc.
- A legal team that will provide prompt and accurate guidance on how to use the automated system to accurately document a lender's more complex loans.
- A legal team that will provide training for customers to provide education and insights to improve each customer's loan processing, closing, and servicing teams.



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## The Reality of It All Primary Concerns from Your Trusted Attorneys

If your attorneys are doing their jobs, they often come to you with concerns, no matter the topic. When it comes to automation software, your lawyers may have what they feel are some natural objections to digitizing closing docs. The following are some primary concerns you may hear from your attorneys and the actual facts involved.

### 1 *Automated documents are too simple.*

**Reality:** When it comes to technology in this day and age, “simple” doesn’t mean lacking in complexity. Today’s technology has the ability to take the most complex business and attorney decision trees and automate them to provide a wide range of loan structure options that are user-friendly. With this, you retain the needed complexity while enjoying a “simpler” process. For example, GoDocs provides complex loan structures such as revolving line of credit construction loan documents, borrowing base C&I loan structures, and other similar complex structures.

### 2 *Only attorneys can understand and interpret business requirements that need legal structuring.*

**Reality:** Business requirements can be understood by GoDocs attorneys, who can then build the proper legal requirements into an automated format so that a deal-by-deal interpretation is not necessary. The GoDocs legal team (with over 150 years of combined experience) reviews and drafts all provisions to be included in the templates.

*Automating the most complex attorney decision trees with an easy to use interface.*



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## The Reality of It All *(continued)*

### 3 *If a lender has any questions, an attorney on hand is necessary to address such matters.*

**Reality:** GoDocs provides both customer support and legal team support (along with an affiliated legal network) to provide guidance and direction to permit a lender to properly use our advanced automated platform to yield fast, efficient, and legally compliant document preparation.

The GoDocs customer/legal support teams provide free and prompt support and guidance, whereas attorneys tend to be much slower in responding to questions and typically charge for any support they provide to a client.

### 4 *A lender needs to have its own counsel to walk the parties through every stage of the due diligence, documentation, and closing processes.*

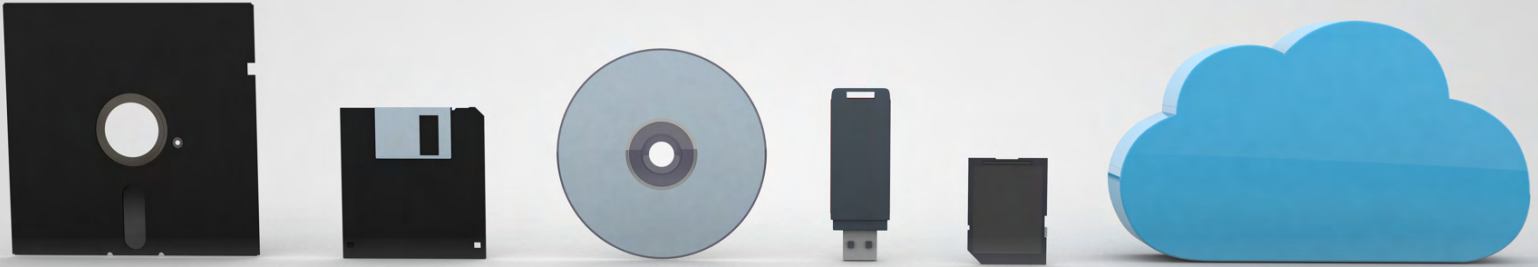
**Reality:** A top-tier loan document solution, like GoDocs, will address all legal needs for the commercial lender's loan documents. GoDocs offers entity reviews, loan document negotiations, and additional legal services through its GoDocs LegalNet automated solution.

Having said that, with legal fees for borrower negotiations at a premium, borrowers are willing to reduce or eliminate negotiations when:

- The loan documents are complete and accurate;
- The automated loan documentation fee is a fraction of legal costs;
- The speed of loan document delivery can be almost immediate upon final loan approval;
- 50-state legal compliance is supported.

The GoDocs platform, in most instances, eliminates negotiations and provides statistical data in support of this extremely valuable claim. It is a known fact that very few outside counsel entities are able to make the same claim.

# Don't get left behind.



Commercial Lending White Paper  
Synchronizing Doc Gen Automation and the Attorney Relationship

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## Evolving is a Must, and Here is Why

Too many industries have dug in their heels against automation for too long, including commercial lenders. Evolving into a digital and automated landscape is a must at this point. Here's why:

***Your competition is evolving.*** The last thing you want is to get left behind. Your competition is adopting innovative technologies, so don't be late for the game.

***You've got escalating costs.*** Attorneys cost money, and complex loans can escalate those costs. With an automated approach, you can better control costs and have cost transparency on your "attorney" needs in closing.

***The "Human Error" element.*** Human error is inevitable. Even the most experienced attorneys and their paralegals can make mistakes. Automation eliminates this long-standing pain point in business.

***Negotiations.*** Minimizing negotiations. Back-and-forth negotiations run up the attorney tab and can be very costly to the borrower. Reducing the need for extensive and ongoing negotiations makes lenders more attractive to customers.

***Borrower demand.*** It's the new millennium. Your customers expect automation and the speed and ease that comes with it. In this day and age, sticking with the analog equates to bad customer service.



# TIME IS OF THE ESSENCE

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## CONCLUSION

### Time is of the Essence

Ultimately, commercial doc gen automation and a lending institution's in-house team of attorneys aren't mutually exclusive.

In fact, when properly positioned to work together, these two valuable resources can create a next-gen workflow that allows lenders to reduce costs, expedite loans, eliminate errors, ensure compliance in an evolving legal landscape, and so much more.

### Don't Get Left Behind

When it comes to the competition, it isn't a question of if they will incorporate automation into their processes — it is a question of when. Without a doubt, automation is transforming commercial lending. The key for lenders now is to choose the right solution that represents the best in software development, legal backing, customer support, and transparent pricing. Be sure to use this resource to help you find the best automation solution that will help you gain a competitive edge and foster a synchronized and balanced relationship between technology and your legal team.

# 6 Products That Deliver Documents *Faster, Cheaper, and at Higher Quality*

We offer six products tailored to the exact needs of the commercial lender.



## CommercialDocs®

For commercial real estate and C&I loans, all commercial property types, term loans, fixed, adjusted, interest-only, revolving lines of credit, bridge loans, and rehab loans.

**Easily automate any commercial loans — regardless of complexity.**



## InvestorDocs®

Specifically built for business purpose loans secured by 1-4 unit residential properties. Easily customize each document package for any transaction, lender requirement, and applicable state law.

**Faster and less expensive than traditional attorneys and legacy software.**



## ApartmentDocs®

For loans secured by multifamily properties (5 or more units), and for all multifamily property types including apartments, mobile home parks, and assisted living facilities.

**Custom-tailored to meet any lender's loan programs and requirements.**



## ModDocs®

For any modification extensions, loan assumptions, loan default materials for commercial, multifamily, and investor-owned 1-4 unit loans.

**Includes default letters, demand letters, pre-negotiation letters, and forbearance agreements.**



## ConstructionDocs™

For all commercial construction loan types including ground-up, fix & flip, major rehab, modest rehab, and minor rehab projects.

**Standard to complex, automated loan docs that provide protection without excess.**



## C&IDocs™

For a more accessible commercial option providing complex and compliant legal loan documents for working capital and equipment lending.

**Capturing unique financial covenants, reporting requirements, and collateral monitoring provisions.**

**GoDOCS®**

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Powering Lender Growth with Doc Gen Automation

# Accelerate Commercial Lending at Scale

The automation leader in commercial loan document generation.

*Contact us to start automating your complex loans and advance your competitive growth.*

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