

# Effectively Using Business Rules

## A Recommendation from Calyx<sup>®</sup> Professional Services

At Calyx, we constantly strive to help our users remain in compliance, as well as operate in a highly functional manner. The use of Business Rules in PointCentral<sup>®</sup> rates as the most important piece of our multi-part strategy in achieving these goals. Business Rules help your users in several key areas by:

- preventing them from doing loans where they are not licensed
- warning them that the basic information exists to require disclosure of a file
- requiring that certain information be entered in the file before it is submitted to Processing, and
- disabling fields once a file has been approved by Underwriting.

### General Information

#### for All PointCentral Customers to Consider

Business rules allow companies to define parts of their business workflow through PointCentral. These rules are designed to operate in conjunction with the user group security that is a part of PointCentral. PointCentral offers 4 default business rule types, grouped into two categories: Hard Stop and Soft Stop. A Hard Stop rule will fire a message to the user and prevent a file from being saved without fulfilling the needed conditions, while the Soft Stop will allow a user to proceed beyond the message.

The Hard Stop Rules in PointCentral are Disabled Fields, Required Fields, and State Licenses. The Disabled Field Rule will disable certain fields when the user (based on group or individual security) opens a file. All fields that have been disabled in this rule will prevent the user from making any changes to the field(s) (however, the user will be able to read the data in the field). The Required Fields Business Rule will require the user to complete fields prior to saving a file. When the user saves, Point will confirm the required fields are completed. If they are not completed, a message will appear that instructs the user on how to satisfy the condition. The user will not be able to save the file until the field(s) is completed. The State Licenses Business Rule allows users to create loan files only in the state where they are licensed to do business. The rule prevents users from saving a file unless the subject property state is the state where they are licensed.

Soft Stop Rules are called Custom Messages. A Custom Message Rule will simply alert the user with a warning of a field that requires attention but will allow the file to be saved.

### Rules for the Originator and Processor

Every Calyx customer will want to implement rules that assist with two of the most common issues: workflow and compliance. One of the most important rules, which should be implemented first, is a hard stop that warns the user that the file was not started from a Master File and that it must be immediately provided or the user cannot save the file.

A file created from a Master File Template will ensure that specific required information pre-populates the Loan File so that the Loan Originator does not have to enter it manually (property information on the Truth in Lending, e. g.). This rule provides for 100% consistency across the system regarding how statuses are defined, how default information is entered and to what exact information must be defaulted for compliance purposes.

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The second hard stop rule would prevent a user from saving a file without completing certain required fields. Typically these fields would include the Originator's name, Borrower's first name and Borrower's last name. You might also want to require an email address and contact phone number. This basic rule will prevent non-compliant files from accumulating in your system.

The next rule samples the fields containing the six pieces of information that constitute a disclosable HUD Application, and warns the user that this information is now present in the file. HUD requires that whenever those six items are received from the borrower, RESPA disclosures must be provided within three days. We typically recommend that this be a soft warning instead of a hard stop. Only when the Originator enters Application Date will the warning disappear. Our recommendation is for initial disclosures to be given to the Borrower at this time. The Disclosable File Rule, along with a daily management report, makes it easy to manage the three-day RESPA requirement regarding disclosures.

Finally, a Required Fields Rule should be created to ensure information within the 1003 is completed by the Originator. We do not recommend that every single field within the 1003 be made a part of this rule, but it should be set up to look for information that is frequently missed by even the most astute Originators.

Many other custom rules may be applied in the Underwriting and Banking sections of Point. Most importantly, fields may be locked out of being edited by certain personnel, once Underwriting has given a decision on a loan. Further, fields may be disabled for specified users once an interest rate is locked. Other rules can be developed for other departments depending on your workflow, but these would be the most common "operations" rules.

### Conclusion

Calyx provides a number of pre-built Business Rules with PointCentral. Some of these rules may be applied with little forethought, but our overall recommendation is a careful study of your own workflow and requirements before turning on any rules. In this rapidly-changing compliance environment, it is impossible to provide canned rules that may simply be turned on without reviewing their effects.

The easiest way for a Calyx customer to start using Business Rules is to take the free online class called "Using Business Rules in PointCentral." This class will take you through the basic mechanics of writing rules, as well as provide a thorough overview of the most important rules recommended for your front end origination activity. After this class, you should be able to sit down in front of your own PointCentral administration page and start customizing your own rules. You can find the class schedule at [www.calyxsoftware.com/training/online.asp](http://www.calyxsoftware.com/training/online.asp)

Alternatively, you may elect to hire a member of our Professional Services Group to assist you in a custom online session. If you are a large enterprise and have extensive issues you want to accomplish with rules, contact your sales representative for more information and a quote.

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