# Smartphones And Construction Loan Efficiencies

technology lending business customers

**Summary:** Construction lending can be messy and complex. We provide some tips for streamlining.

As pointed out yesterday, almost everyone checks their smartphone when waking up or just before going to bed, and few are successful at limiting their usage. To help, the same Deloitte research finds top ways people try are: keep phone in handbag or pocket while meeting people (38%), turn off audio notifications (32%), keep phone in bag or pocket when alone (27%), delete apps (26%) and turn off phone at night (26%). Hope this helps.

When it comes to construction lending, there are other tips that can help even those bankers who are tied to their phones. As any banker involved in construction lending knows, at times it can be messy and complex. Having a largely paper-based system can exacerbate the situation. According to BankLabs, 85% of payments from builders to subcontractors are paper-based. This slows down the process and can lead to errors.

While other processes are being automated, some bankers believe that the construction loan management process is just too complicated. After all, many people must touch the documents along the way. So, many lenders still manage this process manually, with Excel spreadsheets, emails, phone calls and paper. Yet, the complexity of the process is the very reason banks should consider automating it.

Indeed, nearly 90% of spreadsheet documents contain one or more errors, according to University of Hawaii research. Errors typically occur in a small percentage of all cells, so for large spreadsheets with thousands of formulas, the number of errors can rise significantly. Bank administrators under pressure might also end up taking shortcuts to the tedious manual process, which can lead to even more errors. Moreover, Excel data can't be audited for security or control.

Perhaps most troublesome is the chance for other parties on projects to accidentally insert duplicate or incorrect information into shared spreadsheets. An example of this was a TN governmental entity that caused a $6mm loss and a $12,500 audit charge on a construction project, because it relied on an inaccurate version of a spreadsheet.

Your bank may not be processing enough construction deals to make such large errors, but the risk is there. For those who do, maybe it is time to think about construction loan management software. This type of software automates the process for greater efficiency and faster turnaround times, which can even increase loan profitability.

Further, a software platform that enables all parties on a project to update data in real-time creates transparency and reduces errors. This type of platform can track and administer draws, disbursements and holdbacks, and monitor a project's budget. It can also generate reports and documentation for compliance and automate inspection processes.

If this is something you think could provide your bank with value, look for solutions that can be connected to your loan origination software, core and other systems and do plenty of due diligence. Also, be sure to check references, and make sure the company has been around for a while. Now, we have to drop off to check our smartphone.

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