3 Benefits of Technological Advances

Home equity borrowers now qualify faster, more efficiently and with increased compliance

By Timothy R. Smith

Technology has permeated nearly every crack and crevice of business operations across most industries worldwide. In fact, it is a challenge to think of even one business that has not been impacted by technological advances.

The technological breakthroughs that have affected businesses over the past two decades have made planning, executing and evaluating different business tasks much more efficient. Whether it is landscaping a property, baking a wedding cake or lending money to an existing or prospective homeowner, technology has made information more readily available, ideas easier to access and processes more streamlined — all of which contribute to an improved finished product.

The mortgage industry, while maybe not the first to embrace technology, has evolved in its acceptance of it. Today, technological tools are embedded in the process, with many parts of the industry relying on them for improving decisionmaking, reducing risk and liability, increasing the speed of transactions, and ensuring compliance.

One area, in particular, is benefitting from the use of technology: the evaluation of qualifying applicants for Home Equity Lines of Credit (HELOCs). In the past, the process was part art and part science. Originators would evaluate applicants using the data available to them and fill in the gaps with gut checks.

Timothy R. Smith is chief revenue officer at First Lenders Data Inc. (FirstClose). The FirstClose Report is an instantaneous and guaranteed owners and encumbrance property report — with flood, valuation, tax and other important data elements combined within one report. Find out more at FirstClose.com. Reach Smith at tim.smith@firstclose.com.

Today's originators have no shortage of information available to them and no need to rely on their guts to evaluate borrowers. Plenty of technological tools are available to help lending professionals determine whether an applicant qualifies for a home equity loan or not. And, these tools are making originators' lives easier in three distinct ways — by making available a single-source solution for all of their data needs, offering greater speed and providing greater security.

Bundling data

Thanks to automation, there is now technology that bundles all the data that originators need to qualify their borrowers and delivers it to them in one comprehensive report, instantly. This is real progress, because previously processors had to vet and work with multiple data outlets to source and gather this information.

This technology produces reports that offer title-search information with lien-protection insurance, valuation of the home, flood certification, photos of the property, a copy of the deed and property-tax status. Now, by only vetting and working with a single source, banks and mortgage companies can gather all the data necessary to qualify a borrower, which can streamline the process and save valuable time and effort.

Speeding qualifications

The window of time for qualifying a borrower for a home equity loan has traditionally taken a few days on average. As more and more pieces of data have become automated and readily available online in an instant, however, mortgage companies can now make much quicker decisions about whether they can qualify an applicant or not.

It is now possible for the qualification process to take just a few minutes. In fact, of all the ways originators have benefited from technology, the one that has impacted them the most and realized the greatest improvement is speed. By improving the speed with which an applicant gets qualified, banks and mortgage companies save not just time, but money. In addition, borrowers are saved frustration and anxiety by learning if they qualify sooner in the process.

Ensuring compliance

Technology companies are not only working hard to get as much information into the hands of mortgage professionals as quickly as possible, they also are keenly aware of the need for that data to be secure. Given the sensitive and personal nature of the information that originators gather, they must protect it.

Today, technology service providers, as well as banks and mortgage companies, must comply with strict regulations and, potentially, face stringent audits to ensure their systems are highly secure. In this case, regulations are a good thing because they demand the protection of borrower data. Without those protections, an applicant's personal information could be at risk, as well as the credibility of the financial organization providing the loan.

■ ■ ■

When it comes to qualifying borrowers for mortgage products, there is no doubt that great technological strides have been made. By gaining access to all of the data they need from a single source in a matter of seconds, loan originators, processors and underwriters are all in a much better position to qualify applicants more effectively. And while even more advances are certain to come, today's lending professionals already can confidently evaluate applicants — and do so with greater efficiency, speed and security than ever before. ■