



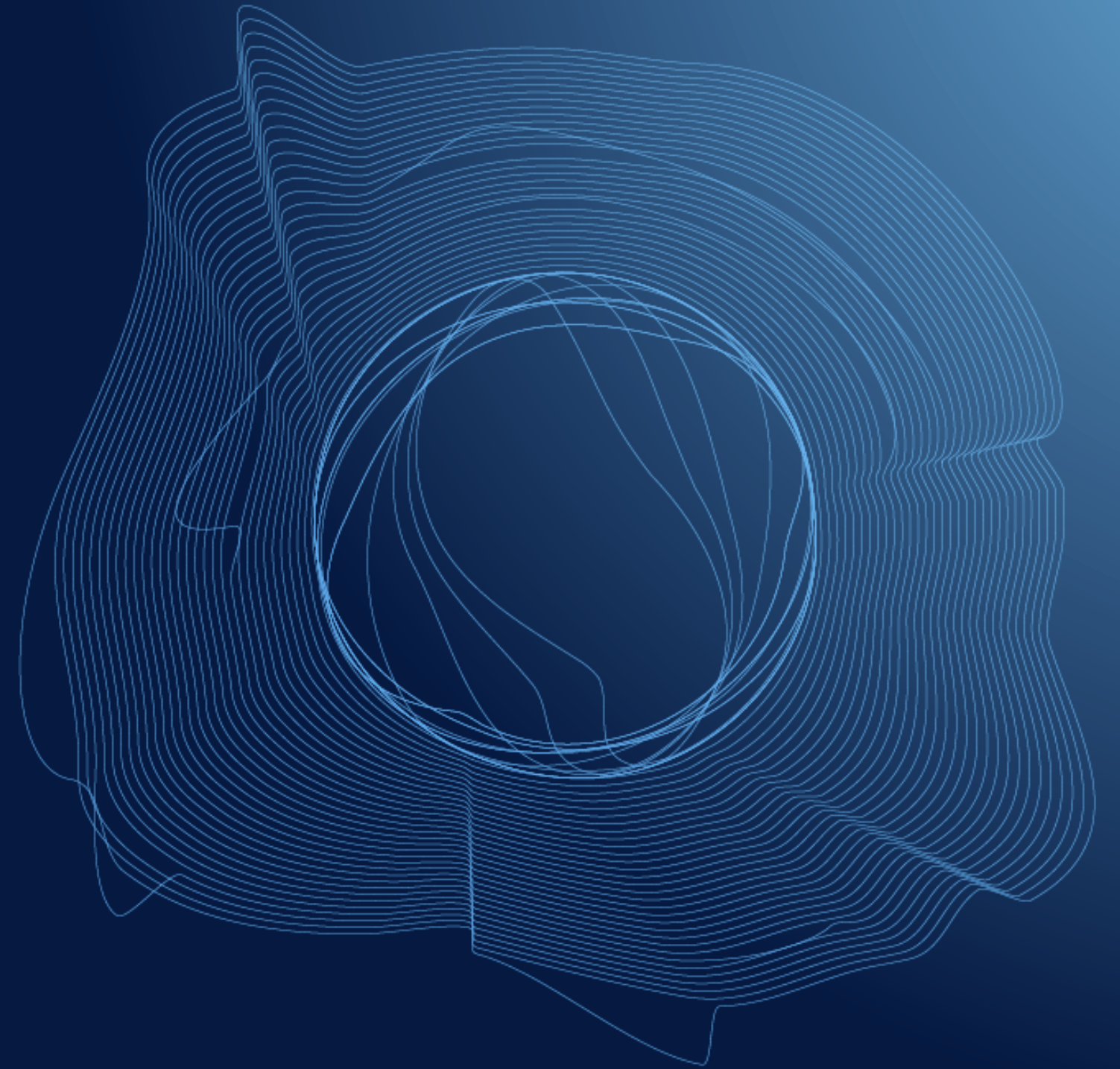
# 4 Considerations When Investing in a Warehouse Lending Platform

## INTRODUCTION

The world of mortgage financing relies heavily on warehouse lending operations, which fuel the activities of independent mortgage bankers (IMBs). These IMBs account for well over half of all mortgage originations, making warehouse lending a vital link between Wall Street and Main Street, and moving over a trillion dollars of capital each year.[1]

But managing warehouse lending lines is operationally complex, with an array of challenges -- transparency, compliance, accuracy, transaction cycle times, cost -- as well the need to respond quickly to a shifting macro environment.

Fortunately, technology platforms have evolved to solve these issues and make mortgage workflows as efficient and agile as possible. When choosing a warehouse lending platform, here are several critical considerations to keep in mind.



# 1. SCALABLE

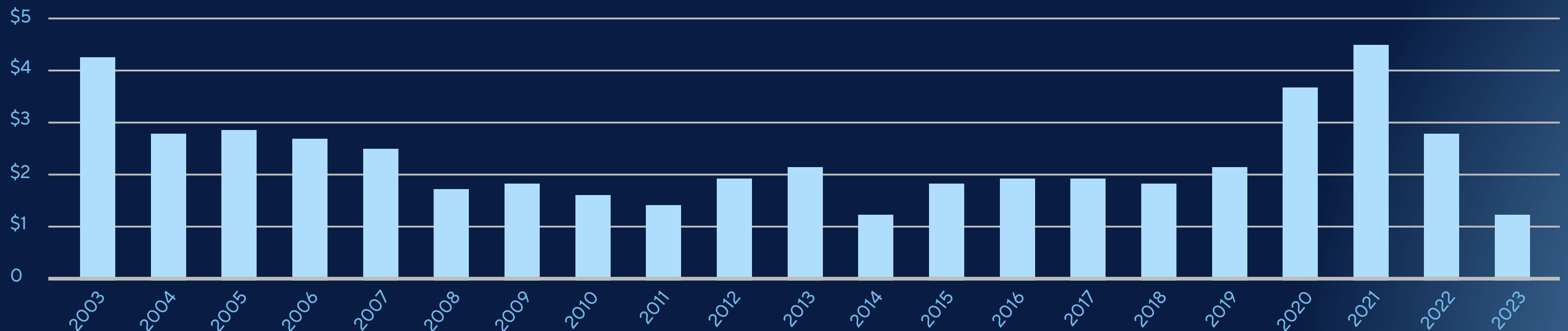
## Meeting the Demands of Growth

The mortgage industry is highly sensitive to interest rates and market fluctuations. Successful warehouse lenders will seek opportunities for growth, both when the market is favorable and when it's in a lull.

Consequently, when selecting a warehouse lending platform, consider its scalability. You don't want to invest in technology that your operation may outgrow in a few years.

Look for a platform that can accommodate the needs of various institutions, from small banks to large institutional lenders. This flexibility ensures that as your lending operations expand, your technology can seamlessly adapt to meet the increased demand, without causing disruptions or slowdowns.

Annual Mortgage Originations (\$ trillions)<sup>1</sup>



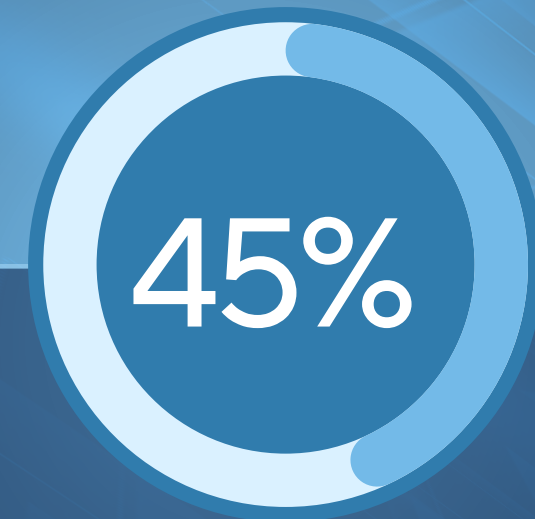
## 2. AUTOMATED

### Maximizing Efficiency and Accuracy

Warehouse financing involves countless moving parts, from eligibility to submitting requests to executing funding. Automating essential functions is crucial for maximizing productivity and reducing the chance of errors.

Consider whether the platform you're evaluating offers advanced automation features. For example, does it automate shipping and tracking of documents, provide real-time data updates, and offer sophisticated reporting capabilities that streamline the lending process?

Automation harnesses the power of technology to deliver unparalleled efficiency and accuracy in day-to-day operations, which is essential in today's fast-paced lending environment.



**of work activities can be automated using existing technology.<sup>2</sup>**

As of 2023, the average cost of a data breach in the United States amounted to

**\$9.48M**

USD<sup>3</sup>

### 3. SECURE

#### Protecting Your Business and Reputation

Financial service providers, including those involved in warehouse lending, are required to meet high standards and adhere to strict regulations when it comes to their systems and data. A breach of your system can result in severe reputational damage and substantial financial penalties.

To safeguard your business and clients, your warehouse lending platform should provide a secure environment with multiple layers of protection. This might include features such as multi-factor authentication, user whitelisting and 24/7 monitoring for any unusual activities. Additionally, the platform should offer automatic updates and patches via a cloud-based infrastructure to ensure that you remain protected against emerging threats.

Meeting federal security and privacy regulations is just the beginning. Make sure your chosen platform goes above and beyond to keep your data and operations secure.

## 4. BUILT FOR THE FUTURE

### Maximizing Efficiency and Accuracy

Mortgage lending and warehouse financing are continually evolving, driven by changes in regulations, technology and market dynamics. When investing in a warehouse lending platform, it's crucial to choose one that's built for the future.

Look for a platform that's Software-as-a-Service (SaaS) enabled or cloud-hosted. These platforms are more adaptable and can be updated to meet the ever-evolving technological landscape. They allow you to stay ahead of industry trends and regulatory changes without going through costly and time-consuming system overhauls.

The "Cloud" or SaaS revolution allows companies to subscribe to software applications, outsourcing the maintenance and operating of the back-end infrastructure to the SaaS vendor. In most cases, the SaaS vendor can do this much more cost effectively and therefore at a lower cost to you.

The annual cost to own and manage on-premise applications can be up to

**4X THE COST**

of the initial purchase.<sup>4</sup>

## CONCLUSION

Choosing a warehouse lending platform is a significant decision and a long-term investment in the success of your mortgage lending business. To make an informed choice, ensure that the platform meets current and future needs, leverages automation to increase efficiency, guarantees the highest level of security, and is built to adapt to the challenges of tomorrow.

Furthermore, select a technology provider with extensive experience in warehouse lending technology, and one that's trusted by top warehouse lenders across the country. Your technology platform can significantly impact the efficiency, profitability and reputation of your business, so choose wisely.

### ENDNOTES

[1] Federal Reserve Bank of New York

[2] McKinsey

[3] Statista

[4] Gartner Group



Learn More at [SitusAMC.com/ProMerit](https://SitusAMC.com/ProMerit)



SitusAMC has been a leader in warehouse financing technology for 36+ years, helping clients achieve more efficient, effective and connected warehouse lending and borrowing. Our platforms ProMerit and WLS have stood the test of time, and are the most widely selected platforms by the top warehouse lenders for their ability to scale to any operational size, and automate functions for efficiency and accuracy. ProMerit is securely built for the future as a SaaS-enabled, cloud-hosted system.

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