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SitusAMC

Effective Technologies For 2023

Lenders will need tech that squeezes every ounce of efficiency

The refi boom and the recent rate hikes caused two different problems in the mortgage industry. The historic refinance volume we saw early in the pandemic required lenders to process, underwrite and close loans at a volume no one was staffed for, resulting in massive hiring pushes and signing bonuses to meet demand. The subsequent rate hikes dried up loan application pipelines, forcing lenders to reduce the staff they worked so hard to hire just months earlier. The resulting shift from an incredibly robust market to a near standstill has put budgeting restrictions on mortgage lenders, forcing them to be more selective with where they are spending their dollars—technology and human capital alike.

As the industry finds a new normal, we have an opportunity to become less reliant on manual processes and embrace automation to be able to better handle these market shifts in a rapid and cost-efficient manner and cause less disruption to staffing levels. Implementing tech to automate certain processes will also free up staff to focus on their best use and overall deal making.

In the rising rate environment, originators have had to get more creative with their loan products. This variety helps with volume but puts a strain on the underwriting team to be familiar with multiple guideline nuances. Technology that can absorb data and run calculations and test thresholds in accordance with guidelines will prove useful. These rules engines can be used independently or in conjunction with data that is sourced electronically from primary sources and fed directly to these engines. This automation reduces the need for human capital while minimizing errors and increasing efficiency.

This coming year, technologies that allow for the automated review of applications to varied guidelines and technologies that support HELOC lending will be a smart investment. People who currently have very low rates on their homes will not want to refinance, but in the coming year, HELOC volume will likely increase dramatically.

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As the market shifts from closed end, high interest rate products, origination systems that manage the necessary documentation for HELOCs and correspondingly servicing systems that can handle draws and repayment on these products are two forms of technology that will be in high demand. We've seen our own offering in this area – BRES AUS – help support numerous lenders.

Learn more at SitusAMC.com/technology

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Julia Curran
Senior Director, Product & Client Solutions

Julia oversees development of SitusAMC's residential technology supporting originations, secondary marketing, due diligence, and servicing - as well as the company's residential mortgage backed securitization activities. She joined SitusAMC in 2013, bringing over 25 years of experience in the mortgage industry. Julia is co-chair of the MISMO Private Label Securitization Development Workgroup and heavily involved with the Structured Finance Association.