TIME TO RETHINK YOUR MORTGAGE FULFILLMENT STRATEGY?

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A sea change in mortgage banking is forcing many community bankers to scrutinize how, or if, they want to offer mortgages and whether traditional in-house mortgage operations are viable. To compete on their own, lenders must navigate the tumult of lower volumes, new competitors, the need for technology investment and rising costs.

Competition is stiff as large banks, fintechs and new entrants have invested heavily in technology, ratcheting up customers' expectations of a seamless, digital borrowing experience. At the same time, margins are being squeezed razor thin as the average cost to originate a mortgage is over $8,000, according to STRATMOR Group. Loan volume is expected to be flat at best, though a decline is thought more likely. Freddie Mac is forecasting that total originations will slip by approximately 6% each year in 2020 and 2021, falling from $2.107 trillion in 2019 to $1.852 trillion in 2021.

Despite the headwinds, many lenders see mortgages as a core product for customers and are determined to find a way to compete. Outsourced fulfillment is one option that can help banks trim their fixed costs, remain competitive, and provide higher satisfaction levels for their customers. Now, more than ever, it is a timely, viable and efficient way for small and mid-size banks to compete in the mortgage origination space.

Why might outsourcing your mortgage operation be a better solution than in-house fulfillment?

EVERYTHING IS GOING DIGITAL. DO YOU HAVE THE RESOURCES TO KEEP UP?

From airline and hotel booking to retail shopping and streaming services, digital technology is woven into the fabric of daily life. Consumers expect a smooth, convenient experience when obtaining a mortgage. According to the Boston Consulting Group, 79% of consumers want to get a mortgage exclusively online and 87% of consumers believe digital is faster.

Mobile apps, texting, and advanced point-of-sale (POS) solutions are now basic requirements. Outsourcing to a partner with an advanced POS solution, like Promontory MortgagePath, levels the playing field with the offerings of the largest lenders and fintechs – enabling lenders to provide a fully-branded digital experience while vastly improving loan officer-to-borrower communications and empowering loan officers to focus on customers, not paperwork.

DRIVE COSTS DOWN WHILE INCREASING EFFICIENCY

Outsourcing fulfillment converts fixed staff costs – processors, underwriters, compliance specialists, closers, quality control and secondary marketing – into a variable cost. In many cases, outsourcing reduces those costs up to 30% when compared to in-house production. Banks can easily and quickly scale up or down, knowing what the costs will be.

MINIMIZE COMPLIANCE RISKS

There is no “get out of jail free” card when it comes to compliance. And, compliance is simply more challenging for smaller banks with limited resources, who must comply with the same level of regulation as mega-lenders.

Outsourcing to the right, tech-driven fulfillment partner produces consistent, repeatable compliance management practices with enhanced data quality and security. Changes in regulations and requirements are updated directly into the digital platform – on time and with full transparency. Banks also receive full transparency and additional protection against compliance defects in the form of limited reps and warrants.

Promontory MortgagePath’s platform leverages ComplianceEase’s leading compliance management solution, which is fully integrated into the workflow. Finally, outsourcing translates, in many cases, to a reduced need for as many full-time staff compliance resources.

WHAT YOU SHOULD LOOK FOR IN AN OUTSOURCED FULFILLMENT PARTNER

- A platform built on best-in-class technology that is agile, flexible and scalable and capable of driving efficiency and data quality.
- State-of-the-art technology that provides a consistent, intuitive and collaborative experience on any device. It should build borrower confidence with easy document- and data collection and let borrowers create the experience they want, with help from their loan officer every step of their way.

- A platform that enables banks to set their own business and underwriting rules and provides total transparency at every stage in the loan journey.
- A partner that underwrites all of their loans in the U.S., so there are no issues with off-shoring or licensing.

Outsourced mortgage fulfillment isn't a new concept. What is new, however, is how technology and a more-flexible approach to fulfillment can help lenders level the playing field with mega-banks and fintechs. The timing to consider this option couldn't be better.

FOR MORE INFORMATION

Are you interested in learning more about outsourced mortgage fulfillment? Learn more about Promontory MortgagePath's comprehensive solution **here** or by reaching out to Paul Katz, managing director and head of bank relations, at paul.katz@mortgagepath.com.