

Loan Quality: Your LOS Could Be the Difference



By Daniel Liggett

In today's market, quality and compliance are major concerns for lenders. They need to comply with a flood of new regulations, avoid potential fines and minimize buyback risk while ensuring loan quality. Lenders understand that investors will not purchase loans that do not meet their strict quality requirements. Lenders are facing these challenges with fewer staff and in an extremely competitive marketplace.

Loan officers are struggling with the speed and frequency at which these rules and regulations are changing and diligently looking for guidance on how to implement effective solutions that address these concerns. They are looking for automation that addresses investor loan quality requirements and the flood of new rules and regulations.

Want better loans? Then start with your LOS. The typical system of record for the majority of your loan data is your LOS. To assure investors that your loans are of high quality and saleable, lenders must look for ways to improve the loan process within their LOS. Lenders need to accept that bad data = bad loans = buybacks = loss of profit. Inefficiencies within your lending process cause errors, and increase costs.

To stay competitive in today's market, lenders can no longer afford to deal with inefficient and outdated LOS technology. The stakes are simply too high. Regulatory penalties and costly buybacks will significantly cut into profits and overall sustainability of the lending organization.

A powerful LOS, especially one that delivers automated data validation, can improve loan quality. These systems can provide data edit checks and hard stops within the system to prevent bad data from being introduced into the loan process. Advanced business rules can address and enforce regulatory changes and new investor guidelines, while streamlining the lending process to improve loan quality.

In addition, tight integration of the LOS with other key third party service providers is critical in improving data and loan quality. Two-way auto data integration avoids rekeying of information, eliminates omission errors and reduces the time and cost of data entry mistakes. Lenders simply cannot accept simple interfaces that do not address or eliminate these challenges.

If you want to improve loan quality, avoid costly fines and minimize buyback risk then one of the first places you need to look is your LOS. Advanced LOS offerings that utilize the latest technology solutions and also constantly monitor regulatory changes can deliver the type of solution that you need.

Loan quality can no longer be wishful thinking if you hope to prosper in the lending environment of the future.

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