

The Value Of Data: Leveraging Property And Borrower Data Intelligence

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BY TIM SMITH

A few years ago, The Economist ran a now famous headline that said, “The world’s most valuable resource is no longer oil, but data.” This might have sounded absurd at the time, but it rings all too true today. Data is incredibly valuable, and there is more access to it than ever before. Technology is providing more and more ways to tap into these reserves and bring crucial data up to the surface.



With the Internet serving as the primary source for all of today's information, anyone can find the information they need instantly. With more processes becoming automated due to an increasing reliance on technology, electronic records are becoming the new norm for businesses.

The same is true for businesses in every industry. In mortgage lending, electronic records are becoming more common as more counties are keeping their information online instead of on paper. Lenders have access to so much property data that, in many cases, a valuation for a property can be determined without even having to set foot on it. This is just one of the many ways that an increased access to data is changing the very nature of the mortgage industry.

Lenders also have an opportunity to access data about a borrower that can help them work quickly from origination to closing while ensuring they are meeting the borrower's needs in the best way possible.

Making the most of your data

All this information available to lenders has sparked a change in the industry. Lenders must leverage the data available to them in order to streamline their lending process or they risk falling far behind their competition. Using

automation and other technologies is no longer an option for lenders that want to be successful. All the data they need is readily available and lenders must be equipped to use it. When lenders can use the property and borrower data intelligence available to them to turn loans around more quickly and efficiently, they will become more competitive and profitable in the industry.

With digital data comes digital processes that can save lenders time and money. Today's technologies can compile all of the available property or even borrower information and make intelligent decisions based on that data. Technology can look at available valuation, title, credit, tax and flood information and decide if a property needs full AVM (automated valuation model) or maybe a desktop valuation if there is not as much information available online.

Having access to all the necessary data in one place keeps lenders organized and productive. Especially with loan officers in short supply, it is important that the ones that are still around can accomplish the most. When they are presented with all the information they need, they can do more with their time, keeping them productive and profitable, even when the market gets tough.

Technology can also access data such as income and credit history in order to

help lenders assess their borrowers. Lenders can leverage the data that financial institutions have about their customers and members in order to quickly and efficiently decide how much a borrower should be approved for, what their interest rate would be and so on. In the same way that property data intelligence can help lenders make intelligent decisions about the property, borrower data intelligence can aid in the decisions they make about borrowers.

With closing times steadily lengthening, borrowers and homeowners are growing increasingly impatient to close. Using technology to aid in the lending process saves a tremendous amount of time, speeding up the closing. Instead of lenders having to take days to track down financial information about a borrower and determine risk, borrower data intelligence will compile all the available information and recommend what loan would be best for them. This keeps yet another part of the lending process running smoothly and efficiently for lenders, a benefit that borrowers, and even homeowners trying to sell, can also enjoy. Technology is not only changing a lender's interactions with a property, but with a borrower, as well.

Removing guesswork through suitability

This property and borrower data intelligence is also the

fuel that helps lenders select products and solutions that are most suitable. This concept of suitability logic gathers all the available property data to help lenders choose the best product or solution for their given property and loan. Often, lenders must “stare and compare,” taking a static property report and playing a guessing game about which type of valuation or title work would be best. They go in blind and must choose on their own which solution or provider might be best suited to help fulfill that loan. If they guess wrong, they must go back to square one and all of that work must be redone.

Suitability takes the guesswork out of the equation for lenders. By gathering all the available property data, suitability logic looks at the data and makes a recommendation for what course of action would be best for a lender to take. This means more efficiency and fewer errors, which brings significant time and cost savings that lenders can then pass on to the borrower.

The important element of suitability logic is that it is not simply a computer taking in data and spitting out a recommendation on its own. Suitability logic is designed to mimic a lender’s current underwriting guidelines, which helps business to continue to run smoothly. This also means that lenders do not have to sacrifice their borrower’s experience in the

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name of productivity. Suitability logic can “think” like the lender, ensuring that borrowers are still receiving excellent service, while lenders are simplifying and streamlining their workload.

Using data to compete in a tough landscape

In today’s competitive landscape, efficiency is crucial. With rising rates and low inventory increasing competition and decreasing origination volumes, lenders are looking for any way to stay ahead of the game in this difficult housing market. With a streamlined workload, lenders can do more with their time, ensuring that they are able to give each borrower the best experience in the most efficient way possible. These time and cost savings lenders can experience by leveraging

property and borrower data intelligence can be the factor that keeps a lender not only competitive in the industry, but profitable, even in a tough and competitive landscape. These time and cost savings can also be passed down to the borrower, creating a win-win situation for both borrowers and lenders.

Soon, leveraging this data will not be an option for lenders who want to stay in the game. With more and more electronic records, lenders must embrace the technology that can help them get the most out of their information. Soon, property and borrower data intelligence will be the norm in the industry and lenders must embrace the technology now in order to remain competitive.

Between the time and costs saved, this technology is invaluable. It is true, as *The Economist* said, that our most valuable resource is not oil anymore, data is. Lenders must be able to tap into these reserves, and technology is the tool that they need. ❖

ABOUT THE AUTHOR

Tim Smith is Chief Revenue Officer at Austin, Texas-based FirstClose is a highly respected provider of best-in-class property & borrower data intelligence and settlement services nationwide. We specialize in delivering a powerful web app and LOS plugin that is the industry’s first and only tool that offers everything from application to servicing (credit score, valuation, title, tax, flood, closing and recording) on one easy-to-navigate platform.

