



You've Heard of eMortgage — Now, We Have eHELOC

By John Tenuta, Division President, Fiserv Lending Solutions



Home equity mortgage products are hot today thanks to two primary drivers: lenders and borrowers. Lenders see home equity loans as an answer to falling loan origination levels and are currently incenting loan officers and brokers to write them. Borrowers are seeing their homes appreciate in value and are returning to the closing table to take out additional cash. Taken together, these two forces have convinced originators that have never bothered

with home equity products to take another look.

Writing home equity loans and setting up home equity lines of credit (HELOCs) is easier than ever before. Technology now makes it possible to originate these loans in a very short time frame and at a lower cost. Lenders are also looking at the risk involved in these loans differently, removing barriers to production. These trends have led to a new kind of rapid-response home equity offering that at Fiserv Lending Solutions, we call the eHELOC.

Removing Time From the Process Encourages More HELOC Business

It doesn't make sense to work just as hard for a fraction of the money, which is why many brokers haven't put much effort into originating home equity loans. Technology has changed that. Modern loan origination systems can re-use the 1003 data to make separate home equity loan or line applications, which can then be closed together with the purchase mortgage.

Likewise, today's servicing systems can automatically populate an LOS file when an existing customer needs to tap into the equity they've accumulated.

These same servicing systems can send updated loan amount information back to the LOS to give loan officers a feel for how much equity a borrower has. Some systems can even automatically increase a borrower's available HELOC balance as payments are made. Automated valuation models (AVMs) are quick, affordable tools used to feed telemarketing programs for existing first mortgage customers who have the equity available in their property and will benefit from a home equity product.

Combining HELOC loan servicing technology with the convenience of the credit card has allowed some borrowers to use their home equity as easily as they use a bank card.

Finally, the automation built into modern loan processing systems makes

it possible to quickly move a home equity loan or line through the pipeline to electronic closing, days sooner. This allows brokers and lenders to "wow" their customers by exceeding expectations.

Risk Management has Improved Lender Attitudes

Because they understand the potential risk in these deals, lenders are becoming more willing to streamline the origination process. Through technology and a better understanding of risk analytics and hedging strategies, they have come to view home equity products in a new light.

For instance, instead of traveling down the same path as the purchase mortgage, home equity lenders are learning that because of the different risk profiles available, they can use some innovative, low-cost products that save borrowers time and money. AVMs, insured title products, electronic document delivery, eSign and electronic closing scheduling shave days off the process, allowing lenders to stay within their personal risk tolerances while efficiently serving borrower needs.

In addition, lenders have found that the right tools allow them to rank and encourage their broker sources using the broker capabilities of the loan origination system and business-to-business (B2B) systems they operate in this market. Consequently, some wholesale lenders can now reward brokers based on the volume of new lending business they bring to the table with preferred fee structures and product incentives, making it easier for brokers to make more money on each product.

The eHELOC is the Future and It is Here Now

The home equity line is a product that is here to stay. Of all of the programs that brokers originate today, this product has the most potential for streamlining and fast tracking the loan origination process. In fact, with the technology and services that are available from Fiserv Lending Solutions there is no reason that forward-thinking lenders can't close the vast majority of their HELOC business within two hours or less.

Our focus on the eHELOC will make lenders, and the brokers that work with them, very successful. Today, several of our clients are doing a brisk business in delivering rapid-response home equity lines.

Brokers interested in maximizing their success in the future will seek out lenders that have these capabilities, thus directly benefiting from the advanced technologies these smart lenders have to offer. ❖

To find out more about the eHELOC, call 800-748-2572, ext. 4224 or send an email to info@fiservlendingsolutions.com.

