Regtech for Closed Loan *Acquisition*

For buyers and sellers in the correspondent lending space, regtech solves a host of issues as well. In many of our industry's large correspondent lending operations, Microsoft Excel is alive and well in a very big way. For these lenders, regtech becomes the enabler to drive down costs and reduce cycle time of the actual loan acquisition process.

For the first time, it will be possible to achieve predictable data integrity of the loan file and gain transparency to the data and document set.

Regtech can make a huge impact on the decreasing margins of the correspondent loan acquisition process. The automation of the data acquisition process and the validation and verification of data from multiple sources can drive a deep set of business rules to completely eliminate spreadsheets and manual "stare and compare" processes.

Today's correspondent lenders and loan aggregators find themselves using a combination of multiple, one-off systems and services built around an LOS that was designed to support origination, not for the due diligence and validation of loans that have already been closed. Licensing of these systems, customization and maintenance costs are hard to control and vendor management becomes over-complicated.[2]

Regtech can enable an end-to-end approach for onboarding sellers, receiving loans, pricing trades, managing commitments and automating STIP communications and condition clearing. Regtech can also significantly increase the confidence of investors in the loans they purchase by enabling them to automate the evaluation of granular loan-level detail. Over time, the rich data sets afforded by regtech provides the foundation for assessing and reporting on sellers and strategically managing pricing strategy. Margins will also improve through the efficiencies and faster turn times created through automation.

Even more significant cost savings can be realized when there is adoption of regtech by both the seller and investor. Deficiencies are caught in process, which leads to cleaner loans received by the investor. Less time and resources are expended on both sides of the transaction with the ability to focus only on exceptions as automation performs the majority of the review. Seller satisfaction and investor confidence are both achieved as funding velocity is accelerated warehouse lines are freed up more quickly for new loans and overall operational costs are driven down.