

APIs Streamline Mortgage Operations and Improve the Member Experience

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Despite concerns from some economists that the overall economy could slow down in 2020, Freddie Mac's latest housing market forecast is projecting a strong start to the new decade.

Due to interest rates staying steady in the 3%-4% range, Freddie Mac expects there to be \$834 billion in U.S. refinances in 2020, which is on pace with 2019 and \$300 billion more than 2018.

On the purchase side, Freddie Mac predicts \$1.299 trillion in purchase originations in 2020 and \$1.369 trillion in purchase originations in 2021. View the entire forecast here: ([LINK: www.housingwire.com/articles/freddie-mac-heres-what-to-expect-from-the-housing-market-in-2020/](http://www.housingwire.com/articles/freddie-mac-heres-what-to-expect-from-the-housing-market-in-2020/))

With a strong market and lower interest rates, credit unions will need to continue to maximize their efficiency and enhance the member experience to effectively compete against the largest lenders.

According to the Mortgage Lender Sentiment Survey report by Fannie Mae's Economic & Strategic Research group, lenders' net profit margin outlook continues to trend upward, and it is the most positive reading in the survey's history.

Consumer demand and operational efficiency were cited by lenders as the two most important reasons for their

increased profit margin outlook. View the entire survey here: ([LINK: www.fanniemae.com/resources/file/research/mlss/pdf/mortgage-lender-sentiment-survey-findings-q32019.pdf](http://www.fanniemae.com/resources/file/research/mlss/pdf/mortgage-lender-sentiment-survey-findings-q32019.pdf))

Credit unions have access to a wealth of mortgage software to increase efficiency. Lenders need to integrate the software to create the best mix of auto-



mation and customer service. Application Programming Interfaces (APIs) meet those needs.

APIs are software-to-software interfaces that enable applications to easily communicate back and forth without the need for user awareness or intervention. A 2019 Fannie Mae survey found that APIs are viewed by mortgage lenders as one of the top two technologies with the greatest potential to help improve or streamline processes.

In the survey, mortgage lenders responded that they were most interested in an API to verify borrower data and to integrate with settlement services technology to streamline property appraisal value and comparables. View the entire survey here: ([LINK: fanniemae.com/portal/research-sights/perspectives/mortgage-lenders-new-technologies-042219.html](http://www.fanniemae.com/portal/research-sights/perspectives/mortgage-lenders-new-technologies-042219.html))

APIs can be used internally specifically for a given company or organization, or externally and made available to any parties interested in developing an interface or connection to their product or service. Sometimes it's easier to use an API than to develop new functionality

from the ground up. By utilizing available APIs, credit unions can leverage multiple solutions to achieve the specific functionality desired and create a centralized database.

APIs let mortgage professionals seamlessly order fulfillment services from various service providers or share data across platforms, allowing users to remain in one system to provide support to their members. APIs also offer several important benefits to mortgage professionals and borrowers, including improved efficiency, data quality and user experience.

APIs INCREASE EFFICIENCY THROUGH AUTOMATION

One of the biggest benefits of using APIs is the workflow automation they provide. APIs support integrations between software programs, enabling mortgage professionals to create a comprehensive, customized tech ecosystem that supports automatic communication between systems, creating seamless operations.

APIs can query data or update a database when processing a loan application. In the past, to determine loan eligibility, credit unions had to pull information, such as borrower credit scores and liabilities, manually. Now, by using an API, lenders can integrate their online portal or loan origination system (LOS) with credit agencies to determine loan eligibility almost instantaneously.

On the servicing side, an API, used in conjunction with an automation or scheduling tool, can automate the execution of mortgage servicing software programs—such as end-of-day and end-of-month reports, investor close out, monthly loan statements and credit union core interfaces. The API should have the ability to notify your IT staff of the successful execution of the task after it's completed.

APIs can eliminate after-hours and weekend work, saving time and money, and reduce mistakes caused by human

error. APIs can also provide borrowers with quicker, updated access to statements and loan information on the consumer-facing website.

APIs IMPROVE DATA QUALITY

By sharing information between loan origination software and servicing software, an API eliminates the need for data to be manually migrated from one platform to another. With reduced human intervention, data consistency and accuracy can increase dramatically, improving the data-management process.

In addition, the API determines how data is shared, ensuring compatibility; whereas separate systems may result in data that is incompatible. Going a step further, APIs can enable real-time access to specific data within another system, even if that data is not physically stored in the other system.

When loan origination software and web applications use internal APIs, borrowers have real-time access to loan application documents and status updates. Borrowers can also upload supporting documents at their convenience at any time between application and closing. Additionally, the data from the mortgage application can be automatically imported into the separate platforms, eliminating the need to manually re-enter the information.

APIs UPGRADE THE MEMBER EXPERIENCE

APIs can improve the lending process for members as well as mortgage lenders.

Today's borrowers expect quick, convenient transactions. By utilizing APIs, lenders and servicers can accelerate their processes and eliminate a significant portion of the manual loan process, enabling them to more quickly and accurately deliver loan information to borrowers.

For example, instead of waiting up to 24 hours to see changes reflected in their online application or servicing portal,

members can receive real-time loan-status updates and access to statements and disclosures.

APIs allow for the exchange of data and execution of programs between applications. On the servicing side, borrowers gain immediate, real-time access to their specific loan data and statements and can conveniently make online payments 24/7.

TEST THE BENEFITS

Most credit union mortgage professionals will benefit from implementing APIs that build on existing functionality and automate processes to create custom solutions without the need to switch or upgrade platforms.

To determine whether your credit union may benefit from using APIs, answer these basic questions:

- Are there any repetitive tasks that our mortgage team must handle every day?
- Is there information I'd like to share with members that isn't accessible in real time?
- Is there any additional functionality or workflow we'd like to add to one of the applications we're currently using?
- Would I like to use automation to give staff more time to better serve members?

If a lender, servicer or originator answered "yes" to any of the above questions, the credit union would likely benefit from an API. Ultimately, APIs can provide significant benefits, both internally and externally, for mortgage professionals and members. ▲

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