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A Message from Jeffrey Chalmers:
"Can AI improve the loan process? Stay tuned for improvements."

Can A.I. Fix Income Calcs For Mortgages? Funny You Should Ask

Fannie Mae's Lender Sentiment Survey has foreshadowed the growing attention to **automating** the loan approval process. That survey underlined the extent to which lenders are viewing increased efficiency as key to reversing their declining profitability expectations. Freddie Mac has talked about the growing need for lenders to embed artificial intelligence (AI) into their internal operations and now CoreLogic has jumped in with a specific area in which it sees a need for streamlined software, borrower income verification.

CoreLogic researcher Brandon Brahms says **any underwriter knows** that the processes to approve a borrower is **inefficient and time-consumer**. While there have been technological improvements, the process still requires some manual data entry, use of spreadsheets, and pencil and paper exercises. Nowhere, he says, is this truer or more painful for both underwriter and borrower than income calculations.

Underwriters have to consider **many potential variables** - passive and portfolio income streams, salaries, raises, bonuses, gig income, with multiple touch points and review cycles. Brahms says one has to consider the human factor as well; different underwriters, given the same inputs, will come up with different results as they interpret underwriting guidelines and calculation processes in different ways.

He points to the solutions that may be out there, **already utilized** in other applications, that may be appropriate for lenders who still rely on old solutions. Do-it yourself tax prep software, investment tools and other technology-based solutions are guiding users to make informed decisions and could provide a potential blueprint for the mortgage industry to follow.

Brahms says, "By automating the collection of a borrower's income data and standardizing a workflow for income analysis and calculation, underwriters would benefit from accelerated processing and more accurate and consistent results." Smart software could suggest new sources of potential income and identify missing documents, leading to smarter underwriting, saving time and thus money.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.45%	-0.07	0.00
15 Yr. Fixed	6.86%	-0.05	0.00
30 Yr. FHA	6.95%	-0.05	0.00
30 Yr. Jumbo	7.64%	-0.04	0.00
5/1 ARM	7.50%	-0.05	0.00

Freddie Mac			
30 Yr. Fixed	7.17%	-0.27	0.00
15 Yr. Fixed	6.44%	-0.32	0.00

Mortgage Bankers Assoc.			
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 4/26

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

	Value	Change
Anything that smooths and speeds the process makes sense. That said, it's fair to wonder if Brahms' blog article is also a bit of foreshadowing; that CoreLogic will soon announce that they have developed just such a product that will, in Brahms words, make "the clunky and inefficient processes underwriters use to calculate a borrower's income... distant memories - like landlines or balancing a checkbook."	Builder Confidence	51 +6.25%

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