**Personal Loan Origination and Servicing**

* Personal loans originate to provide borrowers with funds for various needs (e.g., debt consolidation, large purchases, emergencies) and to allow lenders to earn revenue through interest and fees while attracting and retaining customers.
* Personal loan servicing involves managing the ongoing aspects of a personal loan, including processing monthly payments, providing account statements, handling customer inquiries, and managing delinquencies and collections if necessary. It ensures the loan is repaid according to the agreed terms and supports borrowers throughout the loan's lifecycle.
* [Mortgages](https://www.investopedia.com/terms/m/mortgage.asp) represent the bulk of the loan servicing market, which amounts to trillions of dollars’ worth of home loans, though student-loan servicing is also big business.
* Loan origination in the US typically involves several steps:

1. **Application**: The borrower submits a loan application, providing personal, financial, and property information.
2. **Pre-qualification**: Lenders assess the borrower's financial situation preliminarily to estimate the loan amount they may qualify for.
3. **Processing**: Documents such as income verification, credit history, and property appraisal are collected and reviewed by the lender.
4. **Underwriting**: Lenders evaluate the borrower's creditworthiness and assess the risk associated with the loan.
5. **Approval or Denial**: Based on the underwriting process, the lender decides whether to approve or deny the loan application.
6. **Closing**: If approved, the terms and conditions are finalized, and the borrower signs the loan documents. Closing costs and fees are paid at this stage.
7. **Funding**: The lender disburses funds to the borrower or the seller of the property, depending on the type of loan.
8. **Servicing**: After the loan is funded, the lender may service the loan themselves or transfer servicing to another entity.

**Auto Loan and Mortgage loan Origination and Servicing**

* Documents required for any Loan origination are:

1. Proof of Income, including tax returns

2. Proof of assets and expenses, including bank and other account or brokerage statements

3. Photo identification.

* The steps involved for origination of both the loans is same as mentioned in personal loan origination.
* Common steps involved in mortgage loan origination is:

1. Preapproval

2. Loan Application

3. Loan processing and underwriting

4. Closing

* In 2021, mortgage originations in the US reached approximately $4.3 trillion.
* Auto loan originations in the US totalled about $711 billion in 2021.
* There was $1.03 trillion in newly originated mortgage debt in Q4 2021, with 67% of it originated to borrowers with credit scores over 760.
* Declines in origination volumes of the mortgage loan, such as the 50% drop from $4.436 billion in 2021 to $2.245 billion in 2022, signal reduced home sales and refinancing due to factors like rising interest rates. This decline continued into Q4 2023, with a 13.8% decrease in originations from the previous quarter, underscoring ongoing challenges in the residential real estate market's recovery.

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| **Year** | **Percentage Change** |
| 2012 | 20% |
| 2013 | 22% |
| 2014 | 25% |
| 2015 | 10% |
| 2016 | 15% |
| 2017 | 5% |
| 2018 | 0% |
| 2019 | -10% |
| 2020 | -5% |
| 2021 | -15% |
| 2022 | -30% |
| 2023 | -40% |
| 2024 | -20% |