**Mortgage loan origination and servicing in the US banking system**

Mortgage loan origination and servicing are two distinct but related processes in the mortgage industry.

**Loan origination** is the process of obtaining a mortgage to finance a home, including pre-qualification, loan application, underwriting, and approval.

**Loan servicing** is the ongoing process of managing the mortgage after it is approved, including collecting monthly payments, handling escrow accounts for taxes and insurance, and assisting borrowers with modifications or foreclosure if needed.

Loan origination and servicing are typically handled by different teams or companies, though the same institution may perform both functions. Loan origination software, known as a Loan Origination System (LOS), helps lenders automate and streamline the origination process. Mortgage servicing software allows servicers to manage borrower payments, escrow accounts, and other servicing tasks.

Key features of a robust LOS include document management, pricing and eligibility engines, compliance tools, and integrations with other systems. Mortgage servicing systems should provide functionality for cash management, collections, escrow, payoffs, investor reporting, and default/loss mitigation.

Implementing and maintaining an effective LOS and mortgage servicing system is crucial for lenders and servicers to remain compliant, efficient, and customer-focused in the highly regulated mortgage industry. Adopting the right mortgage technology can help financial institutions optimize their lending operations and provide a better experience for borrowers.

* Mortgage originations in the US are forecast to reach $402.65 billion in Q1 2024, up from $393.77 billion in Q4 2023.
* Americans originated $1.1 trillion in new mortgage debt in the first three quarters of 2023. 77.4% of that was issued to super-prime borrowers with credit scores of at least 720, while 3.6% was issued to subprime borrowers with scores below 620.
* The average size of a home purchase mortgage obtained through the LendingTree platform in the 12 months ending in October 2023 was $224,398. Average loan sizes were highest in Hawaii ($464,994), the District of Columbia ($355,986) and Massachusetts ($309,490).
* 1.2% of mortgages were seriously delinquent or in foreclosure as of August 2023. 4.6% of Federal Housing Administration (FHA) and 2.5% of Veterans Affairs (VA) loans were seriously delinquent or in foreclosure as of October 2022.
* There were 144,880 new foreclosures in the 12 months that ended on Sept. 30, 2023.
* At the end of the second quarter of 2023, American households held $31.7 trillion, or 71.2% of their property value, in real estate equity.
* The Mortgage Bankers Association (MBA) provides comprehensive industry-wide data on residential mortgage originations through its Residential Originations Databook. The National Mortgage Database (NMDB) also publishes aggregate statistics on a representative 5% sample of US mortgages.

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| **Statistic** | **Value** |
| Mortgage originations in Q1 2024 | $402.65 billion |
| Mortgage originations in Q4 2023 | $393.77 billion |
| New mortgage debt in Q1-Q3 2023 | $1.1 trillion |
| Share of super-prime borrowers | 77.4% |
| Share of subprime borrowers | 3.6% |
| Average home purchase mortgage size | $224,398 |
| Average loan size in Hawaii | $464,994 |
| Average loan size in the District of Columbia | $355,986 |
| Average loan size in Massachusetts | $309,490 |
| Share of seriously delinquent or in foreclosure | 1.2% |
| Share of FHA loans seriously delinquent or in foreclosure | 4.6% |
| Share of VA loans seriously delinquent or in foreclosure | 2.5% |
| New foreclosures in 12 months ending Sept. 30, 2023 | 144,880 |
| Real estate equity held by American households | $31.7 trillion |
| Real estate equity as a percentage of property value | 71.2% |

**Mortgage Origination**

* Mortgage originations in the US are forecast to reach $402.65 billion in Q1 2024, up from $393.77 billion in Q4 2023, indicating continued growth in the mortgage market.
* Americans originated $1.1 trillion in new mortgage debt in the first three quarters of 2023, a substantial amount.
* The share of super-prime borrowers (credit scores of at least 720) was 77.4%, while subprime borrowers (scores below 620) accounted for only 3.6% of originations. This suggests the majority of mortgages are going to low-risk borrowers.
* The average size of a home purchase mortgage was $224,398, with higher averages in Hawaii ($464,994), the District of Columbia ($355,986), and Massachusetts ($309,490). This reflects the higher home prices in these areas.

**Mortgage Servicing**

* 1.2% of mortgages were seriously delinquent or in foreclosure as of August 2023, which is relatively low.
* However, delinquency rates were higher for FHA (4.6%) and VA (2.5%) loans, indicating more risk in these segments.
* There were 144,880 new foreclosures in the 12 months ending September 30, 2023.
* American households held $31.7 trillion, or 71.2% of their property value, in real estate equity, demonstrating significant home equity.

Overall, the statistics paint a picture of a growing mortgage market with low delinquency rates and high home equity, but with some pockets of risk in government-backed loan programs. The high share of super-prime borrowers suggests lenders are being prudent in their underwriting.

The mortgage market is growing, with originations forecast to reach $402.65 billion in Q1 2024. Lenders are being prudent, with 77.4% of mortgages going to super-prime borrowers. However, delinquency rates are higher for government-backed loans. Overall, the market remains healthy, with American households holding $31.7 trillion in real estate equity. Lenders are leveraging technology to optimize origination and servicing, but pockets of risk require close monitoring.