

Automating Residential Mortgage Loans to Reduce Costs and Improve Speed in the Back-Office

CASE STUDY

FAST FACTS

- Founded in 1999
- HQ: Norwell, MA radius services Connecticut, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, North Carolina, Pennsylvania, Rhode Island, South Carolina and Virginia

Radius financial group is known for its reputation as a tech pioneer in the mortgage process, including advanced AI, robotics and machine learning capabilities that will allow the firm to offer seamless services to customers across the Eastern Seaboard.

About AI Foundry

AI Foundry's Agile Mortgages solution transforms banking and lending operations by utilizing technology, data and people in new, more efficient processes. Our solution creates a "Digital One Office" integrating both the front- and back office and reducing loan processing times by 50%. Organizations can adapt to changing market conditions, manage compliance and drive bottom-line improvements. © 2019 AI Foundry, a Kodak Alaris business unit

The Challenge

Digital transformation is something that everyone seems to be talking about these days. Organizations are on the hunt for solutions to be better, faster, and to deliver an improved customer experience. The mortgage industry is the perfect fit for digital transformation given the historically slow, inefficient processes, requiring frequent manual intervention. And yet, despite the urgent need to answer the demands of increasing customer expectations, many lenders are still well behind the curve of implementing technology and solving the inefficiencies that exist in their business.

Radius financial group inc., one of AI Foundry's first customers in mortgage banking, took this challenge head on. Processing close to 3,000 loans per year, radius' goal is to deliver all of its loans without human touch to secondary mortgage market buyers like Fannie Mae or Freddie Mac.

The Solution

Radius partnered with AI Foundry to help achieve this goal. They understood at an early stage, that automating their processes by incorporating the latest in AI technology, was the path that would lead them to success. Mortgages without human touch is a concept that has been historically viewed as impossible in the industry. With AI Foundry, radius is getting closer every day to making this concept a reality. They are currently utilizing its solution for three key steps:

- Indexing and categorizing all the needed documents
- Extracting information from the documents
- Underwriting the loan using machine learning algorithms

These three steps are critical to achieving higher revenue, lower costs and loyal customers. Keith Polaski is Co-founder and Chief Operations Officer at radius. He said that his two largest work groups are loan processors/analysts and loan officer assistants, who were previously spending 30-35% of their time on indexing and classifying documents. With AI Foundry's Agile Mortgages solution, it takes less than five minutes to read several hundred pages of documents that a human would need an hour to slog through.

The Results

Radius is ahead of many lenders in their digital transformation journey. While others struggle to clear the path towards optimizing their workforce, with the help of AI Foundry, their goal is becoming closer to a reality. Since 2018, Agile Mortgages has already helped drive their loan manufacturing cost down by 70%. They now process more than 90% of all documents through AI engines. Polaski says that it can recognize 180 different types of documents and has improved its accuracy rate to 85% of documents it can recognize and read correctly. The volume of paper-work that Agile Mortgages can process in one year is equivalent to the labor of 10 loan analysts performing 6,500 hours of work, at a combined cost of \$227,500 for classification and indexing.

As the system continues to be trained, these numbers will only climb. Steve Butler, President and Founder at AI Foundry, says the ultimate goal for Agile Mortgages is to match human performance, which is currently estimated at around 97%, according to industry data. Radius and AI Foundry together are leading the way to complete digital transformation in the mortgage industry.