Many changes in today’s economy are demanding creative solutions for lenders. While some of these economic shifts have been positive, others have been negative, making for an uncertain state, both currently and looking ahead to the future.

The unemployment rate remains relatively low, similar to pre-pandemic numbers, and the job market remains positive for jobseekers. Overall, loan performance is good, an excess in home equity remains, and the housing supply is still low.

Although positive shifts have happened, the economic environment is becoming a bit unpredictable, with negative forecasts looming on the horizon. The effects of inflation, rising interest rates, possible home price decreases, and potential job elimination all point to a dwindling purchase market.

With these influential factors in mind, the present problem is finding a way for lenders to increase revenue, as they have seen a substantial recent reduction due to the drying up of the refinance market and the slowing of the purchase market. The lenders that will thrive in this unknown economic territory are those that implement solutions to aid them in increasing their revenue.

**GROWTH THROUGH THE UNKNOWN**

As the unpredictable economy spreads into the future, lenders need to find ways to increase profits while keeping risks low, but they also need to provide their borrowers with solutions to the challenges they are facing.

NFP’s Equity Protection Program offers a unique solution to safely generate revenue in the current economic environment.

The program allows for security and effective growth by:

- Enabling the lender to increase revenue by 10% – 15% with the expansion of their home equity program with a combined loan to values up to 100 percent.
- Potentially allowing for the reduction of reserves to bolster the balance sheet.
- Providing 100% coverage in the event of a default.
- Eliminating costly foreclosure and administrative expenses.
- No additional cost to the lender – the premium is paid through an increase in interest rate.
- Minimizing effort to implement with very little IT involvement.

Increasing equity loan revenue while transferring the risk will provide lenders with an additional avenue for interest income, as well as a secure method of helping their borrowers with their needs.

For more information, please contact Rick Hughes at rick.hughes@nfp.com
About NFP

NFP is a leading property and casualty broker, benefits consultant, wealth manager, and retirement plan advisor that provides solutions enabling client success globally through employee expertise, investments in innovative technologies, and enduring relationships with highly rated insurers, vendors and financial institutions.

Our expansive reach gives us access to highly rated insurers, vendors and financial institutions in the industry, while our locally based employees tailor each solution to meet our clients' needs. We've become one of the largest insurance brokerage, consulting and wealth management firms by building enduring relationships with our clients and helping them realize their goals.

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