



# The Top Servicing Strategies For 2007

February 22, 2007

Mortgage Bankers Association  
Servicing Conference  
San Diego, CA

## Panel

Robert Caruso - Bank of America

Paul Nagai - Bear Stearns

Jack Shapiro - MCAP

Martin Touhey - PricewaterhouseCoopers

## Agenda

Introductions, Industry Background	Bob
Maximizing Value	Martin
Cost Management	Paul
Regulatory Items	Martin/Bob
Default	Bob/Paul
Repurchases	Martin /Paul
Customer value	Martin
Retention	Jack
Questions	ALL

## Industry Landscape

Purchase and refinance origination volumes remain low when compared to recent years and have placed greater focus on retention and cross-sell.

Stable servicing portfolios due to lower prepayments.

Continued industry consolidation through takeovers and firms exiting the business.

Emergence of the non-traditional mortgage products as a result of historic home prices.

Increasing levels of default especially in the sub-prime market.

New regulations require robust compliance and monitoring capabilities.

The current industry conditions have placed greater importance and focus on the servicing portfolio as a driver of profitability. As a result, servicers now have the opportunity to become the profit champions within their organizations. However, these favorable conditions alone do not guarantee success. The most successful companies will need to demonstrate an ability to execute on the following:

1. Maximizing Value
2. Cost and Capacity Management
3. Regulatory Compliance
4. Default and Repurchase Management
5. Understanding Customer Value
6. Customer Retention

1. Maximizing Value

2. Cost and Capacity Management

3. Regulatory Compliance

4. Default and Repurchase Management

5. Understanding Customer Value

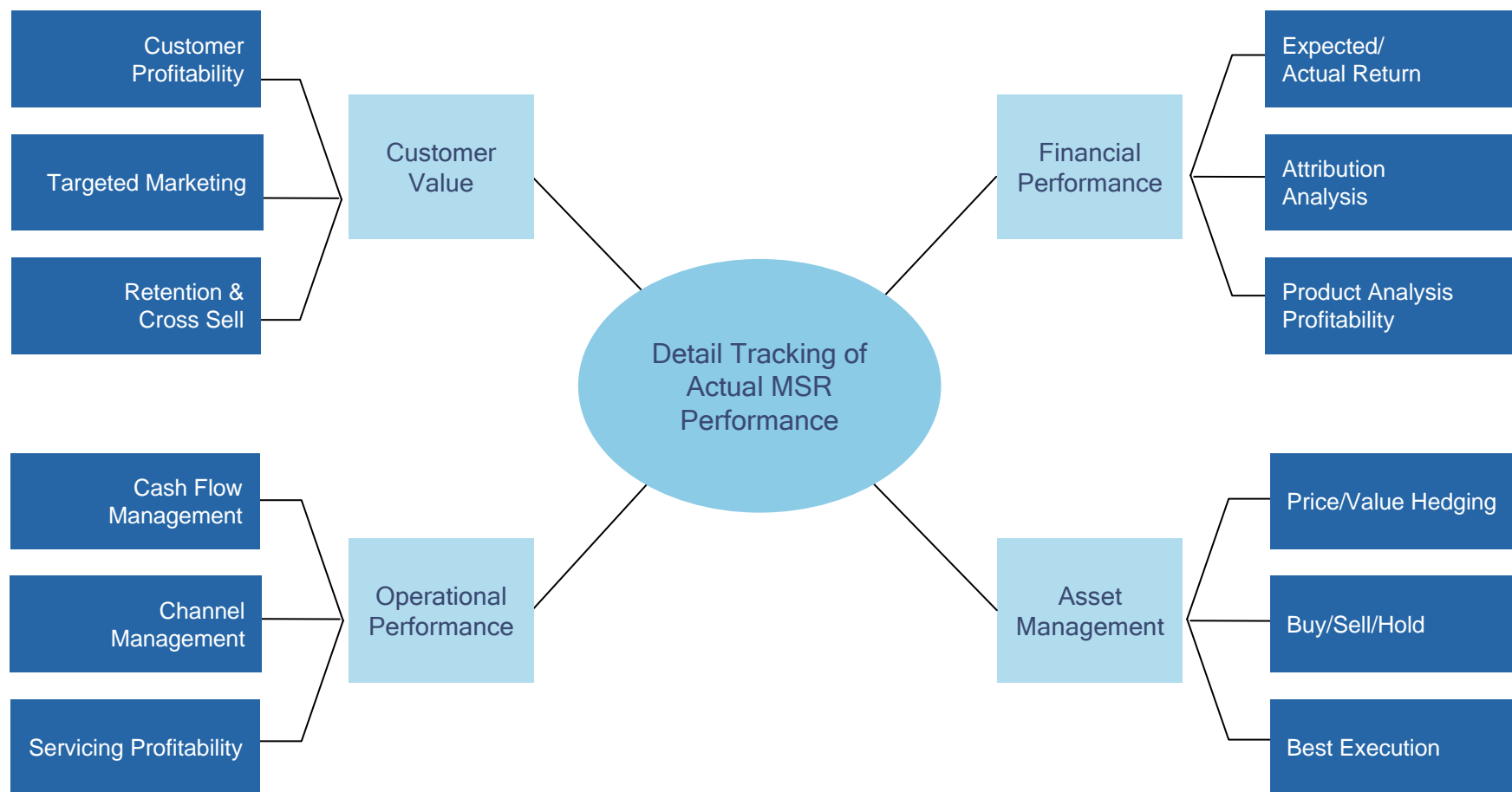
6. Customer Retention

## Understanding the Servicing Asset

- The servicing asset represents an investment made by the company and with that investment comes an expected rate of return.
- This expected return is based on a series of factors including but not limited to:
  - Prepayments
  - Cash flows
    - Traditional - P&I float, Escrow, Late Fees, Cost to Service
    - Non-Traditional - Cross sell income
  - Loss rates
  - Execution
- In order for a company to succeed and be a leader in the business it is imperative to understand the actual performance of each of these items against the expected returns.

# Robust Economic Management

In order to maximize the value created from the asset, a company needs to understand and measure actual performance and disseminate it into four strategic areas.



## Maximizing Value = Optimizing Returns

Optimizing returns on the portfolio requires a company execute on a variety of areas including:

- Maximizing Operational Cash Flows
  - Measure of actual vs. expected cash flows including revenue targets
- Retention / Cross - sell
  - Establish expected returns for the programs and focus on low-cost channels
- Treasury
  - Analysis of core vs. non-core balances
- Seller Management
  - Actual performance of sellers in terms of quality, relative prepayment speeds, losses and profitability
  - Performance based pricing adjustments

## Maximizing Value = Optimizing Returns

- Portfolio Management
  - Making the appropriate buy / hold / sell decisions
  - Understand what the market is over or under paying for relative to what you can earn on the asset.
- Execution
  - Understand the impacts of deal structures on profitability
- Vendor Management
  - Quality, efficiency, and cash flow performance
- Innovative Nontraditional Performance Measures
  - Cash Flow Return on Investments
  - IRR
  - Relative scoring
- Loss Management
  - Controllable vs. uncontrollable
  - Monitoring risk

## Assessing Your Ability to Maximize Value

Can you answer the following related to your servicing portfolio?

- What is the actual cash flow performance of your portfolio? How does that compare to your expected return?
- What is the average payment date on your portfolio?
- What are your core vs. non-core escrow balances?
- What is the cost of your escrow advances? What strategies to you have to minimize these?
- What are you actual vs. expected float days?
- What is the cost of your corporate advances? How aged are the balances?
- What percentage of late and prepayment penalty fees are being collected?
- Can you measure customer profitability? How do you use this information in your service, pricing and targeting decisions?
- Does your vendor management include cash flow performance?

1. Maximizing Value

2. Cost and Capacity Management

3. Regulatory Compliance

4. Default and Repurchase Management

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6. Customer Retention

# Effective Cost and Capacity Management

Why is it important?

- Servicing is a low margin business
- Excess or too little capacity can adversely impact profitability and customer retention
- Some servicing initiatives that focus on cost improvement and/or customer service could in fact be damaging the cash flow economics to the business
- Ability to understand cost components - fixed vs. variable, and marginal costs is required in order to make sound strategic decisions
- Improved acquisition and pricing decisions as a result of having detailed cost information - i.e. channel, product, etc.

## Strategies to Manage Capacity

What is your capacity?

- Cost / Impact of excess capacity
- What right capacity - balancing capacity and profitability.

Outsourcing / Insourcing

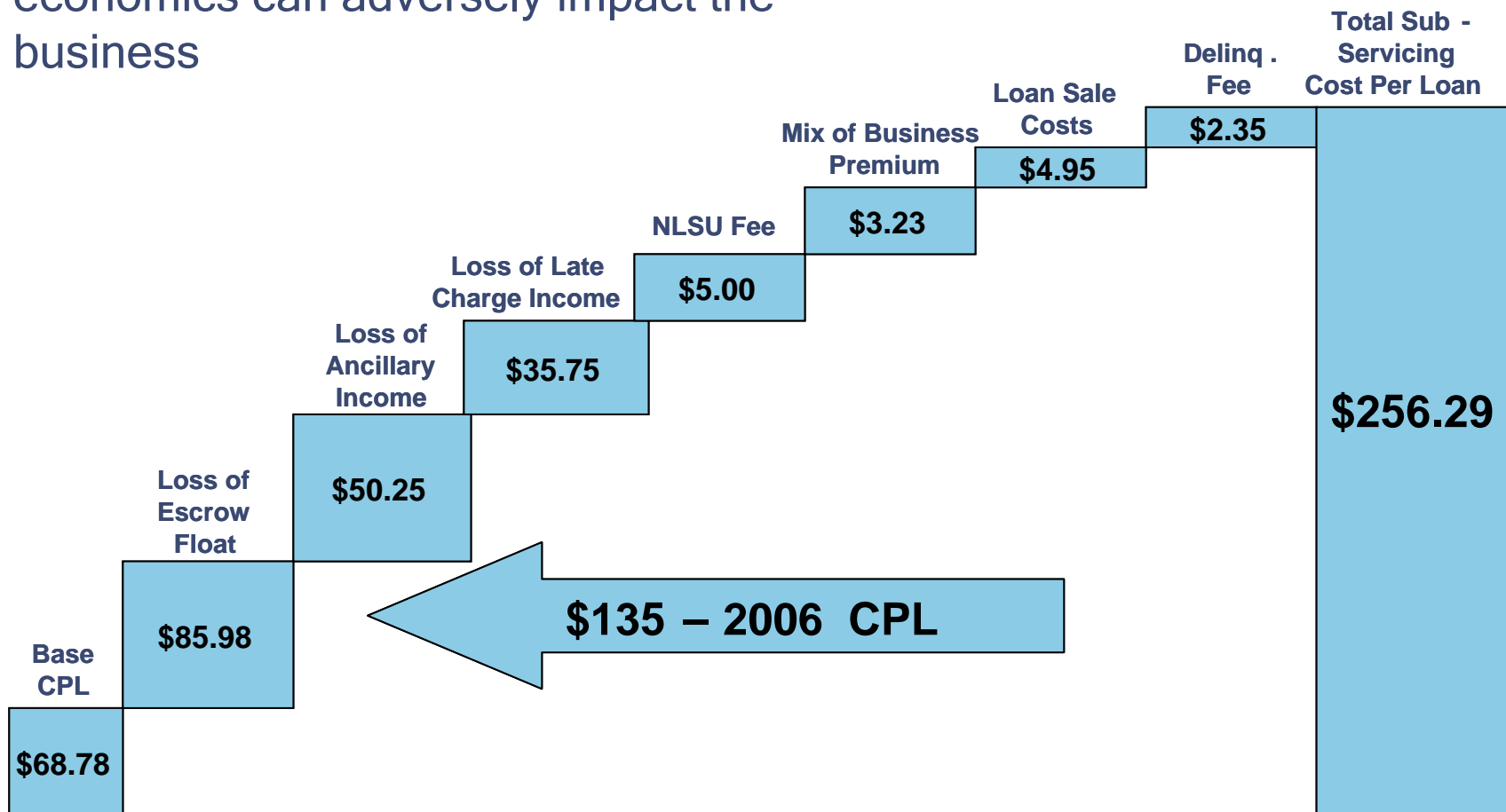
- When does it make sense?
  - Non-core process - typically back-office functions
  - Non-preferred customers
- Strategies to mitigate risk
  - Rigorous vendor management process and controls
  - 404 compliance issues
  - Regulation AB compliance

Sub-servicing

- When is it advantageous to outsource servicing?

# Economics of Sub Servicing

Failure to understand the true economics can adversely impact the business



## Managing Costs Effectively

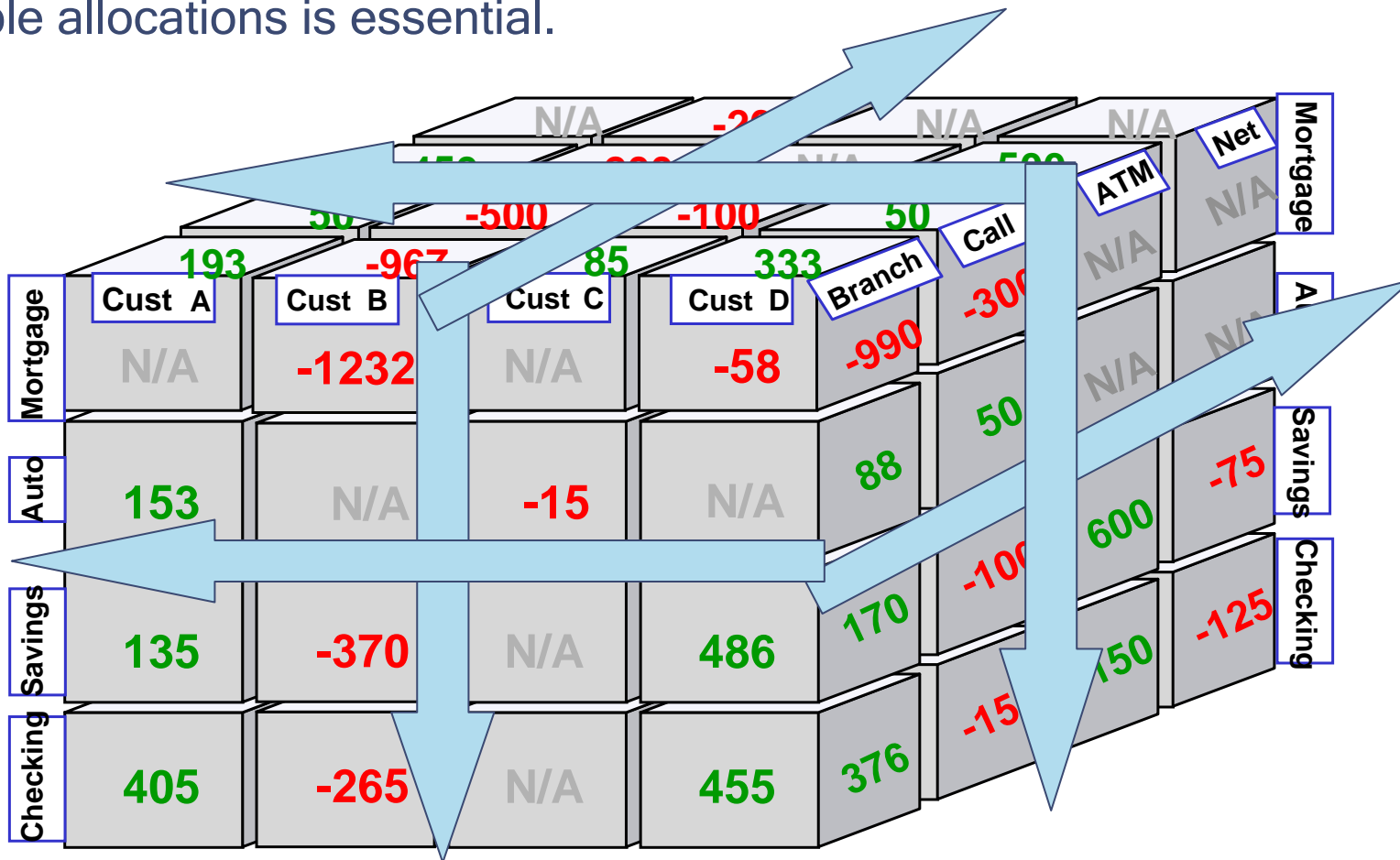
Historical approach within the industry has been blanket cost reductions.

This approach can be detrimental in the long run as it can adversely impact customer service activities and revenue generating areas by failing to identify the true drivers of cost within an organization.

Leading companies are moving away from this approach and are taking a strategic approach to cost reduction that considers:

- Activity based unit costs to support multi-dimensional profitability analysis
- Cost composition - fixed vs. variable costs. A cost reduction strategy that targets areas with high levels of fixed costs will not yield desired short term results.
- Understand channel costs and correctly align customers with appropriate channels (requires segmentation).

Today, leading financial companies are developing activity based costs to support advanced multi-dimensional profitability reporting systems. Understanding true economic cost relationships and limiting the use of simple allocations is essential.



## Managing Costs Effectively

- Cost driver analytics - a detailed understanding of cost drivers is imperative to making correct decisions. If a company does not understand its cost drivers it cannot effectively control or manage them.
- Shared Services - use of shared services especially for those companies who are part of a broader financial institution. Typical areas include: Finance, HR, Technology, Customer Service, etc.
- Cost Transfers - allocating cost amongst business units based on agreed upon approach i.e. market price, internal benchmark. Objective is to influence consumption behavior, however, to be done effectively it requires a very transparent cost development and transfer process.
- Identify value added vs. non-value added activities and target the high cost / low value activities for reengineering or possible outsourcing.
- Strategic use of outsourcing including off shore opportunities.

# Opportunity Matrix - Cost vs. Value Added

Percent Value-Added

100%

80%

60%

40%

20%

0%

\$250,000

\$200,000

\$150,000

\$100,000

\$50,000

\$0

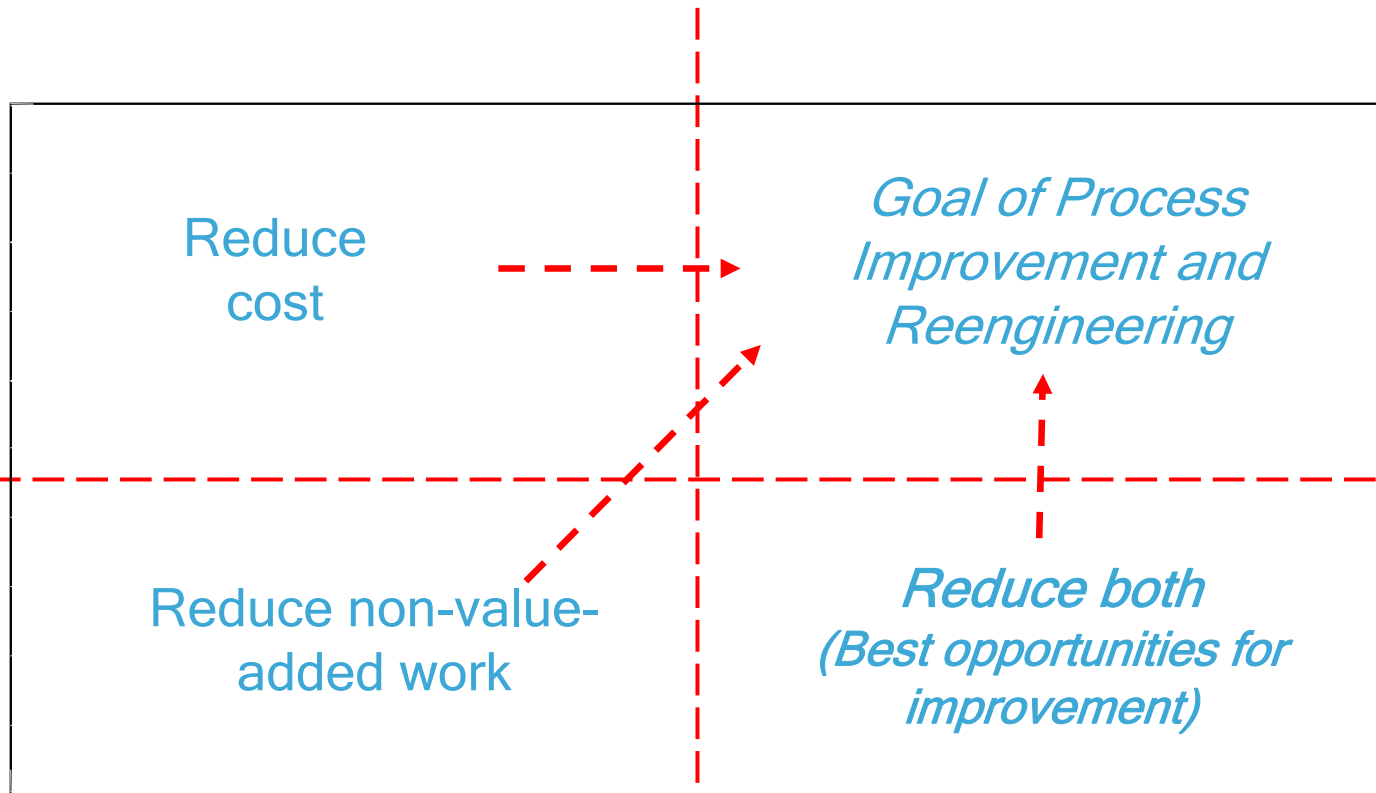
Reduce cost

Reduce non-value-added work

*Goal of Process Improvement and Reengineering*

*Reduce both (Best opportunities for improvement)*

Activity Costs



1. Maximizing Value
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4. Default and Repurchase Management
5. Understanding Customer Value
6. Customer Retention

## Regulatory Compliance

### Regulation AB vs. The Mortgage Bankers Association Universal Servicing Attestation Program (USAP)

#### What will change?

- Servicing criteria in Section 1122:
- Creates additional and more extensive criteria
- Relates to servicing of all ABS, not just Residential Mortgage Backed Securities
- Affects significantly more parties
- Transaction oriented with a “Platform” level assessment.
- Places significant emphasis on servicers’ asset management responsibilities
- Requires review and testing of the periodic cash flow calculations and distributions

## Regulatory Compliance

### Interagency Guidance on Nontraditional Mortgage Products

- Issued in response to rapid increase in non-traditional mortgage products
- Greater concern related to risk associated with lack of principal amortization and even negative amortization
- The guidance covers several areas related to interest-only and payment option ARM mortgage loans, including:
  - Credit qualification and underwriting standards
  - Risk layering
  - Use of third party originators
  - Consumer disclosures
  - Portfolio risk management practices
  - Management reporting and monitoring
- Over 20 states have also published guidelines

## Regulatory Compliance

### Customer Privacy

- Protecting and securing customer information
- Appropriate use of customer information
- Customer disclosures
- Recent public breaches of customer information have further highlighted the need to ensure appropriate controls and safeguards are in place for customer information

## Regulatory Compliance

### Other Considerations

- On-going compliance with RESPA
  - Default servicing
- FNMA Trust Agreements
  - Impact on loan modifications
- 404 Compliance

1. Delivering Value
2. Cost and Capacity Management
3. Regulatory Compliance
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## Default

- Impact of home price appreciation and default rates on financial exposures
- Impacts of changing portfolio characteristics
  - Option arm performance (negatively amortizing portfolio)
  - Loss mitigation strategies
  - Detailed and robust modeling capabilities
  - Understand customers with highest risk of default and have a very effective loss mitigation strategy in place
- Understanding losses (controllable vs. non-controllable)
- Customer reputation risk - perception that servicers are not interested in seeing customers keep their homes
- Risk based collection strategies
- Impact of HE lending on short sale opportunities

## Repurchases

- Increased repurchase activity leaving many unprepared for the financial impact of loan quality issues resonating from prior origination vintages.
- Average loss rates on the rise
- Appeal success rates are dropping
- Analysis of loss rates
- Centralized ownership a key consideration
- Reliance on investor accounting as the last check and balance to authorizing buy back
- Forecasting methodologies remain challenging

## Repurchase Best Practices - Management Reporting

Key metrics can include:

- Collection rates
- Aging analysis (files, advances)
- % of successful appeals
- Overall loss amounts and potential exposure
- Delinquency analysis of indemnification and feedback loans
- Repurchase and make-whole losses by year of origination and reason for repurchase
- Actual vs. modeled assumption analysis
- Root cause analysis

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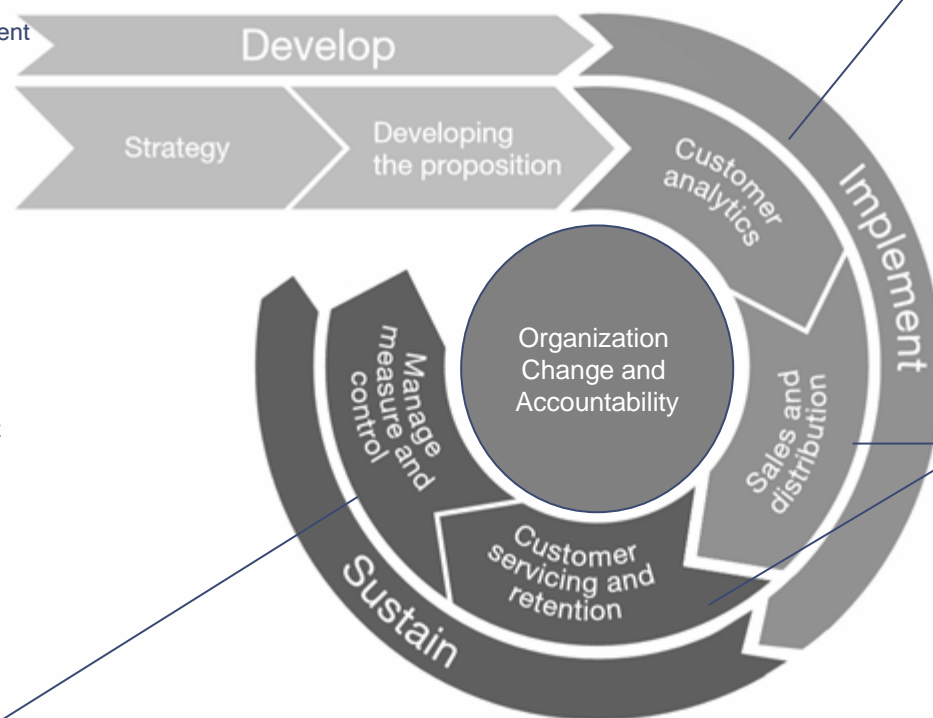
## Understanding Customer Value

- Accountability for customer value / relationship generally not identified
- Limited knowledge of customer behavior / opportunity leading to increased analysis and segmentation of cash flows (mortgage behind many other industries in this respect)
- Trade off between efficiency and service - has the pendulum swung to far?
- Legacy systems and processes - justifying the investment is sometime difficult
- Emergence of Customer Lifetime Value and Loyalty measurements
- Understanding customer product and service needs is critical in acquiring, retaining and cross-selling profitable relationships.
- Benefits of a customer strategy

# Understanding Customer Value

- Portfolio and program management
- Organization structure and design
- Cultural and behavioral change management
- Stakeholder and change communication
- Capabilities and training
- Reward and performance management alignment
- Knowledge management

## Enhancing Customer Value Framework



- Segmentation analysis
- Customer & channel profitability analysis
- Customer data management
- Voice of the customer
- Customer analytics and predictive modeling

- Customer & channel touch point process integration & workflow improvement
- Customer contact effectiveness (call center, service, repair, etc.)
- Customer retention and win-back improvement
- Account management and sales effectiveness
- Outsourcing and third party management
- Sales and pricing analysis, demand planning and forecasting
- Revenue assurance and billing integrity

- Customer lifetime value management
- Customer reporting and scorecards
- Go to market effectiveness
- Contract management
- IT effectiveness
- Customer data privacy and security
- Governance, compliance and risk management
- CRM value assessment
- Benchmarking and best practices

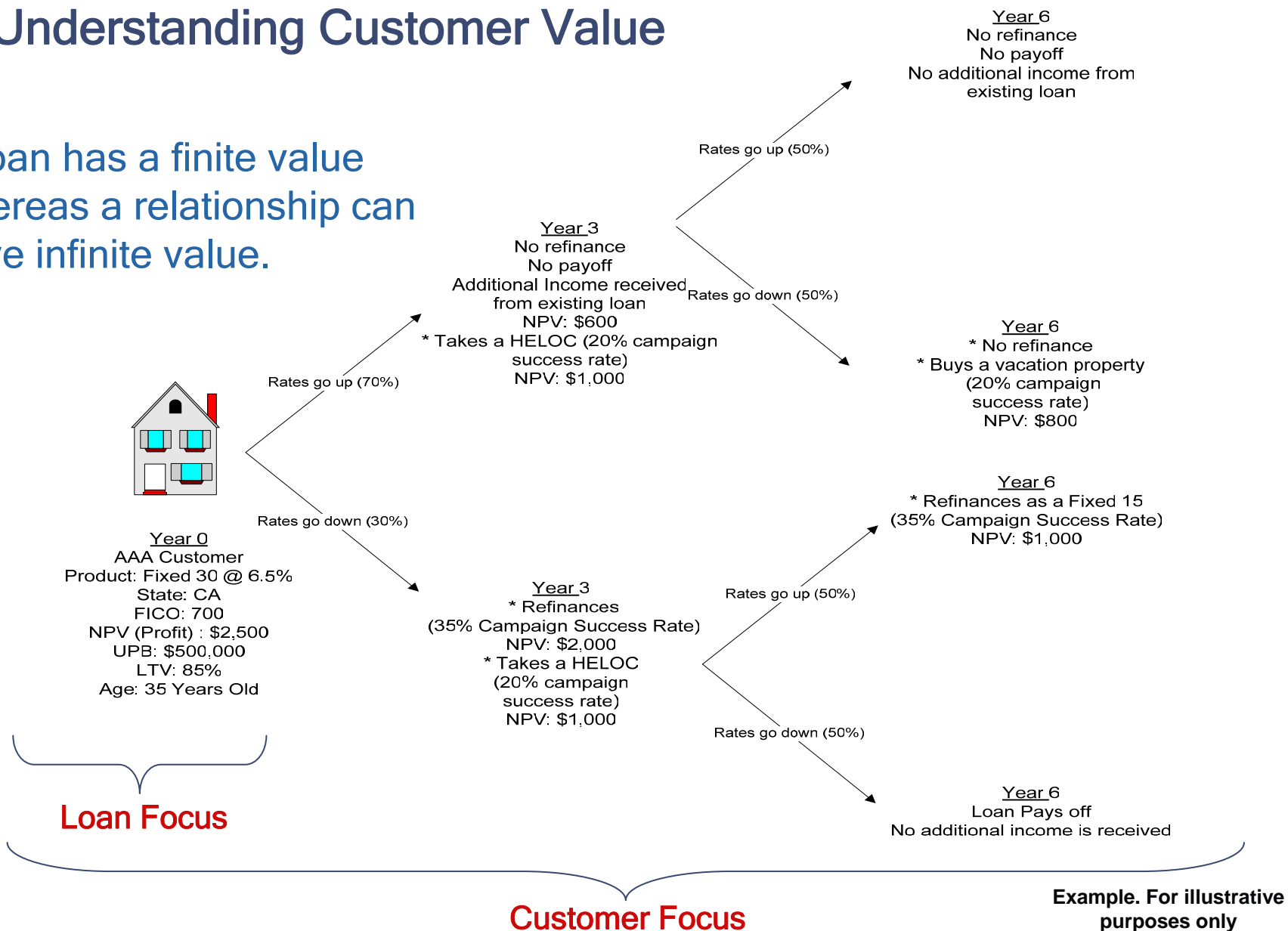
## Understanding Customer Lifetime Value

- Measuring lifetime value is still relatively new in the mortgage banking industry.
- There are two different ways in which you can see a new customer:
  - Isolated one-time transactions
  - The beginning of a long-term relationship
- The customers will keep generating value as long as they keep doing business with the organization.

**Only by quantifying the expected value of that long-term relationship will you be able to justify additional investments in customer service and retention!**

# Understanding Customer Value

A loan has a finite value  
whereas a relationship can  
have infinite value.



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## Canadian Mortgage Market

- Demographics:
  - Population: 32 million
  - Outstanding mortgages almost \$700 billion
  - Two official languages: English and French
- Well established, stable banking system:
  - Technologically advanced payment system
  - 6 major banks control 75% of the mortgage market
- Mortgage products:
  - 5 year term most common product with 25 year amortization
  - 5 year product accounts for 80% of our market

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**82% Renewal retention**

## Customer Retention

- Customer Service
- “Benevolent Entanglement”
- Targeted Marketing
- Customer Service

# Customer Retention

## Customer Satisfaction Model



# Customer Retention

## Customer Service

- Customer Survey
- Empowered Call centre
- Welcome call and package
- Renewal letters
- MCAP @ Home
- Annual Statements
- Results linked to compensation

## Customer Retention - Customer Service

### Customer Survey

Top 7 service-related attributes of importance to the customer when they speak to a specialist:

- They explain things clearly
- They provide the information I need about my current mortgage
- I am treated with courtesy
- The quality of service is consistently high
- If I have a complaint, it is resolved quickly
- When I make a request they react quickly
- They know their products and services thoroughly

# Customer Retention - Customer Service



WAVE WAVE WAVE WAVE  
WEEP WEEP WEEP WEEP  
Waterloo ON N2J 3P9

### Payment details

Effective as of December 31, 2005

Interest rate	5.00%
Maturity date	February 1, 2006
Payment frequency	Monthly
Principal & interest	\$145.06
Taxes	\$255.33
Mortgage Life Insurance (with Critical Illness Insurance if applicable)	No coverage
<b>Total instalment</b>	<b>\$399.01</b>

### Mortgage account

Statement period	January 1, 2005 to December 31, 2005
<b>Opening balance</b>	<b>\$3,011.95</b>
Payments received	(\$1,607.18)
Privilege payment	\$0.00
<b>Closing balance</b>	<b>\$1,404.77</b>
Interest paid	(\$119.58)
Fees	\$0.00

### Property tax account

Tax balance @ December 31, 2005	(\$1,191.51)
2005 Taxes paid	\$2,912.92

(Amounts shown in brackets are credits and will be used towards the payment of your 2006 taxes.)

## Annual Mortgage Statement

**Account Number** 1607988.1  
**Date** January 3, 2006  
**Page** 1 / 2

**Property Address**  
PAGE QUIT QUIT QUIT  
Waterloo ON



### If you have questions

**Phone** Fax  
1-800-265-2624 1-800-922-0220  
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P.O. Box 351 STN C  
Kitchener, ON N2G 3Y9

**Internet**  
service@mcap.com  
www.mcapmortgage.com

### You need to know

You are required to maintain adequate fire insurance coverage.

A \$25 fee will apply for any subsequent reproductions of this statement.

MCAP - the home of your mortgage



## Annual Mortgage Statement

**Account Number** 1607988.1  
**Date** January 3, 2006  
**Page** 2 / 2

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<b>Taxes Paid</b>	The total property taxes paid on your behalf to the municipality during the Statement Period.
<b>No Coverage</b>	No Group Mortgage Life Insurance.



### Protect your home

... consider mortgage life insurance and critical illness insurance as part of your financial plan. Call us to ensure your family's home is secure.

### Thinking of selling??

... did you know you could take your mortgage to your new property and avoid early payout penalties? Porting saves money, call us for details!

### Too many debts?

... consider using the equity in your home to consolidate debts and manage your finances more effectively. We can show you how. Give us a call today!

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# Customer Retention - Customer Service



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Waterloo ON N2J 3P9

## Annual Mortgage Statement

Account Number 1607988.1  
Date January 3, 2008  
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Property Address  
PAGE QUIT QUIT QUIT  
Waterloo ON

### Payment details

Effective as of December 31, 2005

Interest rate	5.00%
Matuity date	February 1, 2006
Payment frequency	Monthly
Principal & interest	\$143.86
Taxes	\$255.33
Mortgage Life Insurance (with Critical Illness Insurance if applicable)	No coverage
<b>Total instalment</b>	<b>\$399.01</b>

### Mortgage account

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## Explanation Zone

# Customer Retention - Customer Service



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Maturity date	February 1, 2017
Payment frequency	Monthly
Principal & interest	\$145.86
Taxes	\$255.33
Mortgage Life Insurance (with Critical Illness Insurance if applicable)	No coverage
<b>Total instalment</b>	<b>\$399.01</b>

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# Customer Retention - Customer Service



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MCAP - the home of your mortgage

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# Contact Us Zone

# Customer Retention - Customer Service



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Payments received	(\$1,607.18)
Privilege payment	\$0.00
<b>Closing balance</b>	<b>\$1,404.77</b>
Interest paid	(\$119.58)
Fees	\$0.00

### Property tax account

Tax balance @ December 31, 2005	(\$1,191.51)
2005 Taxes paid	\$2,912.92

(Amounts shown in brackets are credits and will be used towards the payment of your 2006 taxes.)



### If you have questions

**Phone** Fax  
1-800-265-2624 1-800-922-0220  
9am - 6pm  
Monday to Friday

**Mail**  
Mortgage Servicing Centre  
P.O. Box 351 STN C  
Kitchener, ON N2G 3Y9

**Internet**  
service@mcap.com  
www.mcapmortgage.com

### You need to know

You are required to maintain adequate fire insurance coverage.

A \$25 fee will apply for any subsequent reproductions of this statement.

MCAP - the home of your mortgage



## Annual Mortgage Statement

Account Number 1607988.1  
Date January 3, 2008  
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### Definitions

Statement Period	January 1 to December 31 of the year being reported.
Opening Balance	Total principal and accrued interest owing at the start of the Statement Period.
Payments Received	Includes principal portion of all mortgage payments.
Privilege Payment	A lump sum payment which is applied directly to your principal.
Closing Balance	Total principal and accrued interest owing effective December 31.
Interest Paid	Interest on your mortgage for the Statement Period. This is an accrued interest figure which may be used for reporting mortgage interest on your income tax return if applicable.
Fees	Payment for a service provided, such as a mid-term loan change.
Tax Balance	This is the balance as of the statement date. Your balance will be either in a shortfall or a surplus (brackets).
Taxes Paid	The total property taxes paid on your behalf to the municipality during the Statement Period.
No Coverage	No Group Mortgage Life Insurance.



### Protect your home

... consider mortgage life insurance and critical illness insurance as part of your financial plan. Call us to ensure your family's home is secure.

### Thinking of selling??

... did you know you could take your mortgage to your new property and avoid early payout penalties? Porting saves money, call us for details!

### Too many debts?

... consider using the equity in your home to consolidate debts and manage your finances more effectively. We can show you how. Give us a call today!

MCAP - the home of your mortgage

Offer Zone

# Customer Retention - Customer Service

**MCAP@home**

CANADA'S LARGEST INDEPENDENT MORTGAGE PROVIDER



Volume 7 • Issue 1

www.mcapmortgage.com

## NEW! MCAP Mastercard® with WorldPoints®

In continuing efforts to bring to market products designed to enhance the home ownership experience, MCAP is pleased to introduce the ultimate homeowner's credit card. You do not have to have an MCAP mortgage to get an MCAP MasterCard, but the card will be offered to all existing MCAP mortgage customers. If you own your home or plan to, this card is for you.

We say it is the ultimate homeowner's credit card because it is uniquely designed for homeowners and we are sure you will agree that its features will benefit homeowners like no other card offering ever has:

- Earn valuable WorldPoints simply by using the card. WorldPoints can be redeemed for travel, merchandise or gift certificates. MCAP is also a redemption partner and this means that you can redeem your WorldPoints to pay down your MCAP mortgage.
- Receive a Home Depot Value Card good for up to \$300 the first time you use your MCAP MasterCard to shop at Home Depot (earn a discount of up to 10% on your first purchase to a maximum discount of \$300).

MCAP MasterCard holders will also receive valuable ongoing promotional offers for discounts on Home Depot products in their monthly statements.

- Enjoy the benefits of 24-hour a day customer service, 365-day a year around the clock fraud protection, zero liability for fraud charges, travel accident insurance and much more – all standard with the MCAP MasterCard.

At MCAP, we want to be Your Expert Partner in home ownership. That means more than providing a full range of market-leading mortgage solutions – it means offering products and services developed specifically for homeowners.

We have helped hundreds of thousands of Canadians realize their dream of home ownership and we are committed to providing continuous value-added support to our customers – through excellent service during the entire life of the mortgage and through products that directly benefit homeowners. Over 130,000 Canadian households have chosen MCAP for their mortgage needs. We hope our value-added product and service offerings will make our customers confident that they made the right choice.



To apply for your MCAP MasterCard today, call us toll-free at 1-888-426-5393 for an instant decision, Monday to Thursday 8 a.m. to 9 p.m., Friday 8 a.m. to 7 p.m. (Eastern time). Or, you can apply at [www.mcapmortgage.com](http://www.mcapmortgage.com). Quote priority code **BHPP**.

**\*\*\* This reward is only available to MCAP MasterCard holders. To redeem WorldPoints for this reward, cardholders must use the WorldPoints Redemption Centre. Each multiple of 12,500 WorldPoints is equal to a spending amount of the amount of Cdn\$100.00 to be applied by MCAP to the revolving credit card MCAP Mortgage. MCAP Canada reserves the right to change the redemption value of the program reward or to cancel the reward at any time without further notice. Redeemptions will only be processed in real time of the time apply for redemption value. Cardholders should allow 4-6 weeks for the program to be applied to their MCAP mortgage. All programs are subject to the terms and conditions of the revolving credit card MCAP Mortgage. Please refer to mortgage documents for further details.**



## \$20 Billion in Residential Mortgages

As Canada's largest independent mortgage and equipment finance company, we are pleased that more and more Canadians are choosing MCAP to meet their home financing needs. We have recently achieved a new milestone – \$20 billion in residential mortgages under administration.

As Your Expert Partner, we want to help enhance your home ownership experience by providing a full range of home financing solutions, excellent service and complementary products specifically designed to meet your needs. We appreciate your continued support that made it possible for us to achieve this significant milestone.

MCAP@home

Published semi-annually by MCAP for our residential mortgage customers

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Toll Free: 1-800-265-2624  
Fax Toll Free: 1-800-922-0220  
E-mail: [service@mcap.com](mailto:service@mcap.com)

## Fixed or Variable: What to Consider Before You Decide

Why are variable rate mortgages so popular? One reason is that over the past five years the prime rate, which serves as the benchmark for most variable rate mortgages, has typically been lower than the average five year fixed mortgage rate over the period.

Most variable rate mortgages are priced at a discount from the prime rate, making variable rate mortgages even more attractive. While fixed rates provide payment certainty over their term, the nature of variable rate mortgages is that they generally do not. The prime rate will change as the Bank of Canada adjusts its benchmark rate according to general conditions in the economy.

Here are some questions you, as the homeowner, need to ask before deciding between a fixed or variable rate mortgage: What is my tolerance for volatility in the prime rate? Can I afford to have my

payments increase? If I can, how much of an increase can I manage? If prime does change, how quickly will my payments change? Is there an option to keep my payment the same even if the prime rate changes?

The good news is that MCAP's VIP variable rate mortgage program offers a choice of products to help consumers enjoy the lower rates of variable rate

mortgages while mitigating some of their potential volatility. You can choose an immediate, monthly or quarterly rate reset and in some cases, you can choose to maintain fixed payment amounts while your loan amortization adjusts. If you change your mind and prefer the certainty of a fixed rate mortgage, all of MCAP's VIP products provide the option to lock in to a fixed rate term at any time.

Variable rate mortgages have usually been the cheaper option over time, but careful analysis of the answers to the questions above will help you make the choice that is right for you.

More information on MCAP's products can be found on our web site at [www.mcapmortgage.com](http://www.mcapmortgage.com). To discuss your specific situation, e-mail our Customer Service Specialists at [service@mcap.com](mailto:service@mcap.com) or call 1-800-265-2624.



## Your Frequently Asked Questions

- Q. I have heard that extended amortizations are becoming more popular. Does MCAP offer extended amortizations? Can I extend my amortization before my mortgage matures?**  
**A.** MCAP offers extended amortizations for new mortgages on many of its products. If you are interested in inquiring about extending the amortization on your existing mortgage, keep in mind that your mortgage must be re-underwritten as there are different qualifying requirements. There are fees involved in this process as well. Call us to find out more.
- Q. Why does the tax portion of my payment change every year?**  
**A.** Your tax portion is determined based on the tax bill from the current tax year as well as a projected increase based on our experience with the general past practices of municipalities. We must ensure that your tax portion is enough to pay your property taxes for the next year. Any credit balances in your tax account earn interest for you.

- Q. If I have a fixed term, will MCAP offer me a variable term at renewal?**

**A.** MCAP offers fixed rate and variable rate terms to all customers in their regular renewal offer.

Contact one of our Customer Service Specialists to discuss your options in more detail. We want to assist you in making the best decision for your particular situation.

- Q. I have changed home insurance providers. What do I need to do?**

**A.** Your insurance company will provide us with a copy of your new insurance policy. You don't need to do anything.



# Customer Retention - Benevolent Entanglement

## Benevolent Entanglement

- Deepen the customer's relationship
  - Life Insurance and critical illness
  - Home Warranty
  - Credit card
  - Home Ownership Experience
- Innovative Products
- Self service options

## Customer Retention - Benevolent Entanglement

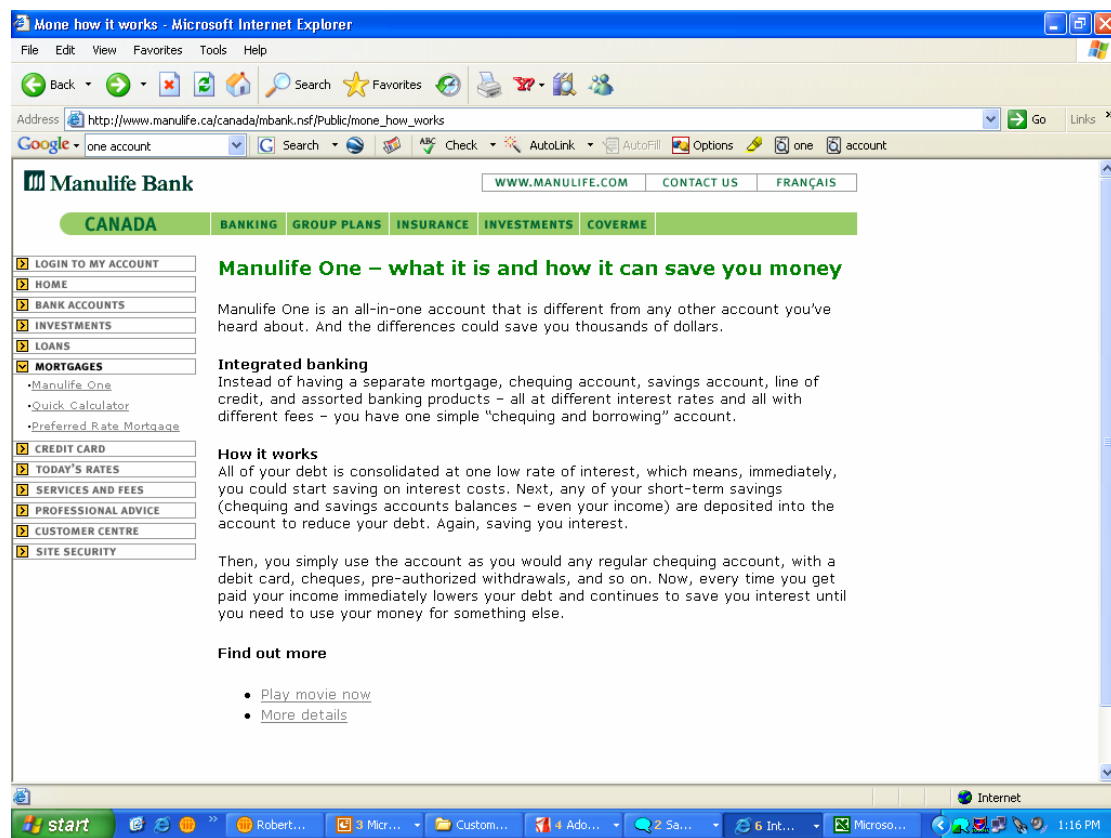
### MCAP (Homeowners) Credit card

- Strategic alliance with Home Depot
  - 10% discount up to \$300 first time used
  - Ongoing promotional offers/discounts
- Use your World Points to pay down your mortgage



# Customer Retention - Benevolent Entanglement

Innovative products that combine a mortgage with a credit card, loan or other account



# Customer Retention - Targeted Marketing

## Targeted Marketing

- Customer Segmentation
  - Not all customers are the same
  - Understand their needs
  - Understand which ones are profitable
  - Differentiated offers/Product bundling

## Customer Retention - Summary

- Develop a Customer Centric Retention Strategy
- Understand and Anticipate your customer's needs
- View the entire customer relationship
- Focus on Customer Service

**Thank You**

**? Questions ?**