

# Dealing with the After Effects of a Mortgage Crisis

Presenters:

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## The Good

- Gross domestic product ahead of forecast
- Stable to declining interest rates
- Existing home sales up

## The Bad

- Personnel consumption expenditures decline
- Marketing times at record levels
- Corporate profits decline

## The Ugly

- Foreclosure and distressed sales are up
- Pay option arms resetting
- Fraud incidence growing
- Declining property values

- Volume down
- Delinquency up
- Profits down
- Liquidity absent
- REO at record levels

## Survival Strategies

- Modeling results
- Be proactive
- Leverage analytics
- Know your borrower

## Survival Tactics

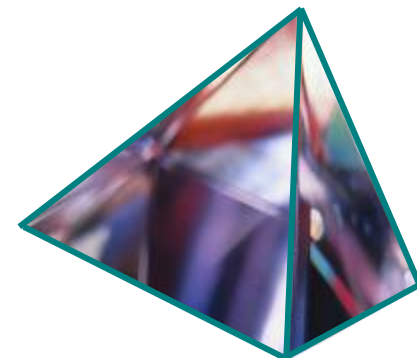
- Improve credit quality
- Lower costs
- Manage risk
- Engage borrower

# Loss Mitigation VS Home Retention

# Action Steps

- Forecast defaults
- Borrower interview
- Fulfillment
- Surveillance

- Performing Loans
  - Portfolio predictive delinquency assessment “PRISM”  
(**P**redictive **R**isk **I**ndex **S**coring **M**odeling)
  - Identify assets at risk of delinquency
  - Forward looking “preventative” solution to stay ahead of delinquency curve
  - Limited data needed from servicer/client





- PRISM integrates Moody's Economy.com fully specified equilibrium forecasting model for single-family homes
- Leverages CSI data
- Identifies and incorporates long-term influences on home prices, including:
  - Demographics
  - Income trends
  - Joblessness
  - Changes in mortgage rates

# Delinquent Loan Management

## Right Staffing Options

- Delinquent Loans

- Outsourced loss mitigation solution
- Assess, augment and/or replace lenders loss mitigation program
- Outsource support for all loss mitigation resolutions: repayment plans, forbearance, modifications, deed in lieu, short sales
- Experience in GSE modification programs
- Proven methods for superior loan resolution
- Variable cost, reduces overhead expense
- Streamlines loss mitigation process for greater efficiency



The screenshot displays the Fiserv Lending Solutions website. The header includes the Fiserv logo and navigation links for Home, About Us, Company Profile, and Our I. A secondary navigation bar contains links for Overview, FastTrack ARM, Paying Overdue, Alternate Payment, and Staying. The main content area is titled "Programs for At-Risk Homeowners" and features a "Request Payment Help Online" button. Below this, there is a section for "Project Lifeline: Pausing the Foreclosure Process" which includes a list of links, a description of the program, and a five-step process for loan modification.

**Fiserv Lending Solutions** Home | About Us | Company Profile | Our I

Request Payment Help Online | Overview | FastTrack ARM | Paying Overdue | Alternate Payment | Staying

### Programs for At-Risk Homeowners

[Request Payment Help Online](#)

Mortgage companies and federal agencies are working to assist homeowners who may be anticipating problems with adjustable-rate mortgages (ARM) that are scheduled to reset.

Since we have been instrumental in leading these national efforts, we want to help our customers who these programs will affect you. We're sharing this information in a continuing effort to help your most important asset — your home.

1. [Project Lifeline: Pausing the Foreclosure Process](#)
2. [About The Fast-Track Subprime ARM Solution](#)
3. [About The HOPE NOW Alliance](#)

**Project Lifeline: Pausing the Foreclosure Process**

**What is Project Lifeline?**  
Project Lifeline is targeted at homeowners who are 90 days or more delinquent and want appropriate, it enables them to "pause" the foreclosure process for up to 30 days, letting about trying to find a solution that works, and giving both parties time to take action where possible.

**Is Fiserv Client participating in the Project Lifeline?**  
Yes, we are committed to assisting our customers who may be facing temporary financial in Project Lifeline sends outlines a more formal process for providing this support.

**What happens during the Project Lifeline process?**  
We send letters to customers that may qualify for a loan modification through Project Lifeline following steps:

- Step 1 - A customer calls our toll-free customer-service number at 866-498-2028.
- Step 2 - They inform the representative that they have received the letter, they w they are willing to seek credit counseling, if necessary.
- Step 3 - The customer provides updated financial information so we can explore a
- Step 4 - Any pending foreclosure can be "paused" for up to 30 days during this re decision is made.
- Step 5 - If a workout plan is established and the homeowner follows the plan for ti loan can be formally modified.

Project Lifeline can offer eligible customers a fresh start. Keep in mind that these decision case basis; we can't do anything until you call.

**What types of loans qualify for Project Lifeline?**  
A variety of loans may qualify for the program, including prime and non-prime loans. In s situations or criteria that exclude a loan from the program. Exclusion criteria include:

- Loans in active bankruptcy
- Those in active foreclosure with a sale date that is less than 30 days

- Special contact programs
  - Special product offers, e.g. gas cards
  - Custom campaign options
  - Sweepstakes
  - Loan counseling supporting home retention solution
- Variety of channels used
  - Personalized landing pages, e-mail, direct mail, phone
  - Network of resources
    - Borrower contact, property visits, investigative procedures
    - Licensed debt collector in 50 states
    - Bilingual expertise both internally & through attorneys
    - Nationwide network of criminal investigators

- Secure micro-sites to match lender's web site
- Streamlined content management to deliver general and specific program information
- Optimized for multiple contact options
  - Contact forms with auto-response and auto-forward logic
  - Live click-to-chat capabilities
  - Direct call-to-action plus return links back to lender site
- Spanish version

- Multiple service levels (can be phased)
  - Static micro-site with contact forms
  - Dynamic portal with registered users
  - Interactive application with rules-based loan modification decisioning

[Request Payment Help Online](#)

[Borrower Assistance](#)

[Borrower Incentive](#)

[Security and Privacy](#)

[Se Habla Español?](#)

[Overview](#) [FastTrack ARM](#) [Paying Overdue](#) [Alternate Payment](#) [Staying On Track](#) [Online Form](#)

Site for Demonstration Purposes Only, Not for General Distribution/Utilization

## Overcoming Payment Challenges

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**Fast-Track ARM Solution:** Are you eligible for the rapid relief program for subprime loans?

Keeping up with with your mortgage payments is an essential part of managing your home asset and building a secure future. But unexpected challenges — like the loss of employment, medical problems, or other difficult circumstances — can make paying your mortgage more difficult.

At Fiserv, we know that your home is your most powerful asset and your key to moving beyond short-term problems into a lifetime of secure homeownership. That's why we offer options to help you protect the personal and financial investment you've made in your home.

[> Paying your overdue amount](#)  
Find out where you may be able to get the funds and how to have them applied to your account as quickly as possible.

[> Alternative repayment options](#)  
If you can't make your payments, we'll do our best to find a repayment solution that you can manage. Read about some of the options we offer, request payment help by phone, or use our online form.

[> Staying on track](#)  
Learn how account management tools can help you keep up with your mortgage payments.

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- Fulfillment Tasked Elements
  - Document Creation/Preparation
  - Document Data Element Calculations/Quality Control
  - Document Shipment
  - Call Center/Campaign – Inbound/Outbound
  - Document/Package Tracking
  - Skip Tracing
  - Package receipt Quality Control
  - Document Imaging
  - Custodial Management

- Project
  - Definition
  - Business Rules
  - Solution Management
- Delinquent Interest
  - Methodology
    - Approval Process
  - Loan Level Calculation
    - Approval Process
- Capitalization
  - Methodology
    - Approval Process
  - Loan Level Calculation
    - Approval Process

- Program Letter
  - Sample Draft
  - Letter Customization
  - Loaded into Case Management System
  - Sample Approval Process – Text
- Modification Documents & Riders
  - Sample Documents/Riders Draft
  - Document Customization
  - Loaded into Case Management System
  - Sample Approval Process – Text
- Draft Program Documents
  - Data Merged into Documents
  - Draft Approval Process

- **Documents**
  - Letter
  - FAQ
  - Modification Document
  - Riders
  - Bar Code
- **Fulfillment – Stage 1**
  - Printing
  - Collating
  - Shipment
  - SLA – 7 Days
- **Call Center**
  - Inbound
  - Outbound
  - SLA – 10 Days
- **Skip Tracing**
  - SLA – 12 Days
- **Fulfillment – Stage 2**
  - Quality Control
  - Package Tracking
  - Imaging
  - Exception Processing
  - Document Custodial Management

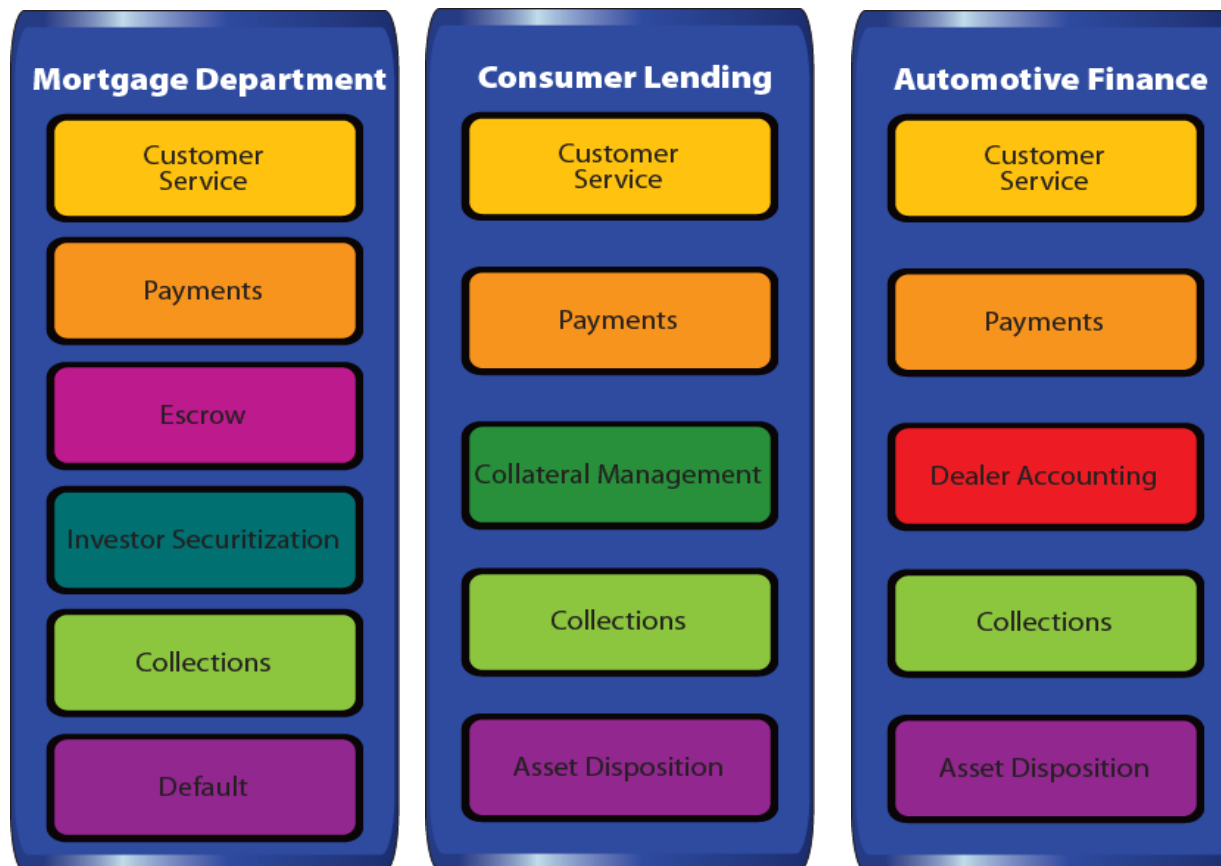
- Confirm loan recast completed
- Confirm correct billing
- Confirm borrower understanding
- Track early payments
- Maintain borrower contact

# **Dealing with the After Effects of a Mortgage Crisis**

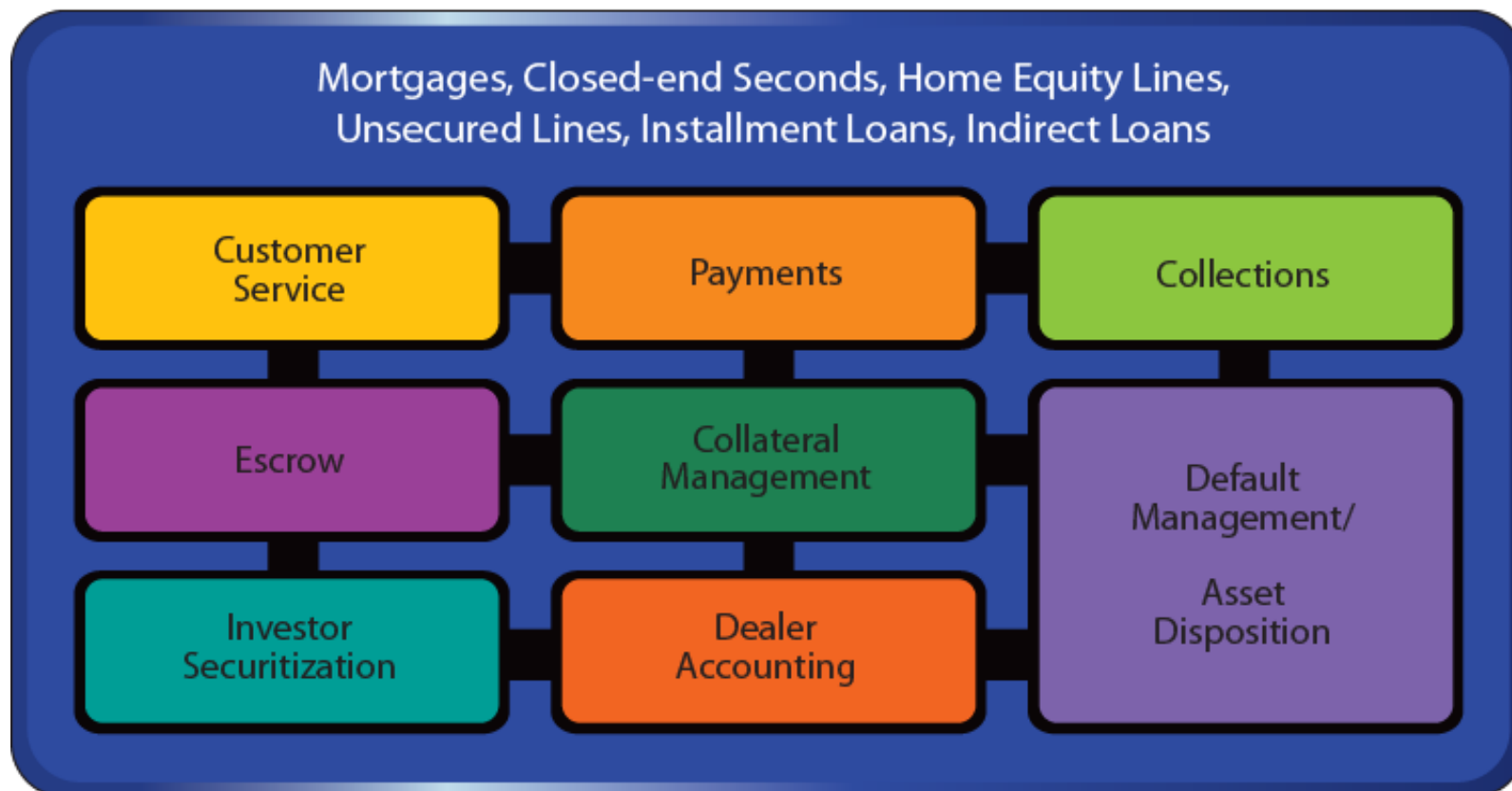
Consolidating Lending Back Offices

# Traditional Lending Operation

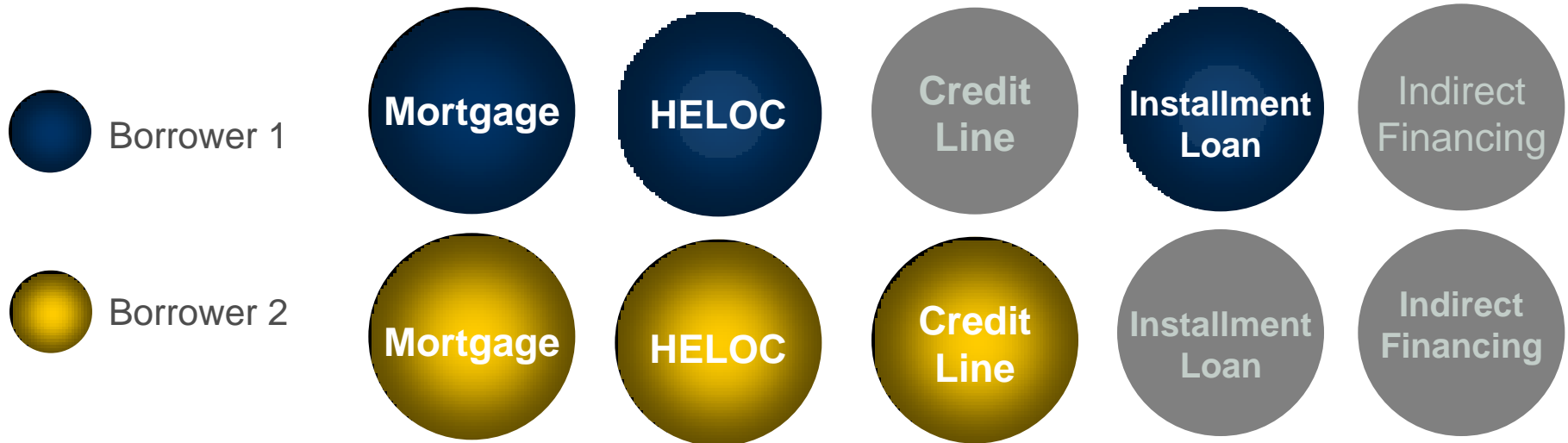
## Separate Organizations *and* Disparate Technology Solutions



# Single-platform Lending Operation



# See All Loan Relationships



**Better assess credit capacity for workouts**

**Minimize risk with default capabilities for all products**

# Dealing with the After Effects of a Mortgage Crisis

Maximizing Efficiency with  
Electronic Processes

# Document Custody Evolution



1. Paper, paper everywhere

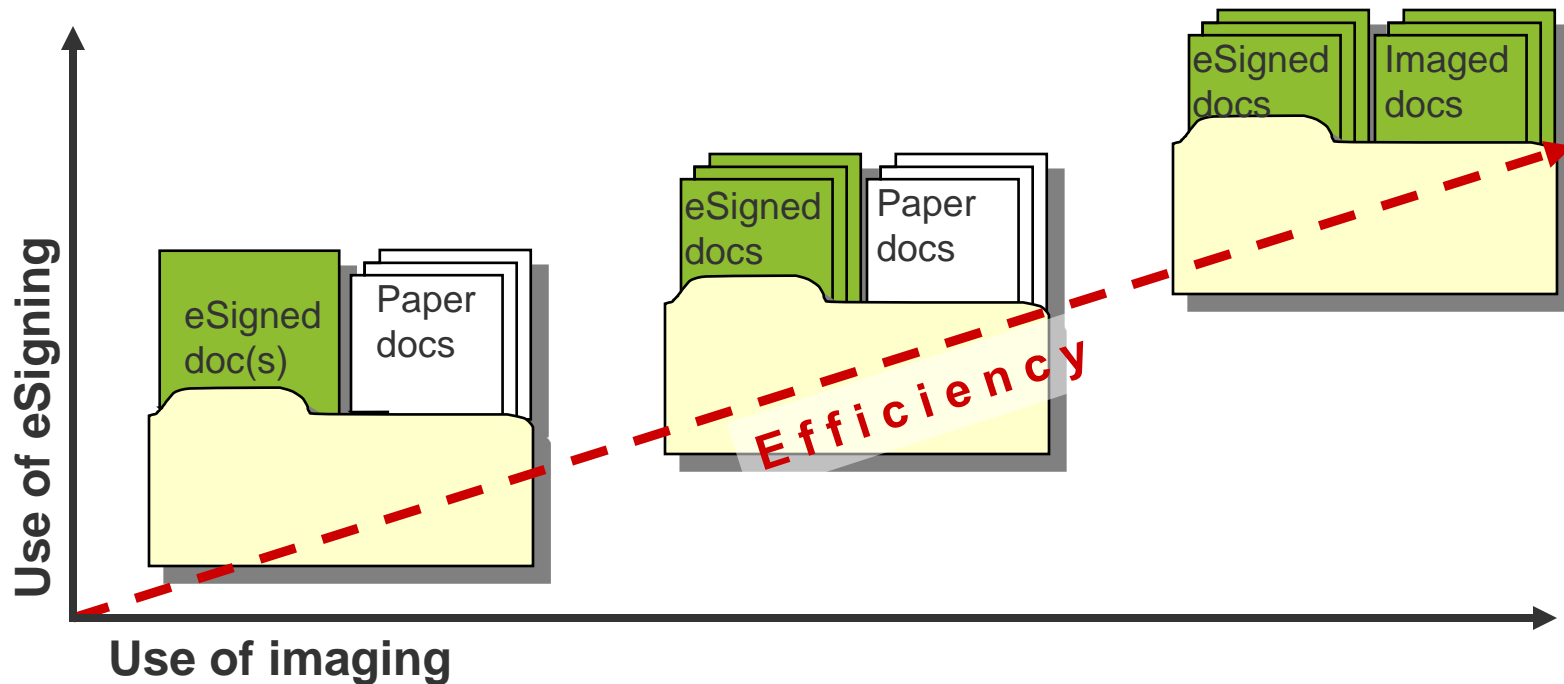


2. Imaged documents for everyday work needs;  
some OCR; but paper original kept



3. eSigned original documents  
exchanged; electronic quality  
control

# eMortgages – eDocument Custody



At a minimum:  
An electronic Note that is signed electronically and registered with the MERS® eRegistry  
OR eSigned modification/workout documents

Hybrid approach:  
Some documents are eSigned, some are signed on paper (example: recordable documents)

As many documents as possible are eSigned as possible; the remainder imaged for a paperless loan file

- **ESIGN** – the federal law signed in 2000
- **UETA** – a uniform standard state law adopted in 48 jurisdictions (remaining states passed their own versions)
- What both laws essentially say:
  - A document (record) or a signature can be in electronic form
  - Neither can be denied enforceability solely because they are in electronic form
  - eSign is an “opt-in” decision
- What neither law says
  - Format of the electronic record or signature to be used
- **Common Standards**
  - SPeRS
  - NARA Federal document management guidance
  - W3C and other open technical standards
- **Mortgage Industry Standards**
  - Mortgage industry specific standards for:
    - Data
    - Documents
    - Inter-system messaging
  - MERS<sup>®</sup> eRegistry and eDelivery

# ROI of eSignatures = Instant Gratification

**Here's the closing package  
from the closing that finished  
five minutes ago.**



Using electronically signed documents provides instant transporting of documents between:

Borrowers,

Closing agents,

Document custodians,

Warehouse lenders,

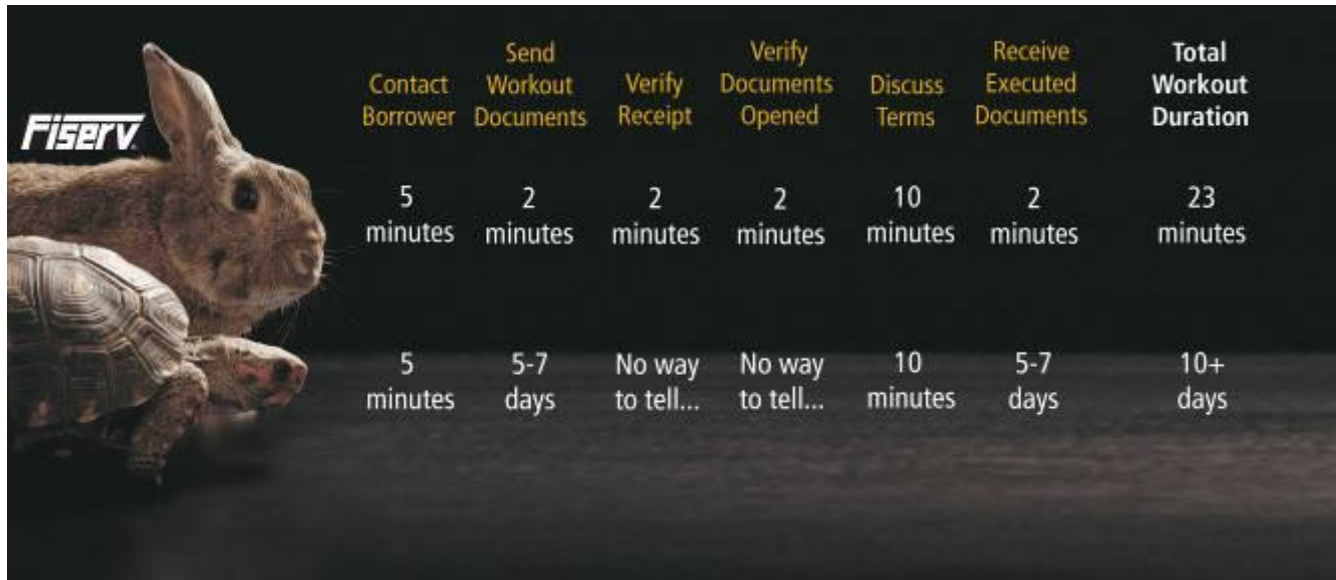
Investors and Servicers.



# eSignatures – Not Just for Closing

*“The main draw of e-signature services is cost savings and convenience. Instead of sending documents back and forth between parties via fax or overnight mail so that everyone can sign original documents, e-signatures allow the whole process to be done online.”*

*The Wall Street Journal*  
July 3, 2007



The image shows a comparison of e-signature and traditional signature processes. On the left, the Fiserv logo is displayed above a photograph of a brown rabbit and a turtle. The rabbit is positioned above the turtle, symbolizing speed. The table to the right compares the two processes across seven steps: Contact Borrower, Send Workout Documents, Verify Receipt, Verify Documents Opened, Discuss Terms, Receive Executed Documents, and Total Workout Duration.

Contact Borrower	Send Workout Documents	Verify Receipt	Verify Documents Opened	Discuss Terms	Receive Executed Documents	Total Workout Duration
5 minutes	2 minutes	2 minutes	2 minutes	10 minutes	2 minutes	23 minutes
5 minutes	5-7 days	No way to tell...	No way to tell...	10 minutes	5-7 days	10+ days

# eDocuments Eliminate Headaches



<b>Ink-signed documents</b>	<b>eSigned documents</b>
<ul style="list-style-type: none"><li>• Late or missing courier/overnight packages</li></ul>	<ul style="list-style-type: none"><li>• Exchanged instantly</li></ul>
<ul style="list-style-type: none"><li>• Missing documents</li></ul>	<ul style="list-style-type: none"><li>• No missing documents</li></ul>
<ul style="list-style-type: none"><li>• Missing signatures</li></ul>	<ul style="list-style-type: none"><li>• No missing signatures</li></ul>
<ul style="list-style-type: none"><li>• Unauthorized changes to documents</li></ul>	<ul style="list-style-type: none"><li>• No changes to documents</li></ul>

# The 3 Pillars of Paper-free Lending



Image all paper documents on receipt, using meaningful document file names.



Keep documents in natively electronic format whenever possible; use eSignatures.



Incorporate automated handling, queuing and review of imaged and natively electronic documents.

## Imaged Document Advantages

- On demand instant availability
- Access by multiple parties
- Increase productivity
- Reduce hard costs
- Automate document filing, routing, and queuing workflow
- Automate QC document tracking, receipt, and overall file completeness

## Electronic Delivery/eSign Advantages

- All imaged document advantages, and:
- Retain control of documents
- Tamper-evident document security
- Fastest execution and return of documents
- Automate document delivery and additional QC review
- eNotes – instant-from-closing-table liquidity in secondary market

# NARA: Trustworthiness of Records

<b>NARA Quality</b>	<b>Ink Signed Documents</b>	<b>eSigned Mortgage Documents</b>
<b>Reliability</b>	<b>Signatures</b>	<b>Signatures, MERS eRegistry</b>
<b>Authenticity</b>	<b>“Spit test” Hopefully no changes during lifecycle</b>	<b>Signatures, Tamper evident seal, MERS eRegistry</b>
<b>Integrity</b>	<b>Staple other documents to it</b>	<b>Signatures, Tamper evident seal, MERS eRegistry</b>
<b>Usability</b>	<b>Have to manually review and store the documents</b>	<b>Easy access; instant exchange with partners; data- view mapping</b>

For more information see <http://www.archives.gov/records-mgmt/policy/electronic-signature-technology.html>



- eVault

For securing eSigned documents,  
especially transferable records (collateral);

Providing custodial access;

May also provide eQC functions



- Connectivity to MERS®  
eRegistry and eDelivery  
systems

For verifying eSigned documents if  
required,

and receiving/ delivering documents

# New Process = New Opportunities

- Besides internal efficiency...
- Potential niche market share opportunities:
  - As eMortgage supporting warehouse lender
  - As eMortgage supporting investor (purchasing them for resale)
  - As eMortgage supporting document custodian
  - As eMortgage supporting servicer

# Thank You!