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Spring 2009, Volume 10

Peak Performance *Resources, Inc.*

LET US HELP YOU REACH YOUR FULL
POTENTIAL.

Is it time to retain servicing?

What is right for you?

At the National Secondary Conference in Chicago one of the main topics among lenders was retention of the servicing rights. There are good arguments for retaining servicing in today's environment:

- ▶ Mortgage Bankers with warehouse lines at capacity can turn the lines faster - delivering to Fannie and Freddie and utilizing their early funding programs.
- ▶ Servicing values paid by conduits are at an all time low.
- ▶ Loans today are very high quality with lower credit risk.
- ▶ Operational efficiencies exist because the lender is delivering electronically to Fannie Mae, Freddie Mac and Ginnie Mae.

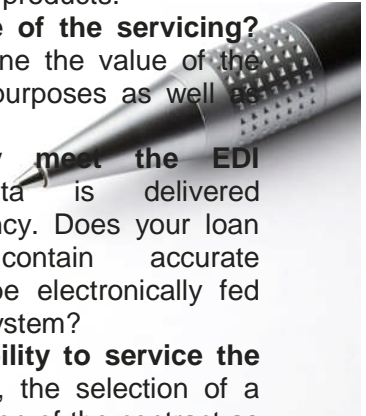
For lenders who want to make the leap to selling servicing retained, there are questions to be answered:

- ✓ **Is your company an approved seller/servicer with Fannie, Freddie and Ginnie?** If not, you will need to submit an application. The agencies have new lender net worth requirements, and the application must show experienced personnel, and the

right policies and procedures in place to produce good quality loan products.

- ✓ **Do you know the value of the servicing?** You will need to determine the value of the servicing for rate sheet purposes as well as balance sheet purposes.
- ✓ **Can your technology meet the EDI requirements?** Data is delivered electronically to the agency. Does your loan origination system contain accurate information, which can be electronically fed into the agency delivery system?
- ✓ **Do you have the capability to service the loans in-house?** If not, the selection of a sub-servicer and negotiation of the contract as it relates to customer service levels, operational issues surrounding the delivery of servicing data, and the per loan cost of servicing.
- ✓ **Are you ready to transition?** Shipping and post closing operations must be ready to accommodate this new delivery method.
- ✓ **Finally, do you have sufficient cash in order to retain servicing?**

Peak Performance Resources has experience in assisting lenders with their evaluation of this option and in helping with the transition. Call PPR today to begin discussions on whether this is a good alternative for your company.





“ Investors, regulators, warehouse lenders, and the agencies are all concerned with the quality of loan files.”

Emphasis on a well-defined and properly executed Quality Assurance plan should be a primary concern.

“Quality is Job 1” was the advertising slogan for Ford several years ago. Lenders in today’s environment will be well advised to recall that mantra and make it a part of their company culture. Investors, regulators, warehouse lenders, and the agencies are all concerned with the quality of the loan files. Emphasis on a well-defined and properly executed Quality Assurance plan has become a primary concern for the mortgage lending industry today.

Development of a plan to meet the requirements of the agencies and regulators for review of closed loans is only the first part of the process. Adding the pre-closing QA has become standard as virtually every lender has realized the value of that extra step of pre-closing quality control to prevent loans from becoming repurchase or indemnification nightmares after closing when QA turns up problems.

Execution of the plan requires that individuals be identified and responsible for the QA activities and have knowledge of their individual responsibilities. Training may be required for those employees who have not worked with pre-closing quality assurance procedures. Simply verifying the information is not enough; there must be a process for identifying discrepancies or questionable information and notifying the person responsible for resolution or further investigation.

Monitoring the execution is a significant part of the plan. The person responsible for QA must be cognizant of all processes prior to closing. Are procedures being followed? Do employees take the QA responsibility seriously and adequately perform the tasks assigned?

Reviewing the reports from QA is the responsibility of senior management. Effective QA reports provide information that will assist the company to take various actions to reduce the possibility of loss by pointing out potential areas of risk. All areas - origination, underwriting, closing, or compliance must be reviewed. Line managers should be aware of deficiencies in their area of responsibility. Investigation into issues and follow-up on findings is mandatory. Management should review trends to determine if training is needed in specific areas and closely supervise particular individuals or operations as they are identified.

Make Quality Assurance work for you, providing you with the answers you need to improve your loan quality, your policies and procedures. Peak Performance Resources, Inc. has the expertise to develop and assist you in managing policies and procedures. Call today for details.

PERFORMANCE IMPROVEMENT PROGRAMS:



We have a variety of programs to help you or your organization reach your full potential.

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- ⇒ Personality Assessments
- ⇒ Candidate Series
- ⇒ Development Series
- ⇒ Leadership Series
- ⇒ Leadership Assessments

Workshops

- ⇒ 7 Rules of Change Leadership
- ⇒ Coaching Approach to Management
- ⇒ Secondary 101

Strategic Planning

- ⇒ 3-Day Intensive
- ⇒ 1-Day Introduction

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