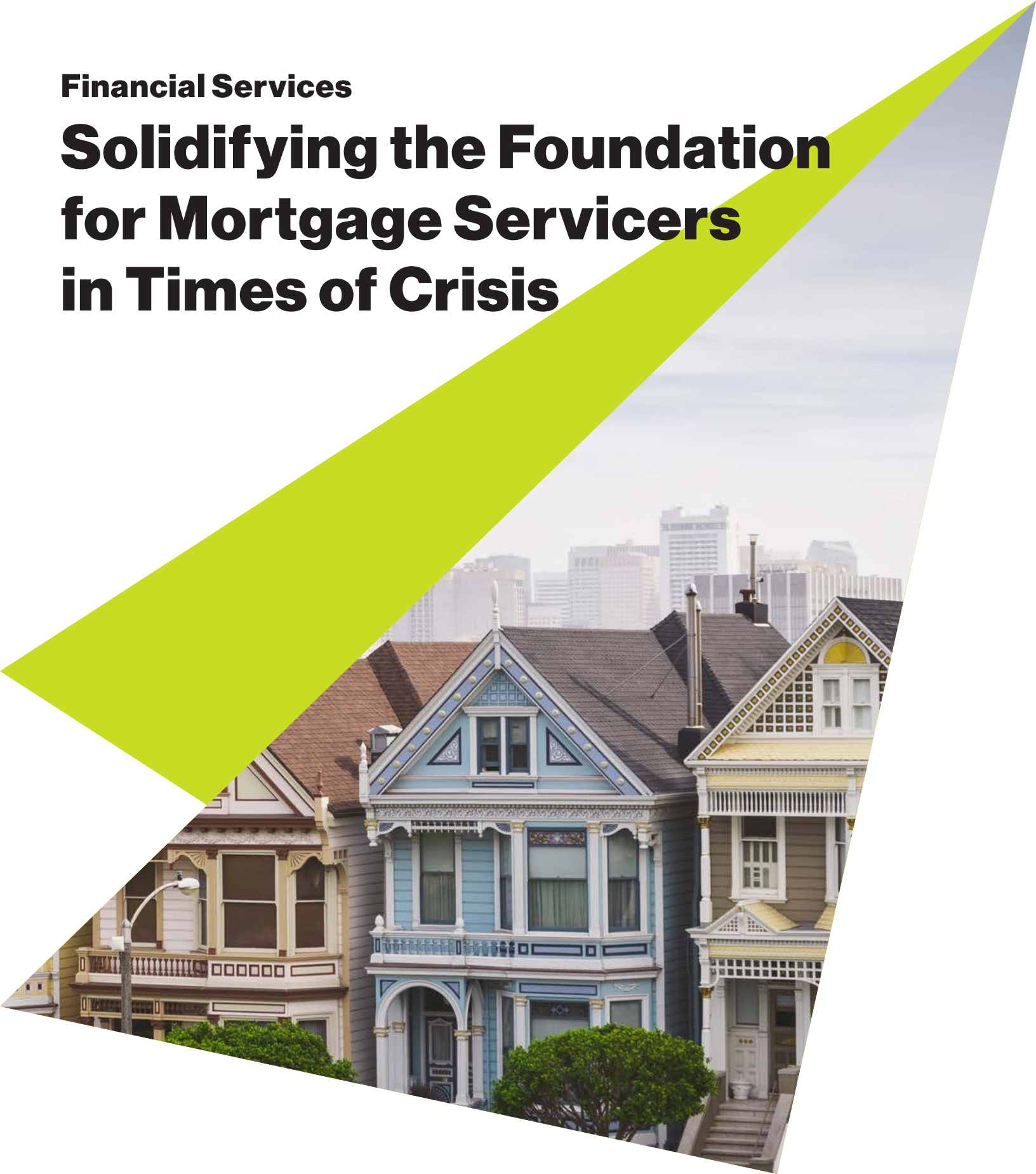


**Financial Services**

# **Solidifying the Foundation for Mortgage Servicers in Times of Crisis**





## Lessons Learned from Past Crisis

Avoid pitfalls from the 2008 crisis and more recent natural disasters. Here are 10 things you should be thinking about:

1. Velocity of changes create **operations risk**
2. Manual workarounds lead to **process inefficiencies and manual errors**
3. Avalanche of **loan modifications** expected after forbearance periods end
4. Expected uptick in **consumer bankruptcies** in coming months
5. Scarce inspections and preservation activity available leads to **property deterioration**
6. Continued **call center capacity** issues require concise and accurate online support
7. New rules and programs will increase misunderstandings leading to **complaints and social, brand, and reputation risk**
8. Delays in obtaining **timely and robust appraisals**
9. With ongoing economic pressures, **servicing transfers** are expected
10. Manage **regulatory change** early to prevent major problems down the road

Maintaining profitability during these uncertain times is challenging, particularly for mortgage servicers that need to balance future volume expectations with current economic constraints. While this pandemic is unlike anything the world has seen, there are many lessons that can be learned from the Great Recession and recent natural disasters. We expect to see a large increase in defaults after the expiration of forbearance plans and moratoriums on foreclosures and evictions. Business areas including call centers, loss mitigation, foreclosure, bankruptcy, real estate owned (REO), and property preservation will require well-controlled operations and a focus on maintaining regulatory and investor compliance with ever-changing rules.

Mortgage servicers that don't shore up their default and compliance operations, may encounter risks including **regulatory, diminished profitability, reputational damage, and customer attrition**.

How can organizations bolster profitability while being sensitive to customer needs in this uncertain environment? What lessons can be applied from past financial crisis to inform leadership decision-making now and chart a pathway forward?

## Our recommended solutions

To make sure these are covered within your organization, we suggest:



Current process assessments and gap analyses



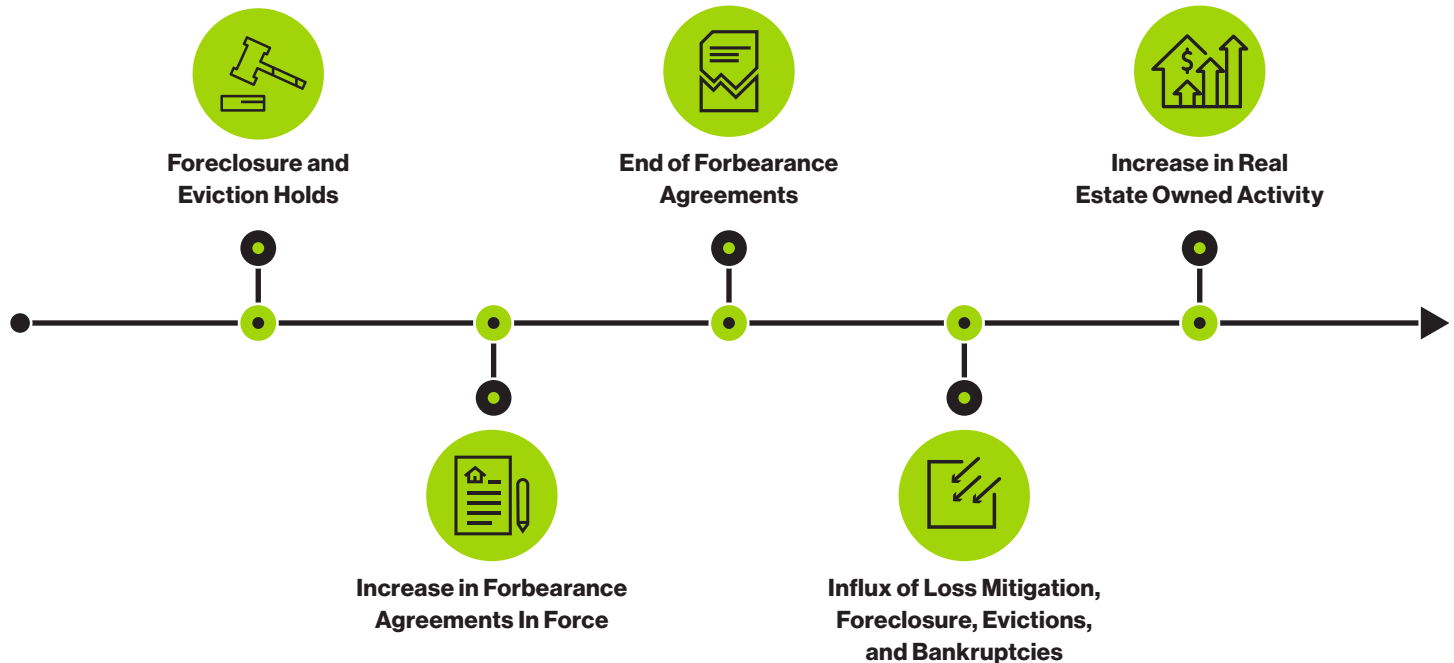
Review of change, complaint, issue, vendor, and QC management tools in use



Analysis of key vendor performance

## Reinforced Foundation Protects Servicers from Pandemic Storm

The COVID-19 pandemic will likely have some very similar impacts to prior events, with many regulatory changes to support borrowers. Unlike the Great Recession, this event is seeing a much faster increase in unemployment, quick regulatory responses to mortgage industry stresses, and a relatively strong market prior to the downturn. Also, unlike most natural disasters, the impact is worldwide.



### How Guidehouse Can Help

Maintaining profitability during these uncertain times is challenging. Guidehouse has the solutions and industry experience to help.

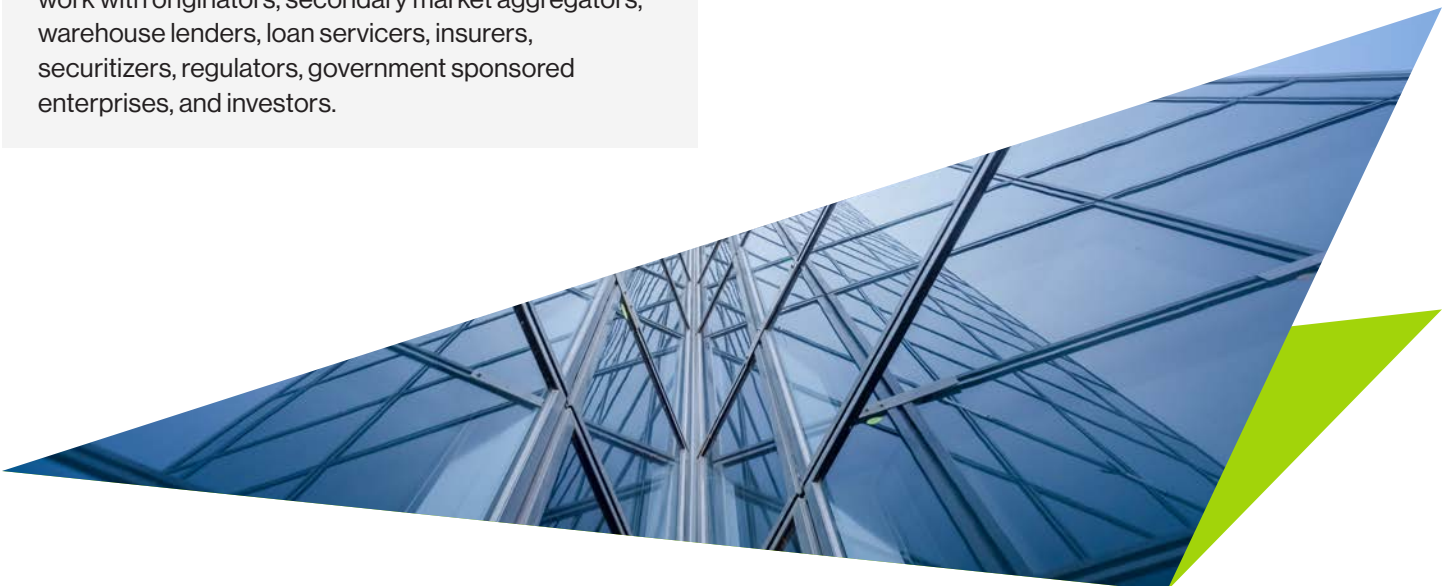
We have performed extensive mortgage- related work with originators, secondary market aggregators, warehouse lenders, loan servicers, insurers, securitizers, regulators, government sponsored enterprises, and investors.

**30+** Years in Mortgage Industry

**1,000+** Projects

**50+** Mortgage Originators and Servicers

**15M+** Loans Reviewed





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## About Guidehouse

Guidehouse is a leading global provider of consulting services to the public and commercial markets with broad capabilities in management, technology, and risk consulting. We help clients address their toughest challenges with a focus on markets and clients facing transformational change, technology-driven innovation and significant regulatory pressure. Across a range of advisory, consulting, outsourcing, and technology/analytics services, we help clients create scalable, innovative solutions that prepare them for future growth and success. Headquartered in Washington DC, the company has more than 7,000 professionals in more than 50 locations. Guidehouse is a Veritas Capital portfolio company, led by seasoned professionals with proven and diverse expertise in traditional and emerging technologies, markets, and agenda-setting issues driving national and global economies. For more information, please visit: [www.guidehouse.com](https://www.guidehouse.com).

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