MORTGAGE SERVICING SOLUTIONS

What mortgage servicers should be doing now

The current economic environment has made it more challenging for lenders to assess risk, measure performance and identify new opportunities, especially when it comes to their servicing portfolios.

Factors affecting the mortgage servicing landscape

Unprecedented mortgage and economic market

Over 18 months of CARES Act forbearance plans, a foreclosure moratorium, new lending guidelines and an uneven economic recovery have all contributed to creating an unprecedented lending environment.

Economists are calling this the first-ever K-shaped recovery in history.

Borrower retention numbers at all-time lows

With an increase in the number of lending options available to borrowers – from fintech lenders to online brokers/aggregators – shopping for a mortgage online has never been so easy. In addition to that, last year's low-rate environment has persisted well into 2021, incentivizing borrowers to explore options with other lenders and prioritize savings over service.

33% of first mortgages were less than a year old at the end of 2020.

Listen to Mortgage in 2021 for more information.

Hypercompetitive mortgage market

Origination volumes are dropping as we shift away from a refinance boom, and every borrower counts, whether retained or new. Additionally, digital transformation has led to heightened customer expectations, making it more critical for lenders to deliver a better borrower experience than the competition.

> "Competition stiffened, production volume declined...... The result for mortgage lenders was a combination of lower revenues and higher expenses."
>
> — MBA's Quarterly Mortgage Bankers Performance Report, Second Quarter of 2021

Mortgage lenders and servicers

These factors have impacted your ability to accurately assess risk and cause higher-than-normal runoff rates in your portfolio. There is also an expected wave of distressed homeowners and the **pressure is on**; regulators and agencies have made their expectations clear that servicers should be prepared to help borrowers needing assistance.

To navigate through this current market, forward-thinking mortgage servicers are implementing these key strategies now

Gain a holistic view of risk

CARES Act accommodations and the current lending environment have made it challenging to fully assess the impact forbearance may have on servicing portfolios, and consumer circumstances are ever-changing due to continued economic uncertainty. **Through a combination of multiple data sources, such as property, consumer and alternative data, servicers can better evaluate a borrower's ability to pay and reduce risk**.

Proactive borrower engagement

Borrowers expect lenders to better anticipate their lending needs now more than ever before. Being able to proactively reach borrowers likely to refinance, are in the market for a mortgage, or headed toward a default scenario can help mortgage lenders and servicers retain existing customers and reduce losses. **Creating communication and marketing campaigns that resonate will make this possible**.

Focus on operational efficiency

With an expected wave of distressed homeowners on the horizon, servicers who are focused on operational efficiency will be able to provide the seamless borrower experience their customers expect. **Streamlining processes through automation and ensuring data is accurate and up to date will help control operating costs and reduce the risk of overwhelming a servicer's existing capacity**.

Building a well-rounded strategy that includes best-in-class data, analytics and technology is more crucial than ever. It can help mortgage lenders and servicers minimize risk in their portfolios, effectively reach borrowers in need, and reduce cost. **Are you prepared?**

Learn more about how you can implement these strategies »

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