

WHITE PAPER

NAVIGATING NEW NORMS

OUTSOURCING AS A CATALYST FOR
MORTGAGE SERVICE EXCELLENCE

As the mortgage sector navigates through complex market dynamics, the primary objectives for many organizations remain the same: master cost efficiency, ensure the delivery of high-quality service, and effectively scale operations. Outsourcing activities to specialized providers continues to be a primary strategy for achieving such goals. This white paper investigates how lenders and servicers can optimize staffing, employ modern technology and leverage data analytics with right outsourcing partner.

DYNAMIC STAFFING SOLUTIONS FOR SCALABLE GROWTH AND SUCCESS

Outsourcing partners provide mortgage servicers with the agility to quickly adapt staffing levels for large projects or tight deadlines, essential in responding to market fluctuations and operational demands. This capability allows organizations to navigate talent shortages and competitive markets efficiently, significantly reducing payroll costs without sacrificing quality.

By leveraging providers equipped with a mix of skilled talent and robotic process automation (RPA) capabilities, firms can markedly improve operational efficiency. Such strategic collaboration not only curtails internal operational costs but also ensures optimal utilization of the workforce, directing human expertise to critical tasks while employing automation for routine operations. This results in a scalable and flexible operational framework, proficient at meeting evolving market demands while upholding high service standards.

Considerations for achieving strategic scalability with strategic outsourcing partners:

- **Specialized Staffing Solutions:**

Tailored staffing models that not only accommodate non-core functions but also manage complex, analytical processes.

- **Rapid Response to Demand:**

Quick mobilization capability, with skilled resources, for varying project sizes and complexities to ensure preparedness for any market change or client need.

- **Balanced Workforce Utilization:**

Efficient allocation of outsourced talent to high-impact activities, complemented by automation for enhanced operational efficiency.

- **Cost Efficiency:**

Significant overhead reduction through strategic staffing, freeing up resources for critical investments and growth.

This approach ensures mortgage servicers are equipped to maintain a competitive edge, seamlessly adjusting to market dynamics with strategic staffing and workforce optimization.

EMBRACING TECHNOLOGY & AUTOMATION FOR OPERATIONAL EXCELLENCE

In the pursuit of operational excellence, the integration of technology and automation into mortgage servicing processes is indispensable. However, this integration presents its own set of challenges, including significant costs and the potential drain on resources during implementation and maintenance phases. These hurdles often make strategic outsourcing an attractive option for mortgage servicers, providing a path to embrace cutting-edge technological solutions without the direct financial and temporal burdens typically associated with in-house development.

Yet, the decision to outsource is not without its complexities. The mortgage industry, with its specialized processes and stringent regulatory requirements, demands more than a one-size-fits-all solution. It necessitates a partnership with a provider that not only offers technological expertise but also possesses a deep understanding of the specific nuances of mortgage servicing. The right partner knows precisely when and how to blend technology with the human touch, ensuring that automation enhances efficiency without compromising the quality of service or regulatory compliance.

To address these considerations, mortgage servicers should seek outsourcing partners who provide:

- **Cost-Effective Technology Solutions:**

Access to advanced technology that sidesteps the high costs and resource investments of in-house development.

- **Concentrated Industry Expertise:**

Deep knowledge of the mortgage servicing sector to ensure technology is applied effectively, enhancing both compliance and operational performance.

- **Balanced Approach to Automations:**

Insight into when automation can solve problems and when human intervention is required, guaranteeing that technology is used appropriately and to its fullest potential.

- **Customized Integration:**

Solutions tailored to the unique needs and challenges of mortgage industry, ensuring technology integration is both seamless and strategically aligned with business objectives performance.

This insight empowers mortgage servicers to drive efficiency and innovation while ensuring the unique demands of the industry are met with precision and expertise.

LEVERAGING DATA & ANALYTICS FOR COMPETITIVE ADVANTAGE

The strategic use of data and analytics stands as a pivotal element for achieving operational excellence. This approach extends beyond merely gathering vast amounts of data; it encompasses the effective utilization of information to improve operational efficiency, accuracy, and service quality.

By forming strategic partnerships to access specialized data, organizations can gain a substantial competitive advantage, enhancing their ability to manage complex servicing tasks and make informed strategic decisions. These collaborations enable a level of analytical depth and specificity that surpasses the scope of internal capabilities, offering nuanced insights into the specialized processes that are crucial for navigating the sector's challenges and seizing its opportunities.

Benefits of engaging in data and analytics partnerships include:

- **Precision and Efficiency:**

Leveraging external, specialized data sources enhances the precision and efficiency of operations, guiding decisions with the most current and comprehensive.

- **Access to Specialized Insights:**

Given the range of specialized tasks within mortgage servicing, the insights from partners with specialized data analytics capabilities are invaluable.

- **Seamless Data Integration:**

Today, companies are presented with numerous methods for transmitting critical customer data to support operational requirements. Leading third-party data providers can now offer advanced techniques for housing and managing external data inside a servicer's own security networks. This approach mitigates risk, enhances data integrity, and addresses compliance challenges more effectively.

“**Choosing AIS for our complex processes and analytics has been a game-changer. From document-to-data conversions, thorough quality review and risk assessments, to expert document preparation for bankruptcy filings, their work quality and speed of delivery have significantly impacted our bottom line. We truly appreciate the precision and efficiency AIS brings to our operations.**

Joshua Bishop
COO, Head Of Operations, Servicing
Newrez | Shellpoint



OUTSOURCING IN ACTION



Throughout this white paper, we have explored the strategic value of outsourcing in enhancing operational efficiency, ensuring compliance, and fostering innovation within the mortgage servicing sector. At AIS, we help lenders and servicers optimize performance and increase margins by managing complex processes with our technology and skilled professionals.

With specialized solutions that seamlessly integrate with everyday mortgage operations, we generate quick wins in four primary area: Performing Loan Servicing, Bankruptcy Account Management, Quality Review/Risk Assessment, and Process Automation.

Here are several examples of how AIS clients have successfully implemented outsourcing solutions to transform their operational processes and achieve significant advancements in efficiency, productivity and compliance.

SCALING OPERATIONS WITHOUT COMPROMISING QUALITY



A leading mortgage lender that serves nearly four million customers acquired servicing rights for a new portfolio of approximately 7,000 bankrupt loans. To meet regulatory requirements, audits needed to be conducted and ledgers created for each loan to ensure every post-bankruptcy filing transaction was accurate.

When outsourcing previous projects like this to other vendors, the lender experienced timeliness issues, quality errors and scalability problems. In addition, most of these vendors were hesitant to take on this project, due to the complexity and stringent deadline.

However, AIS accepted the request to complete the audits within 45 days from the date of acquisition. Quality was of the utmost importance, as errors could lead to financial implications or incorrect accounting for the life of the loan.

Based on the requirements outlined by the lender, AIS on-boarded a team of 65 associates in four phases. The new team members were quickly integrated with a group of experienced associates which consisted of trainers, team leaders and subject matter experts. In total, 6,797 loans were reviewed, of which 6,169 payment ledgers were prepared within the 45-day window and at a quality rate of 99%.

AIS is great at what they do! The services that we give them are important and when we need assistance to get projects done it helps to keep internal business running BAU.

**Senior Vice President, Default Servicing
Top 10 Mortgage Servicer**

DESIGNING AND IMPLEMENTING ADVANCED TECHNOLOGY



A new regulation in the State of California required a leading mortgage servicer to ensure all modification documents were printed in the same language as the original loan. Failure to comply would result in stiff penalties.

For a servicer who manages over 1.5 million loans, manual document review was impossible due to cost, volumes and time constraints. The only viable option was to partner with a firm like AIS to build an automated solution since internal development resources were not readily available.

Based on the requirements outlined by the servicer, AIS agreed to review over 580,000 loan documents within a 90-day time frame. AIS quickly developed and deployed a customized, automated tool that leveraged OCR technology to review all files for the servicer within 50 days.

Not only did AIS' solution cut 40% off the required delivery timeline, but it also achieved 100% customer satisfaction from the servicer for documents processed.

In addition, AIS provided the servicer with an extra level of quality control, conducting a thorough review of all documents marked "other language" to ensure processing precision.

I really appreciate that I can always pick up the phone and have an open and fluid conversation with AIS and discuss what my needs are and how we can build it together.

**Director, Loan Transfers
Top 10 Mortgage Servicer**

DEPLOYING AN ENTERPRISE-WIDE DATA MANAGEMENT SOLUTION TO MITIGATE INFORMATION SECURITY RISK



Partnering with AIS has transformed our approach to data management. Their commitment to quality is evident, giving us complete confidence in their solutions. The timeliness and accuracy of the data provided by AIS are unparalleled, and their flexibility in accommodating customized changes makes them an invaluable partner.

**Vice President, Bankruptcy Operations
Top 10 Bank**

A top 10 bank was needing to overhaul its approach to bankruptcy data management with an enterprise-wide solution that reduced expenses and enhanced information security.

The bank's process was fragmented; each business unit (including home lending) employed different providers to monitor and update the bankruptcy status of customers.

This decentralization led to inconsistencies, particularly as matching logic varied across vendors, often resulting in inaccurate matches and necessitating extensive manual oversight to ensure accuracy.

AIS deployed its Data One solution, a cloud-ready system that allows lenders and servicers to acquire bankruptcy information regarding a particular customer without sending the customer's data outside of their IT environment.

Using AIS's proprietary bankruptcy database and matching logic (Smart Match), Data One provided the bank with daily filing notifications and case updates for each of its customers in bankruptcy.

In addition to Data One, AIS gave bank associates access to its online case lookup system and docket event tracking workflow application. AIS also addressed the bank's mail processing challenges, creating a centralized mail management hub for handling both physical and electronic bankruptcy mail notices.

Through this partnership, the bank established a more robust, efficient, and unified approach to managing bankruptcy data, setting a new standard for financial institutions in handling sensitive customer information.

ABOUT AIS

AIS is a professional services and technology company that reduces operating costs, improves compliance, and mitigates risk through automation and highly skilled talent. Our clients see us as a strategic partner that manages the day-to-day work so they can focus on growing their business. We review your processes, eliminate inefficiencies, and help your teams work smarter and faster. We build and deploy technology to automate and increase controls in your back-office. We recruit, train, and manage specialized human resources to meet your immediate staffing needs and increase your organizational bandwidth. We equip decision makers with deep data sets and forward-thinking analytics so they can make smarter business decisions and create better customer experiences. We serve a variety of industries including banking, mortgage, automotive finance, credit card, insurance and telecom.