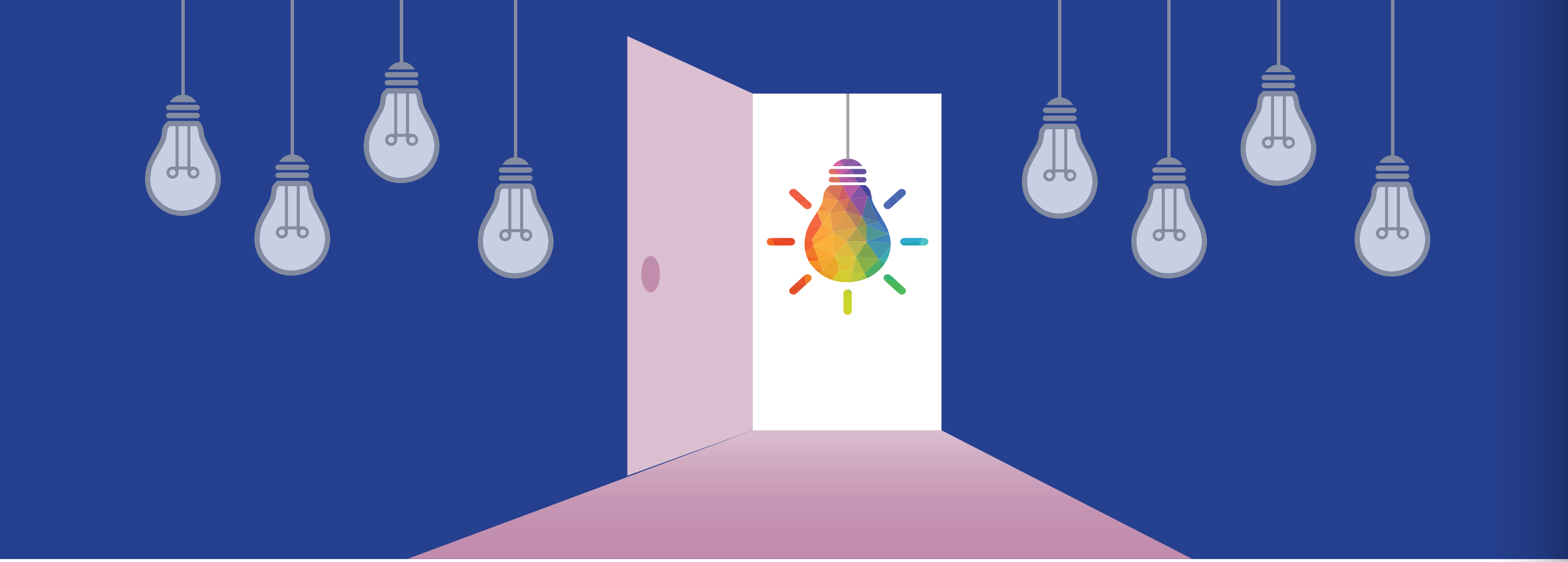

Hard Knocks Open Doors For Mortgage Servicing Opportunities

by **JANE MASON**, CEO, Clarifire for *Mortgage Women Magazine*

Mortgage servicing is back in the spotlight in a way that we haven't seen since the post-financial crisis era. Many servicers who went through the ramifications of the housing crisis were educated in the school of hard knocks, but ended up graduating into prominent leadership roles due to their performance during that time. And quite a few women in mortgage servicing turned that experience into new opportunities. In fact, it was about that time I moved my automated workflow technology created at an international law firm and started up my business helping mortgage servicers streamline loss mitigation as foreclosures mounted.

This time around is not quite as catastrophic as the financial crisis, but the results are definitely severe enough to set up a challenging set of circumstances moving into the next year. More than one million borrowers remain in forbearance plans, the number of natural disasters affecting communities nationwide are climbing, and regulators are paying closer attention to how servicers do business moving forward.

Given these complexities, next year could be pretty rough. The good news is that this unfolding situation presents ample opportunities for servicers to streamline operations and find new ways to get customers the help they need. So too will opportunity knock once again for women to step up as leaders and bring fresh new perspectives and ideas to the mortgage servicing sector.

Jane Mason, CEO, Clarifire

SERVICING WILL GROW MORE COMPLEX

The top goal of every servicer should be evolving their businesses to handle the expiring forbearance plans and foreclosure eviction protections, which will be a focal point of the industry well into the new year. It will be no small task.

As of this writing, the Mortgage Bankers Association's most recent Forbearance and Call Volume Survey found more than 1.1 million loans remain in forbearance plans, including 15.3% of loans in the initial stages of forbearance and 74.8% in extensions. Looking at the total forbearance exits since last June, 16.7% of borrowers have exited forbearance without a loss mitigation plan, 13% had loan modifications, and 7.1% paid off their loans by refinancing or selling their homes. Other loans resulted in loan deferrals or borrowers who continued to make their payments.

These disparities mean servicers must consider a wide range of options when working with borrowers coming out of forbearance. It means reducing compliance risks by implementing required workflows, managing and tracking all customer interactions, providing proactive responses to customers, and being able to access the entire history of each customer's workout under the CARES Act. In other words, servicers working with borrowers on forbearances, extensions, deferrals or foreclosures require a seamless servicing process, pushing for zero gaps between the process of moving from forbearance to a loan modification or to any other option.

Greater regulatory scrutiny as well as new servicing rules will dictate when and how often servicers can reach out to borrowers. For example, changes to the Fair Debt Collection Practices Act (FDCPA) will take effect at the end of November which restrict the frequency and volume of calls servicers make to collect payments. In addition, servicers must provide new disclosures electronically within five days after the initial contact with a borrower. And if a loan debt is in dispute, all collection activity must stop.

Last but not least, servicers will need to embrace the age-old business rule, "know thy customer," and like banks, all non-bank servicers will need to listen and understand their customer's needs. That means approaching customer service in an opportunistic way to not only lower costs per loan, but to increase customer satisfaction.

HOW TECHNOLOGY WILL HELP

To be sure, current and further servicing challenges will continue to push forward adoption of new technologies, including AI and process automation. It will be impossible for servicers to meet all of the challenges listed above without them. It's only going to be through bulk processing of like processes, and other workflow automation, that servicers will be able to reduce costs over the coming year. Automation is the only way to do so.

Certainly, the volumes of anticipated foreclosures and overall management of all of the state-by-state complexities and requirements will also require advanced technologies that can be easily adapted as the rules of the game change. Servicers need to keep a close eye on timelines and conformance to state guidelines as they ensure their internal teams are constantly ready to perform a pre-foreclosure analysis—all while keeping good records of that analysis.

Borrower self-service will also become a true differentiator. Those who were able to apply for forbearance online should be able to request permanent solutions with the same click of a button. Yet servicers will also need technology to identify early on the customers who need help but aren't asking for it. That includes borrowers who cannot be reached through automated solicitation attempts, as preparing to file foreclosures is a complex process but, unfortunately, a necessary one.

For those borrowers that have failed all permanent workout options, servicers need to be especially careful to use technology that will retain all user activities related to communications of any sort with the borrower. In light of the new debt collection rules mentioned above, being able to maintain an accurate record of the entire history of a borrower's interactions will be of utmost importance should housing regulators come knocking. Of particular use will be dialer technology that's integrated with a servicer's workflow application and displays call histories, call statuses, process statuses, and alerts in red that indicate "do not call."

The ability to create seamless servicing while maintaining a laser focus on communications and the changing needs of customers should be at the heart of every servicing operation next year. For most companies, the best path forward is adopting end-to-end, digital workflow technology that is robust, customizable, and easily integrated into other systems and service providers.

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OPPORTUNITY AWAITS

For most servicers, technology will be a major need next year. But they'll also be looking for new, innovative ideas and business strategies. With so many challenges facing servicers, and so much to do, there will be an enormous opportunity for new leadership to emerge and push the industry forward. Today's successful performers will be tomorrow's leaders with unique and unparalleled expertise that cannot be experienced in a class or training session. And I have no doubt there are many women professionals who are more than up for the task.

Whether it's working one's way up the corporate ladder or launching one's own company, women continue to run into hurdles in the mortgage industry. That being said, we as an industry have made tremendous strides in advancing diversity, equity and inclusion from a nifty idea to real, positive change inside a growing number of organizations.

Everywhere I turn, I'm finding more open minds and more interest in what women bring to the table. And I find more doors beginning to open. Women seeking to advance their careers in mortgage servicing or bringing their entrepreneurial dreams to life, should be ready to capitalize on this moment and not be afraid to step up and offer better solutions to the problems servicers will encounter in the year ahead. ■

Jane Mason is CEO and founder of Clarifire and the original architect behind CLARIFIRE®, the workflow automation technology that brings all parties within mortgage servicing operations together onto one secure application. As an entrepreneur and innovator, Jane is a recognized technology leader in the financial services and mortgage industries, having received numerous industry awards and accolades. Jane speaks regularly on industry panels, and has been featured regularly in national, local and trade publications.