



MBA's NATIONAL MORTGAGE SERVICING  
CONFERENCE & EXPO 2010  
FEBRUARY 23-26, 2010, SAN DIEGO

## Workflow Management Servicer's Perspective

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JK Huey  
Wells Fargo

- High default rates
- Push to do more to keep customers in homes
- Media attention on industry
- Community stabilization concerns
- Treasury intervention
- Depreciating property values
- Tightening of underwriting standards
- Economic Hardships
  - » Under-employment / Unemployment
  - » Loss of Small Business Sector

- Increase in Delinquencies
  - » Modification Fall-outs & Re-defaults
  - » More drive towards Short Sales & Deed-in-Lieu
- Foreclosure Moratoriums & Other Delays
- Complexities of Multiple Investor Rules
  - » Changes in the rules without time to prepare for appropriate system enhancements
  - » Junior lien holders
  - » MI companies
- Government Programs
- Regulatory Reviews

- Increase in Volume
  - » Bulging collection, foreclosure & loss mitigation pipelines
- Consumer & Broker Demands
- Media and Consumer Groups
- Multiple Investors & MI Companies
- Jr. Lien Holders
- New Government Programs
  - » HAMP and HAFA new to the industry
- Slow Technology Adoption of Workout Solutions
- Resource Management

- Focus on Proactive Marketing Campaigns for Loss Mitigation
- Increase Delegation Authorities from GSE's and Investors and MI Companies
- Partnership with Junior Lien Holders
- Realtor and Lending Relationships
- Outsourcing Initiatives for Overflow Capacity
- Development of Technology to Simplify Loan Workout Solutions
- Workflow Management

**Loss Mitigation IAM Features**

**LMCC / LCA Front End Process**

**LM Processing & Underwriting**

**Reports & Process Flow**

# HAMP Workflow

- Custom NT Groups for Security
- Search Function
- Qualifications via Admin Page
- Waterfall Parameters
- History
- Comments
- Dashboard View
- Terminal Queues

## Non GSE

### Step 1: Principal Forgiveness

- The amount of unpaid principal balance minus X%.
- LTV  $\leq$  95% = 0%, 96% - 110% = 4%, 111% - 119% = 8%, 120% + = 18%
- If 31% HTI is not met, proceed to next step

### Step 2: Reduce Interest Rate

- Identify starting rate:
  - Index + margin – if either is 0, proceed to next step
  - Interest rate in effect
- Rate floor is 2%
- If 31% HTI is not met, proceed to next step

### Step 3: Extend Term

- Begin with remaining term; extend up to maximum of 480 months
- Month by month term extension
- If 31% HTI is not met, proceed to next step

### Step 4: Principal Forbearance

- Amount of unpaid principal balance minus the balloon payment (if allowed)
  - Must be  $\geq$  100% LTV
- Solve for payment at 31% HTI
- If 31% HTI is not met, then a product is not found

## GSE

### Step 1: Capitalize

- Accrued Interest + Escrow + Corporate Advance = Capped Amount
- If 31% HTI is not met, proceed to next step

### Step 2: Reduce Interest Rate

- Identify starting rate:
  - Index + margin – if either is 0, proceed to next step
  - Interest rate in effect
- Rate floor is 2%
- If 31% HTI is not met, proceed to next step

### Step 3: Extend Term

- Begin with remaining term; extend up to maximum of 480 months
- Month by month term extension
- If 31% HTI is not met, proceed to next step

### Step 4: Principal Forbearance

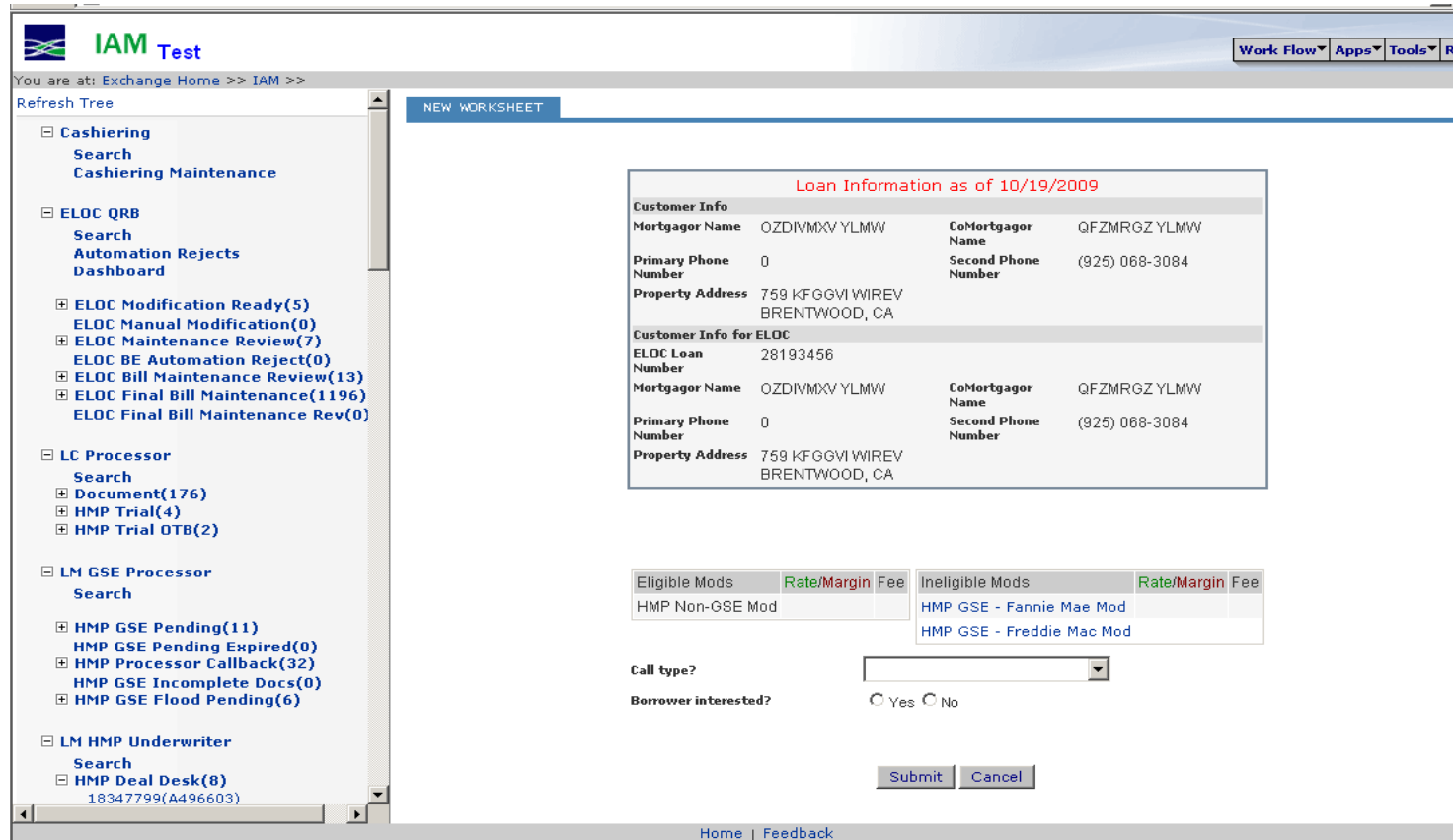
- Amount of unpaid principal balance minus the balloon payment (if allowed)
  - Must be  $\geq 100\%$  LTV
- Solve for payment at 31% HTI
- If 31% HTI is not met, then a product is not found

**Loss Mitigation Call Center  
Loan Counseling Admin**

- For inbound or outbound calls, originator asks the borrower for the loan number
- Product qualifications / conditions are programmed in IAM for the end user to review the borrower's eligibility from the initial interview
- Once a loan number is entered, the Loan Information screen opens
  - » Originator validates the loan information, discusses the program offer, and asks if the borrower is interested
    - If interested, the loan is submitted to complete the Loan Information Worksheet
- Originator validates the loan and borrower information on the loan info screen. The Waterfall determines product eligibility
  - » If the loan qualifies for a product, the loan terms will populate on the worksheet tab
  - » If no product is found, then the loan may be reviewed for other workout options
- Upon completion of the interview with the borrower, HAMP Income documents are generated out of the Document Queue

# HAMP Workflow

Once a loan number is entered, the Loan Information screen will open. The originator will validate the loan information, discuss the program offer, and ask if the borrower is interested. If interested, the loan will be submitted to complete the Loan Information Worksheet.



**Loan Information as of 10/19/2009**

Customer Info			
Mortgagor Name	OZDIVMXV YLMWV	CoMortgagor Name	QFZMRGZ YLMWV
Primary Phone Number	0	Second Phone Number	(925) 068-3084
Property Address	759 KFGGVI WIREV BRENTWOOD, CA		

Customer Info for ELOC			
ELOC Loan Number	28193456		
Mortgagor Name	OZDIVMXV YLMWV	CoMortgagor Name	QFZMRGZ YLMWV
Primary Phone Number	0	Second Phone Number	(925) 068-3084
Property Address	759 KFGGVI WIREV BRENTWOOD, CA		

Eligible Mods	Rate/Margin	Fee	Ineligible Mods	Rate/Margin	Fee
HMP Non-GSE Mod			HMP GSE - Fannie Mae Mod		
			HMP GSE - Freddie Mac Mod		

Call type?

Borrower interested?  Yes  No

## Loss Mitigation Processing

# HAMP Workflow

## Doc Tracker Tab

12723011  
41505629  
46739629  
44061745  
e 43734326  
47664255  
**47515259(A497064)**  
46239406  
26773598  
43320522  
42137125  
40903593  
e 46079943  
40116964

⊕ HMP Non GSE Incomplete Docs(1)  
HMP Non GSE Flood Pending(0)

⊖ LM Processor  
Search  
Automation Rejects  
Get Work

Pending(0)  
⊕ Processor Callback(1)  
Out to Borrower(0)  
Pending Expired(0)  
Incomplete Documents(0)  
FE Automation Reject(0)  
Flood Pending(0)

⊖ LME Processor  
Search  
Automation Rejects  
Get Work

Pending(0)  
Pending Expired(0)  
Incomplete Documents(0)

LOAN INFO	WORKSHEET	NPV	ESCROW	DOC TRACKER	FILENET					
ADDRESS CHANGE	LINKS	TRIAL TRACKER	RE-TRIAL TRACKER	HISTORY	COMMENTS(22)					
<b>Document Tracker - Details</b>										
		<b>Borrower</b>				<b>Co-Borrower</b>				
<b>General Documents:</b>										
Hardship Affidavit	<input checked="" type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A	<input type="radio"/> Incomplete						
4506 T	<input checked="" type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A	<input type="radio"/> Incomplete						
Death Certificate	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
<b>Income Documents:</b>										
W2	<input checked="" type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Paystubs	<input checked="" type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Letter(s) of Verification	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Bank Statements	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Tax Returns	<input checked="" type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
P & L	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Financial Objective Worksheet (GSE)	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Lease Agreement	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Divorce Documentation	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Alimony Documentation	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Court Decrees	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
<b>Credit Reports:</b>										
Credit Report(s) Ordered	<input checked="" type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		
Credit Report(s) Received	<input checked="" type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A	<input type="radio"/> Incomplete	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	<input type="radio"/> Incomplete		

## Loss Mitigation Underwriting

# Loss Mitigation Underwriting

- Income Calculation Worksheet
- HAMP Deal Desk Queue
- NPV Model
  - » Built by WFHM Capital Markets based on the guidance from Treasury and FNMA
  - » Approved by MHA Compliance, with no changes made subsequent to approval
  - » Model compares a mod scenario to a no mod scenario
- Processor Call Back Queue

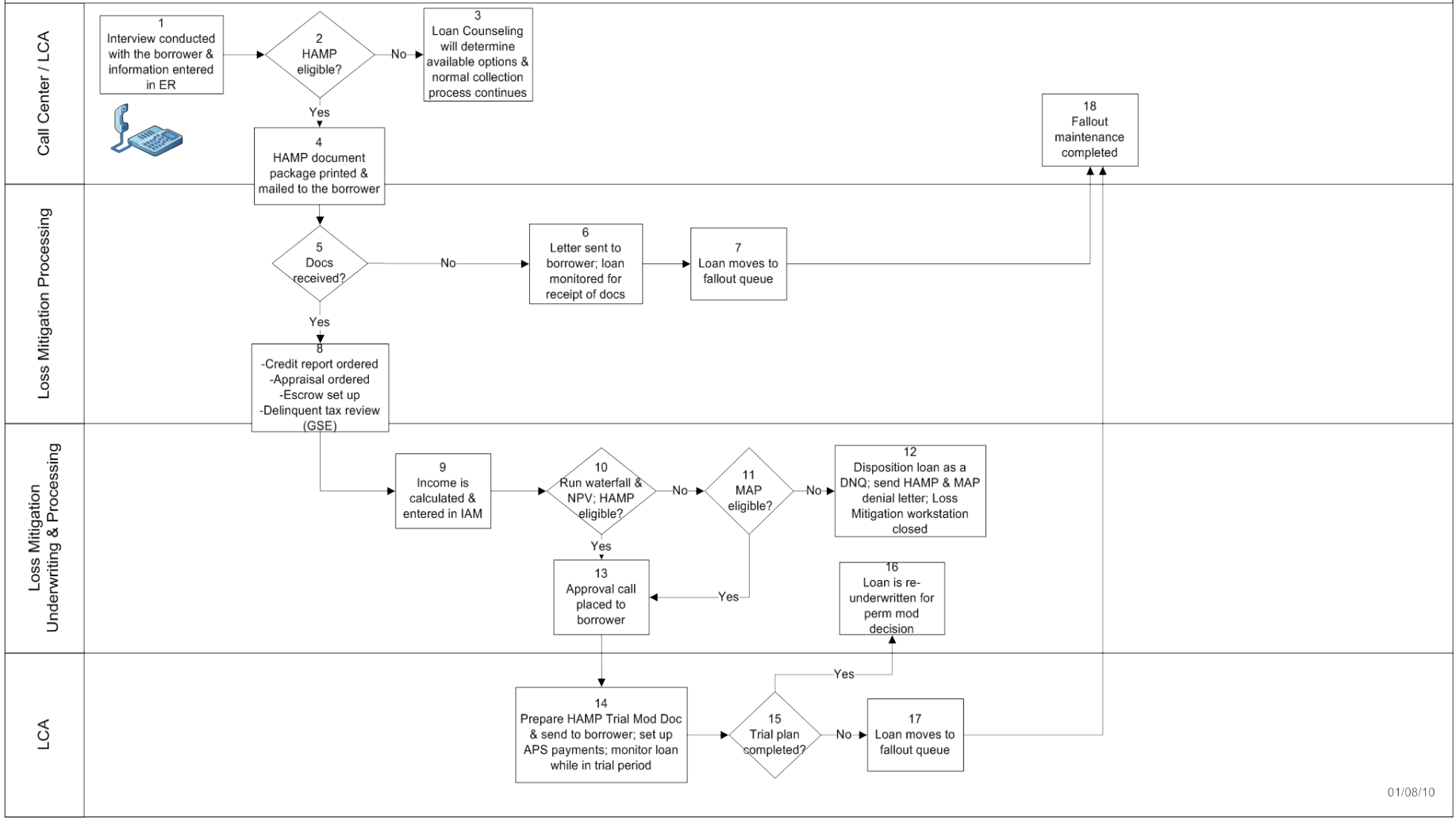
**Default Reports & Process Flow**

# Default Reports

- Admin Dashboard Tool screen is utilized to view loan status by Queue, Age, and Employee Workload
  - » Work by employee reports
  - » Pipeline reports
  - » Fulfillment reports

# Process Flow

## HAMP Process Flow – High Level Overview



***Streamlined* Decision Model utilizing  
Integrated Application Menu (IAM) Workflow**

- Custom decision parameters based on:
  - » Property Location
  - » Sales Price to Value
  - » Closing Costs
- Change in value estimated calculation
- Comparison of Short Sale to REO Loss Severities
- Signing authority indicator based on financial parameters

# Short Sale Decision Tool

Today's date: 01/21/2010

## Short Sale Decision Tool

Version: 8.1  
Version date: 01/06/2010

<b>Borrower</b>	Sample	
Co-Borrower		
Marketing Campaign (Yes/No)?	No	
Marketing Letter Expiration Date		
Bankruptcy Loan (Yes/No)?	No	
Foreclosure Loan (Yes/No)?	No	
Employee Loan (Yes/No)?	No	
CD Loan (Yes/No)?	No	
Property Type	Single Family	
Zip Code (xxxxx-xxxx)	90210	- optional

	Ist Lien	2nd Lien
Loan Number	123	456
Due Date	11/15/2009	11/15/2009
Mortgage Insurance (Yes/No) ?	No	No
Investor		
Principal Balance	\$450,000	\$50,000
Corporate Advances	\$500	\$0
Escrow Balance	\$700	\$0
Foreclosure Fees & Costs	\$0	\$0
Credit (suspense)	-\$200	\$0
Other <sup>3</sup>		
Hard Book Values (HBV)	\$451,000	\$50,000
Combined HBV	\$501,000	
3rd Party Jr Lien Holder	Company B	
3rd Party Jr Lien Balance	\$35,000	

Valuation Date	11/2010
Valuation	\$450,000
Short Sale Offer	97.8% \$440,000
Contract Date	1/15/2010

	Maximum	
Closing Costs <sup>1,2</sup>	15.0%	\$61,600
Title and Escrow <sup>1,2</sup>	2.0%	\$8,800
RE Taxes and HOA Fees <sup>1,2</sup>	2.0%	\$8,800
Credit to Realtor <sup>1,2</sup>	6.0%	\$26,400
Credit to Buyer <sup>1,2</sup>	3.0%	\$13,200
Credit to Seller <sup>1,2</sup>	1.0%	\$4,400
Other <sup>1,2,3</sup>	1.0%	\$0
Credit to Jr Lien Holder <sup>4,5</sup>	10.0%	\$3,500

Offer Net Sales Proceeds (NSP)	\$374,900
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Minimum Acceptable NSP <sup>6</sup>	\$367,296
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Estimated Loss (incl. Disposal Costs)	\$128,482
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<b>Decision</b>	<b>YES</b>
% SS NSP / REO NSP (fully loaded #s)	112%
Approval - Required SA Level <sup>7</sup>	A

Message Box

Reason for Short Sale/Delinquency documented on DLQ1 (Y/N)?  Yes  No If in foreclosure, foreclosure status

comments here

If the loan is current or the loan balance is greater than \$1 million, credit report / additional information is needed

more comments here

# Short Sale Decision Tool

*Other Notes (Deal Desk and/or HUD Review)*

more comments here

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*Counter Offer*

more comments here

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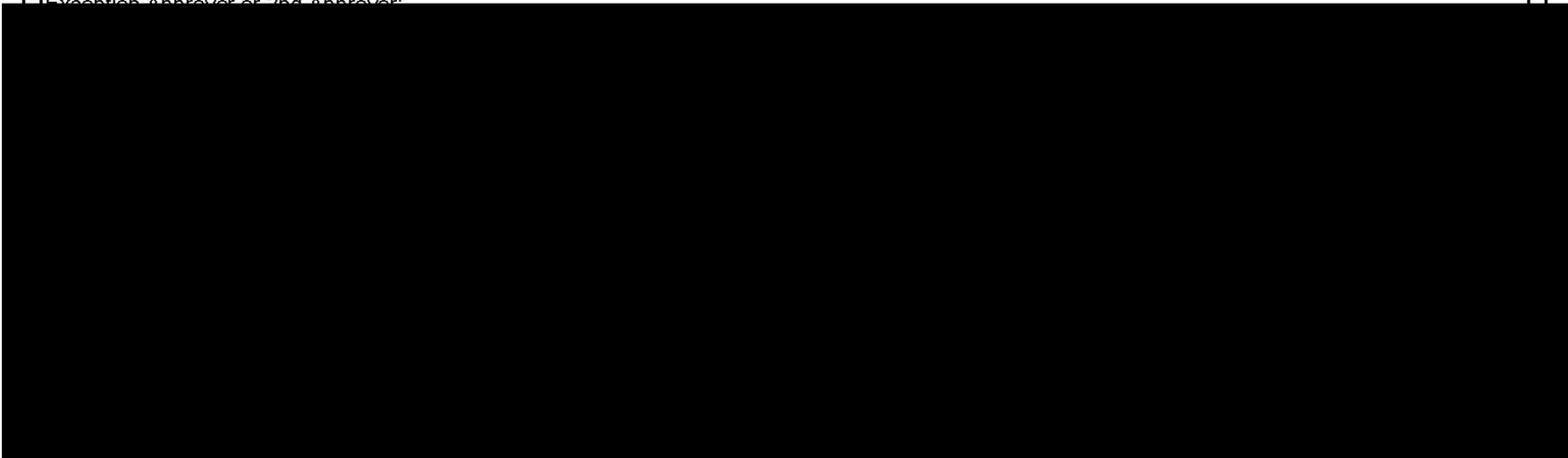
Preparer:

_____	_____	_____	1/21/2010
Signature	Signing Level	Printed Name	Date

Approver:

_____	_____	_____	_____
Signature	Signing Level	Printed Name	Date

Exception Approver or 2nd Approver:



***Automated Valuations Model utilizing  
Integrated Application Menu (IAM) Workflow***

- IAM Valuation Request Application
  - » Improved appraisal ordering processes
    - Reduction in duplicate appraisal requests
      - › During the 1<sup>st</sup> 30 days, reduced appraisal expenses by 17%
    - Automation of bulk ordering uploading into the servicing system
      - › Improvement in turn-around time on receipt of incoming appraisals
      - › Reduction in data entry error

- Rules engine to proactively order property valuations
- Valuation reporting
  - » Ability to manage new valuation requests and monitor service levels
  - » Ability to view new reports regarding valuations ordered on
- Marketing integration
- Query tools

# Wrap Up

- Challenging times for the industry
- Investment in resources and technology
- Improve turn times and service levels
- Meet performance expectations of investors

Questions?