School of Mortgage Servicing Detailed Course Outline

Day 1

Servicing Principles

- Principles of mortgage servicing
- Areas of mortgage servicing
- Corporate governance

Escrow Administration

- Definition of escrow and escrow administration
- Categories of insurance
- Servicer’s responsibilities regarding insurance and taxes
- Types of taxes related to real property
- Tax servicing practices and payment methods
- Strategies for managing escrows
- Escrow analysis

Cash Management

- Corporate governance with regard to cash management
- Sources of and paths for funds that flow through the servicer’s cash management system
- Cash management costs; cost analysis; remittance
- Processing payments for loans in default
- Communications essential to cash management
- Cash balancing
- Importance of cash management system

Day 2

Building a Servicing Portfolio

- Servicing in an organization’s strategic plan
- Due diligence in the servicing portfolio acquisition process
- Issues managing the servicing operations
Essential components for managing servicing operations
Achieving efficiency in servicing operations via technology deployment

Day 3

Investor Administration

- Relationship between the mortgage banker, secondary marketing, and investor administration
- Importance for corporate governance
- Guidelines for investor administration
- Issues and challenges regarding investor-purchased loans
- Corporate governance in investor administration
- Policies and procedures for handling advances, repays, and short falls
- Challenges regarding investor administration

Vendor Selection and Management

- Vendor role in servicing
- Vendor selection criteria
- Terms of inclusion in vendor contracts
- Governance model for vendor management
- How to manage and track vendor performance
- Strategy for outsourcing and vendor management
- Challenges regarding investor administration

Day 4

Bankruptcy

- Bankruptcy overview
- Impact of automatic stay
- Purpose and impact of the major bankruptcy chapters: 7,13,11,12
- Discharge and multiple filings

Foreclosure

- Use of foreclosure recent changes to the foreclosure process
- Pre-foreclosure considerations
- Referrals
- Foreclosure methods (non-judicial and judicial)
- Bidding strategies
- MI claims
- Key measures of success
- Property considerations

**REO**

- The “REO dilemma”
- REO department components
- Methods for determining value of REO
- REO market strategy
- Repair decision analysis
- Listing the property
- Considering offers to purchase
- Closing considerations
- Auctions and bulk sales
- Key measures of success

**Day 5**

**Quality Control**

- Purpose of quality control audits
- Characteristics of an effective quality control staff
- Methods for selecting loans for quality control review
- Audit reports
- Significance of the audit report
- Post-audit actions

**NSS & Regulatory Compliance**

- Importance of legal/regulatory compliance in mortgage servicing operations
- Major laws/regulations governing or affecting mortgage servicing operations
- National Servicing Standards - CFPB servicing regulations
• Purpose and requirements of the various laws/ regulations
• Compliant and non-compliant practices

Day 6

Policies and procedures

• Policies and procedures template overview

Financial Management

• Creation of the mortgage servicing right
• Balance sheet recognition
• Loan origination P&L statement
• Managing the mortgage servicing right
• Revenue streams
• Expense streams
• Changes in MSR valuation and implications

Day 7

Loss Mitigation

• Cost of default
• What loss mitigation is
• Retention and disposition options
• Working with a borrower
• Evolution of loss mitigation
• Changing role of the collector
• Regulatory requirements
• Future of loss mitigation:
  o Borrower outreach
  o Programs
• HAMP vs MP
• A closer look at preferred disposition options
• Resources
Day 8

Current Issues
- Current issues in the mortgage servicing arena