

# Servicing Operations Panel Discussion

## *Performance Planning Measures*

February 21, 2005



## The Panel

### Larry Bird

Senior Vice President & Managing Director  
Homecomings Financial (GMAC-RFC)



### Marion McDougall

Senior Executive Vice President  
Operations  
First Horizon



### Thomas Gorman

Chief Operating Officer  
Fiserv Loan Servicing Products



### Marina Walsh

Director of Industry Analysis  
MBA



### Moderator:

Rita Ballesteros  
Principal  
The Hollister Group LLC



## Overview of Servicing Operations Environment

### ■ 2004 vs. 2003

- What was Different?
- Post-Refi Boom Lessons Learned

### ■ Industry Highlights

- Higher loan balances continued to drive up per-loan servicing fees
- Ancillary Income has risen over the last 3 to 4 years
- Direct servicing expense declined due to stabilization of servicing portfolios
- Lower MBS interest loss on payoffs
- Net impairments of past few years reverse to net recoveries
- Servicing managers continue striving to improve automation, reduce costs through outsourcing, drive cross-sell



## Overview of Servicing Operations Environment

### ■ Servicer Focus

- Technology and Automation
- Cross-Sell Opportunities
- Outsourcing
- Default Management
- Reputation Risk
- Customer Retention
- Customer Satisfaction
- Servicing New Product Lines
- New Business Ventures
  - Reinsurance
  - Tax Service
  - LLCs and Joint Venture



## Panel Perspectives

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- Key Performance Metrics
- Consumer-Driven Metrics
- Tools and Forums
- Planning Process
- Employee Accountability
- Outsourcing
- Leveraging Technology
- Third-Party Demands



## Panel Perspectives

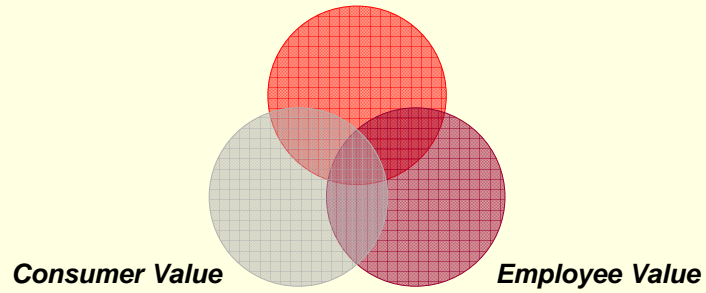
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# Key Performance Metrics

*Economic Value*



# Key Performance Metrics



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## Other Consumer Metrics Tracked

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- Single Call Resolution
- Multiple Calls Per Loan
- Written Escalation
- Loss Mitigation Penetration
- Optional Product Penetration
- ACH Penetration
- Cashiering Daily Suspense Processes
- % of Force Place Loans in Portfolio



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## Clients Impact Servicing Technology

Client  
Advisory  
Board

Functional  
User Groups

Client  
Sponsor for  
Enhancement  
Project

Express  
Needs  
Validate  
Direction

Mortgage/HELOC Support

Functional Area Best  
Practices Consulting

Integrated Default  
Management

Integrated Tools to  
Customize Processes

Ability to Monitor Cash,  
Productivity and  
Collections  
Performance Intra-day

Source: *Fiserv Lending Solutions*



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## Planning Process

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- Directed by CEO with Involvement From All Senior Executives
  - COO/CIO
  - CFO
  - Production
  - Risk
  - Marketing
- Dedicated Support from Finance for Every Line of Business
- Governance Group in Place for Large Technology Initiatives
- Communication to All Employees

Source: *First Horizon*



# Planning Process

2005 EMPLOYEE COMMUNICATION CALENDAR

FULL MESSAGE											
YOU COUNT											
TEAMWORK											
SUMMER											
YOU COUNT											
	JAN	FEB	MAR	APR	MAY	JUN	AUG	SEP	OCT	NOV	DEC
INFORMAL DEPT	Service Award Luncheon			Service Award Luncheon			Service Award Luncheon			Service Award Luncheon	Service Award Luncheon
FORMAL BUSINESS LINE		Service Awards		Service Awards	LEADERSHIP DEVELOPMENT OFFSITE	Service Awards		Service Awards		Service Awards	Service Awards
											Holiday Events
	Quarterly Staff Meeting			Quarterly Staff Meeting			Quarterly Staff Meeting			Quarterly Staff Meeting	
		Performance Appraisals	CORPORATE GOALS PRESENTATION	Merit Increases Awarded	OFFSITE STRATEGY SESSION	CORPORATE GOALS PRESENTATION		CORPORATE GOALS PRESENTATION		OFFSITE STRATEGY SESSION	CORPORATE GOALS PRESENTATION
		Leadership Series / Open Discussions	President's Club		BROWN BAG LUNCHEONS			Mid-Year Performance Reviews		BROWN BAG LUNCHEONS	Holiday Events
FORMAL DIVISION			Town Halls					Town Halls			
			First Power Nominations Due					First Power Nominations Due		First Power Nominations Due	First Power Nominations Due
											OE Compliance Audit

Source: First Horizon

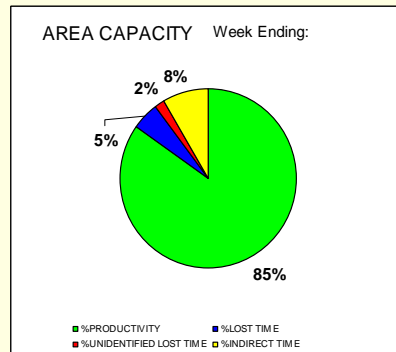
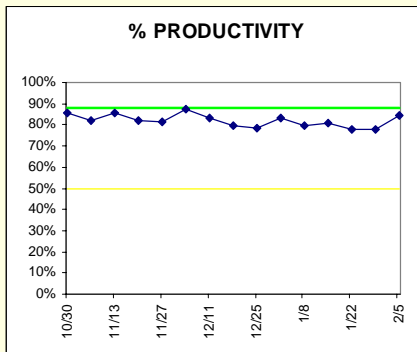


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# Operational Excellence



Source: *First Horizon*



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## Outsourcing

- Servicing System, Tax, Insurance, Foreclosure/Bankruptcy, New Loan Audit, HMDA
- Service Level Agreements in Place with All Third-Party Providers
- Example:
  - On-Line Availability Percentage
  - Processing Cycle Response Time
  - External Output Transmission
  - Internal Host Response Time
  - Severity Level Issue Management

Source: *First Horizon*



## One Global Workflow



Source: *Fiserv Lending Solutions*



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## Audience Perspectives

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# Question & Answer Session



## Contact

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