

- Improved department effectiveness
- Improved department productivity
- Improved tracking of tasks and activities
- Information sharing with other departments
- Better and more consistent status reporting
- Support for multiple request types
- Greater visibility into the business process
- Full life cycle repurchase status tracking from demand to GL

Repurchase Process Re-Engineering



Providing:
Deadlines Management
Reduction of Liability
Enforcing Discipline
Investor Reporting
Management Reporting

Deadlines Management, Consistent Reporting

The repurchasing automation scenario might not be critical for small originators. However, it is a major problem for large originators. From a pure bottom line perspective, one bad loan can wipe out the profit of five good ones.

Problem Definition

Generally underwriting policy and due diligence determines the quality of the loan. However, even with the best underwriting practices some loans are bound to go bad. Some times the deficiencies of a loan are not caught in time and loan is sold in the secondary marketing. The investor might discover these deficiencies later. At the time of discovery, the investor might demand the seller to repurchase the loan if the loan is considered to be deficient as stipulated in the "Repurchase Agreement"

When the repurchase request is made the seller could simply accept the loss or appeal the request. The Credit Risk Repurchase Department is responsible for the underwriting of loans which investors have deemed to be deficient for certain reasons. Therefore, the objective of the Repurchase department is to appeal the investor demands of repurchasing the loans, or indemnifying the loans if circumstances so warrant.

In short re-purchasing becomes a loss avoidance and management task. The repurchasing automation scenario might not be critical for small originators. However, it is a major problem for large originators. From a pure bottom line perspective, one bad loan can wipe out the profit of five good ones.

Re-Purchase Complexity

Repurchasing is a complicated business process as deficiency might have been caused by any one of the dozen business groups with in or the organization or a business partner.

Repurchasing is generally made under an investor specific Repurchase Agreement. In addition, requests for repurchase may also be "self-initiated." In other words, instead of the outside investors, the repurchase referral could be sent by departments within the bank.

Once the "referral" is received, all stake holders need consistent and timely status updates or follow-up requests regarding different loans. The communications have to be tracked as repurchasing is a contentious business process which directly impacts the bottom line. A complete audit trail is necessary to maintain transparency and adherence to various deadlines. In a typical scenario, the inquiry from the investor is logged, appropriate response is prepared with the help of the right business group, and response is reviewed, sanctioned and submitted to the investor. Obviously, the process gets more complicated if the seller is servicing the loan.

If the seller's response is not acceptable to the investor, the process might repeat several times. If the repurchase is the best option then the Credit Risk Department initiates the settlement process. The settlement process generally involves committee review, payment to investor and booking of the loss.

What Does Visionet Solution Provide?

Visionet's Repurchase Portal improves the effectiveness of decisions by increasing the number of successful appeals, and increasing the efficiency of the department by automating routine operations, leveraging skills, enforcing rules and reducing costs for the department.

Visionet's Repurchase Portal brings efficiency, value, and ease of information exchange within various departments in a uniform and a centralized manner.

Have It Your Way!

Visionet's has been in consulting in the mortgage industry for over ten years. We have worked at top ten mortgage banks in areas ranging from Product recommendation Engines to REO. Very few companies can make such a claim and provide references at top ten. We understand the best practices in Repurchasing. We also understand that your repurchase process might be different. As such we can deliver a customized solution which will deliver value and pay for itself through better repurchase management.

ROI

- Improved department effectiveness by maximizing appeals rate.
- Improved department productivity by reducing the number of hours spent per case.
- Better and more consistent status reporting on loans in the pipeline.
- Improved tracking of tasks and activities including due dates, reminders, follow up, as well as interactions and information sharing with other departments.
- Support for multiple request types, and full life cycle repurchase status tracking from demand to GL.
- Greater visibility into the business process through live pipeline, productivity, and status reports.

Improved Department Productivity



Visionet's Solution Capabilities

- ❖ Ability to accept a variety of repurchase requests/reviews and approvals, such as B1s missing FHLMC files, demand letters, ALT letters, audits, repurchase referrals, committee approved repurchases, self initiated repurchases, bulk repurchases, HUD indemnifications, Fannie/Freddie REO offers, MI rescissions, document requests, file requests, compliance reviews/demands, and credit enhancement billings and authorizations.
- ❖ Ability to support 3rd party originated loans from various business partners.
- ❖ The integrated workflow engine to track activity and completion, as well as automatic next task generation and assignment.
- ❖ All tasks have due dates, follow up dates, and reminders dates to ensure timely completion of the process. Improved tracking of tasks and their completion also provide management with an up to date and accurate status of the loan.
- ❖ The system is primarily driven by the deficiencies in the loan, type of request being processed, and characteristics of the loan. These properties of the loan could be linked to workflow templates which drive the business process. Statistics collected on the outcome of the deficiencies could be used as guides for the users in future cases.
- ❖ The workflow engine automatically assigns tasks to teams based on defined business criteria, which includes team skill set, load, and characteristics of the loan.
- ❖ The system could be integrated with the existing data warehouse to retrieve the loan level information and utilizes MS Office application suite on the user's desktop for enhanced information sharing between departments.

Bringing Order to Chaos = Reduction in Losses

- Deadlines Management - all Demand Letters issued by investor have deadlines for actions e.g. deadline to appeal, deadline to complete repurchase, etc. Processing of these requests needs to be completed within the deadline to avoid costly penalties and/or recourse.
- Reduction of Liability - the primary objective of the Repurchase department is to reduce the business liability and/or loss associated with a repurchase. To achieve this goal the department strives to maximize the appeals over indemnifications and repurchases and **Visionet's** solution foots the bill.
- Enforcing Discipline - as the servicing portfolio grows the Repurchase departments have to handle more cases. In addition the investors have also embarked on a more aggressive auditing policy that is expected to increase the volume further. Therefore to keep costs manageable, the departments need to build more capacity while enforcing discipline through technology. **Visionet** workflow enabled solution is design to do so.
- Investor Reporting - investors demand status and pipeline reports on the outstanding cases on a regular basis, and these reports need to be submitted by the department. **Visionet** automates this process and provides a web portal for this purpose.
- Management Reporting - SOX requires timely reports regarding the repurchasing risk performance and scorecards, as well as the status of the cases in the pipeline. **Visionet** solution provides visibility into the whole repurchase activity through a portal on a real time basis.

Why Visionet?

Visionet has spent ten years working with top tier **mortgage** companies in the country. Visionet has built various **mortgage** industry specific products and solutions over the years. Please visit www.visionetsystems.com for more information. These products include production lead management, product recommendation engines, channel and broker profitability, post close compliance automation, loan boarding and special loan setup, escrow float and shortage management, prepayment risk modeling, default risk analysis, loss estimation and tracking and REO. We built these solutions after analyzing the data from dominant servicing and origination platforms.

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