

Dimensions of Servicing Rights Business

Operational:

- Collect payments from borrowers
- Remit payments to investors and others
- Track and report borrower delinquency
- Initiate and manage foreclosure
- File for and collect mortgage insurance (FHA, VA, Private)

Legal:

- Conduit for Reps and Warrants
- Consumer rights obligations
- Satisfy investor/guarantor requirements

Financial:

- Prepayment sensitive fee income
- Income from float and other fees
- Obligation to advance
- Credit sensitive expenses
- Balance sheet asset with complex accounting and regulatory treatment
- Collateral for enforcement of obligations to guarantors/bond holders

Customer Relationship

- Cross selling
- Refinancing and future mortgage business

Public Policy

- Vehicle for public policy
(forbearance, loan modifications, etc.)

