



Making the Complex REO Asset Management Process More Manageable With Technology

The combined economic downturn, increase in foreclosures and declining property values have flooded lenders and servicers with an unprecedented number of REO properties. Maintaining properties that have been through foreclosure increases risk and is expensive – with costs to the lender/servicer estimated to be 30%-60% of the outstanding loan balance. To minimize the costs and risks associated with holding and managing REO properties, lenders/servicers need to dispose of them quickly for the highest possible return.

Managing REO properties is not only expensive but also a multifaceted process that involves a myriad of complex tasks. Documents must be filed; deeds recorded; files sent; homeowners' association information obtained; brokers assigned; title cleared; occupancy verified; tenants managed and vacated; assets inspected and preserved; appraisals/BPOs completed; liens cleared; repairs made; marketing plans devised; property listing completed; offers reviewed; auctions organized; sales finalized; and the list goes on.

Prior to the surge in bank-owned properties, it was possible to manage all of these tasks with a simple spreadsheet or database. However, the burgeoning REO volume and expected wave of new foreclosures present a daunting challenge to lenders and servicers. Without the proper tools to manage the REO lifecycle, the process can quickly become unmanageable. Manpower requirements increase and the risks of lost sales, missed closings, local/state fines and property damage rise.

Fortunately, LPS Desktop REO provides two effective solutions for those that handle REO management and disposition – REO Monitor and REO Broker Direct. Through LPS Desktop's Process Management application, these solutions offer REO users the same functionality as foreclosure and bankruptcy users: process management, workflow, intercoms, notes, Issues and Holds.

LPS Desktop REO Monitor™ - Outsourced Asset Management Monitoring Service

LPS Desktop REO Monitor™ enables servicers who outsource their REO activities to outside providers to manage these providers through one system, as well as oversee the REO lifecycle process, from asset management through disposition. With REO Monitor™, outside providers supply daily status updates on all REO tasks performed on the servicer's behalf by uploading standardized files containing 250 data elements to REO Monitor™ for processing and analysis. REO Monitor™ not only creates status reports, but systematically initiates action using workflow functionality. LPS Desktop's Process Management workflow engine automatically handles approvals on offers, proposed repairs, listing prices and more. REO Monitor™ also automates exceptions through user friendly work queues and processes.

With REO Monitor, no additional software or infrastructure is required for the REO outsource providers. They handle day-to-day REO activities and manage their brokers and vendors from their own proprietary systems. Outsource providers simply create and send a standardized status file to REO Monitor™ each day, making implementation simple and minimizing the disruption of their established operations and procedures. REO Monitor integrates with outside systems, including LPS' Mortgage Servicing Platform (MSP), LPS Desktop Invoice Management and LPS Desktop Document Management. In addition, outsource providers can choose to integrate REO Monitor with providers' own proprietary systems.

REO Monitor™ benefits its clients by centralizing all foreclosure and subsequent REO activity on LPS Desktop, making it more efficient to track loans through these processes. REO Monitor™ helps its clients minimize complex REO task-tracking expenses by aggregating all related activities in one central hub for viewing and action. As a result, clients save time and minimize the risk of missed offers and closings, as well as the potential imposition of fines. In addition, clients can effectively maintain the saleable condition and value of their assets by implementing and tracking repair and regular maintenance through the system. REO Monitor also facilitates the maximization of sales revenue by accurately tracking

offers and counteroffers to ensure that clients obtain the best possible price and sell the property in the shortest possible time.

LPS Desktop REO Broker Direct™ – In-house REO Asset Management Technology

For those clients that choose to manage their REO broker relationships and activities in-house, REO Broker Direct™ provides an all-inclusive system to manage REO activities from one central location.

REO Broker Direct manages all steps of the REO lifecycle, from referral through disposition. The system allows clients and their brokers, attorneys and other vendors to work together to protect REO properties and dispose of them as efficiently and quickly as possible, while obtaining the highest possible sales price.

REO Broker Direct also takes advantage of LPS Desktop's™ powerful, customized Process Management workflow engine to automate and manage processes, sub-processes and exceptions. This allows the client to efficiently perform necessary actions and closely monitor each step in the REO process.

REO Broker Direct incorporates time-saving tools that help clients select brokers, develop listing strategies and create marketing plans. With features like the Asset Summary Screen (an at-a-glance view of the REO status), and valuation, negotiation, offer and counter-offer histories, critical information is always at the processor's fingertips. Processors can also take advantage of additional services provided by LPS, like title and closing services, valuations and property preservation, directly from within the system.

Through its integration with LPS Desktop's™ Invoice Management and Document Management applications, REO Broker Direct streamlines paper-laden REO tasks by incorporating paperless, electronic technology. These two integrations enable all invoices and documents to be handled from a single, central portal in the REO Broker Direct application. Documents and photos associated with the REO property can be digitized and stored in the system as part of the REO property record, and each invoice can be electronically generated, sent, paid and included as part of that record. In addition, REO Broker Direct integrates with MSP for real-time updates to clients.

Not only can REO Broker Direct be used from within the client's environment, but it can also be used by outsource providers whose vendors use the LPS Desktop™ system.

Conclusion

Although the asset management process can be overwhelming and complex – even during normal market conditions – it can be simplified and expedited with the right technology solution. Regardless of whether REO management activity is outsourced or managed internally, LPS Desktop's REO solutions can help its clients streamline processes and create efficiencies within their REO departments, lessening the negative financial impact on those who have already been hit hard by the real estate industry downturn.

For more information on how to effectively maintain your REO assets and sell them for the highest possible value, please call 800.991.1274 or mortgage.marketing@lpsvcs.com.