

HELPING SERVICERS THRIVE

Last month, Nickie Badalamenti-Kalas, President at Five Brothers, said that the servicing market has changed significantly since the mortgage market imploded in the mid-2000s where we saw dramatic increases in loan defaults and foreclosure volumes. These heightened volumes impacted servicers and those companies handling default services, property preservation and REO disposition. While REO, short-sales and foreclosures have existed for quite some time, the sudden influx of foreclosures and rapidly expanding REO inventories lead to significant growth opportunities in a sector that traditionally flew under the radar. So, how can mortgage servicers be successful? Here's what Badalamenti-Kalas said about that to our editor:



**Nickie Badalamenti-Kalas,
President at Five Brothers,
talks about what mortgage
servicers need to do
to be successful.**

Q: What are the key trends and most pressing issues facing servicers as it relates to asset management and field services?

NICKIE BADALAMENTI-KALAS: We are seeing legislation that has an impact on our industry, and the methods in which we are able to reasonably protect and preserve the collateral investment associated with home loans.

The mortgage industry continues to adjust to new and ever-changing regulatory demands, which is becoming increasingly more complex. This is especially true for servicers and asset management companies tirelessly working to compliantly protect their assets.

With the influx of new rules and regulations, property preservation is not just about securing a property or boarding up a window; it is about preserving the look and overall values of neighborhood properties as if it were your own.

Q: In addition to those mentioned, do you see other important regulatory issues on the horizon?

NICKIE BADALAMENTI-KALAS: There has been legislation implemented in June, 2016 that applies to first lien mortgage holders and loan servicers regarding inspections, securing and maintaining with a \$500 daily penalty for failure to follow the statute.

Q: How is technology helping to improve results for today's mortgage servicers?

NICKIE BADALAMENTI-KALAS: Technology has made significant advances in our ability to deliver reliable, repeatable and accurate data. Together with advances in our ability to train vendors in the field, manage subcontractors with proof of service, geo-mapping and the ability to provide data immediately from the field. Technology reduces processing time and allows for controls to be implemented.

Servicers have to adapt to this new regulatory environment by finding innovative ways to do the important work of protecting and maintaining assets. Investors today demand transparency. To provide this degree of information, asset management providers must deliver innovative technology solutions that ease the burden of the field service representative while deliver-

Industry Predictions

Nickie Badalamenti-Kalas thinks:

1. A servicer's ability to maximize assets and minimize risk will continue to be a pressing issue in the year to come.
2. Technology advances will enhance our ability to deliver reliable, repeatable and accurate data.
3. Servicers and asset management companies will need to continue to come together to leverage each other's expertise in a highly collaborative way to address today's most challenging issues.

ing in-depth information to the investors.

Q: How is technology helping servicers handle the influx of new rules and regulations?

NICKIE BADALAMENTI-KALAS: Technology can be an organizational tool, a training tool and a method in which property preservation companies can automate redundant tasks. Additionally, technology offers the opportunity to manage a myriad of rules and regulations that are specific to the findings at a particular property.

Q: What are the most pressing issues the industry is facing in preserving and maintaining properties?

NICKIE BADALAMENTI-KALAS: Risk mitigation is a key issue today. There has been great deal of media focus associated with the removal of personals, and the perception that property preser-

vation vendors and banks/ sub-servicers are somehow complicit in breaking into homes and removing personal property. We all know there are a variety of circumstances that contribute to making a reasonable judgment call that a property has become vacant. However, we are seeing the judicial system weigh in. In *Jordan v. Nationstar Mortgage, LLC*, the state of Washington Supreme Court on July 7, 2016, held that entering and securing a property before foreclosure completion by changing the locks constitutes "taking possession" in violation of Washington State law.

Q: How can Servicers and field services companies work together to address these market conditions?

NICKIE BADALAMENTI-KALAS: There is a general consensus that servicers together with field service companies need to take a more aggressive position while the property is in presale. A more robust approach is believed to reduce the need for more costly repairs down the line, diminish code violations and preserve curb appeal and property value.

A declining market with great pressure to comply and fewer resources mandate a need for collaboration within the industry. The real answer is a collective effort to devise solutions.

Servicers and asset management companies need to come together to leverage each other's expertise in a highly collaborative way. One that allows the servicers to meet constantly changing investor and regulatory demands while partnering with the preservation companies to deliver compliant field services in a timely and accurate manner. That's where collaboration is key. ❖

INSIDER PROFILE

Nickie Badalamenti-Kalas is president at Five Brothers. She works directly with Five Brothers CEO, Joe Bada, to oversee the daily operations and long term strategic vision of Five Brothers. A dynamic entrepreneur, business leader, and skilled executive who brings leadership, insight, and new strategies that drive customer satisfaction, revenue growth, and profitability.

