



## Default Servicing Brief

**Default solutions struggle**, and often fail, to address the current needs of Servicers at multiple levels. Specifically, Servicers face issues with:

- Workflow and processes that must be examined, documented, and redesigned for efficiency
- Systems and technology that require both immediate fixes and longer-term upgrades
- Operational issues needing immediate fixes to ensure investor and auditor requirements are met
- Ongoing expertise to assist Servicers in keeping up with compliance changes

Managing these issues both tactically and strategically is a significant challenge for both Servicers and their business partners.

Over the last several years, Wolters Kluwer Financial Services has developed solutions to handle the complex operational

requirements of default compliance, while simultaneously enabling Servicers to make compliance a competitive advantage.

Wolters Kluwer Financial Services helps Servicers address compliance at a variety of levels, including training, research, knowledge sharing, systems, workflow, staffing, and technology integration/implementation. We understand the practical realities of limited resources and cascading priorities and, therefore, deliver solutions on an “as needed” basis, which allows clients to stagger their implementations and adopt what is needed, when it is needed.

While the compliance landscape is not new, it is continually changing. Wolters Kluwer Financial Services is a public, stable company with a long history in delivering compliance expertise. In selecting Wolters Kluwer Financial Services as a business partner, Servicers can align their companies with a well-established partner that is prepared to address the increased scrutiny of today’s regulatory environment.

### The advantages of working with Wolters Kluwer Financial Services are swift and demonstrable, including:

- **Better Risk Management:** We provide long-term relationships with deep domain experience in compliance, technology, and risk management.
- **Flexible, Scalable Technology Solutions:** Our technology offers a single, warranted compliance knowledge base that can be shared throughout a Servicer’s environment to help ensure that documentation is consistent and compliant across all related business channels.
- **Standardized and Warranted Compliance Content:** Our default servicing content currently includes Demand Notices, Notices of Default, Notices of Intent to Foreclose, Affidavits of Indebtedness, and various state-mandated Pre-Foreclosure Notices.
- **Staying Ahead of Regulatory Change:** Our standard content is supported by in-house subject matter experts, including more than 45 experienced professionals who focus solely on monitoring regulatory changes and updates in all 51 U.S. jurisdictions.
- **Operationalizing Compliance:** Wolters Kluwer Financial Services provides a full-service approach to the default servicing process, including document creation, compliance monitoring, printing, distribution, tracking, inventory management, and maintenance.

Contact our Wolters Kluwer Financial Services account representatives for detailed pricing and a custom proposal.

Service Type	Definition	Benefits	Licensing/Pricing Model
<b>Pre-Foreclosure Content</b>	<p>Wolters Kluwer Financial Services provides its residential mortgage pre-foreclosure content to meet state and federal regulatory requirements. The pre-foreclosure content includes breach and demand letters, Notice of Default (NOD), Notice of Intent to Foreclose (NOI), and several state-specific pre-foreclosure documents, which include:</p> <ul style="list-style-type: none"> <li>▪ Housing Counseling Lists, Pennsylvania Act 91 letters; Illinois Grace Period; Indiana Pre-Suit Notices; New York 90 Day Notices; Massachusetts 90/150 Day Letter, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduces Servicers' risks and costs associated with monitoring new legislation to keep pre-foreclosure content current</li> <li>▪ Wolters Kluwer Financial Services' compliance team reviews and updates content and counseling lists</li> <li>▪ Content updates are released on a monthly basis</li> <li>▪ Content is assembled into "best practice packages" of disclosures and notices</li> </ul>	<p>Content licensing and pricing models are specific to how the customer uses the content. Wolters Kluwer Financial Services supports the following pricing models:</p> <ul style="list-style-type: none"> <li>▪ Fixed fee subscription model; no document generation fees</li> <li>▪ Transaction model with volume-based discounts; document generation fees apply</li> </ul>
<b>Content Distribution</b>	<p>Wolters Kluwer Financial Services makes content available to customers through:</p> <ul style="list-style-type: none"> <li>▪ Various data file formats and documents exchanged via secure FTP</li> <li>▪ Wolters Kluwer Financial Services hosted, web service enabled environments</li> <li>▪ Client-hosted, web service enabled environments</li> <li>▪ Wolters Kluwer Financial Services-hosted Internet-based application for ad hoc document generation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Wolters Kluwer Financial Services' technology accommodates fully integrated solutions to reduce or minimize human touch points</li> <li>▪ Wolters Kluwer Financial Services accommodates existing workflow processes used with incumbent vendors</li> <li>▪ Wolters Kluwer Financial Services accommodates immediate, ad hoc access to compliance content</li> </ul>	<p>Content licensing and pricing models are specific to how the customer uses the content. Wolters Kluwer Financial Services supports the following pricing models:</p> <ul style="list-style-type: none"> <li>▪ Fixed fee subscription model</li> <li>▪ Transaction model with volume-based discounts</li> </ul>
<b>Integration Services</b>	<p>Wolters Kluwer Financial Services supports several integration services, including:</p> <ul style="list-style-type: none"> <li>▪ MSP Mortgage Web Services (MWS)</li> <li>▪ Accessible APIs for document generation and fulfillment status</li> <li>▪ Transfers of images or status files via secure FTP</li> <li>▪ Custom integrations with client's imaging, document platforms (e.g. Filenet), and default management platforms</li> </ul>	<ul style="list-style-type: none"> <li>▪ Access to Wolters Kluwer Financial Services-hosted secure FTP servers</li> <li>▪ Minimizes wait time with manual and batch processing</li> <li>▪ Reduces risks associated with manual touch points</li> </ul>	<p>Wolters Kluwer Financial Services' Professional Services team completes data integrations subject to a negotiated Statement of Work. Integrations are billed on a time and materials basis (T&amp;M).</p>
<b>Document Fulfillment Services (including print and mail)</b>	<p>Wolters Kluwer Financial Services document fulfillment services includes:</p> <ul style="list-style-type: none"> <li>▪ Document generation, print, and mail</li> <li>▪ Delivery via USPS® First Class and Certified Mail; allows for electronic (USPS® RRE) or traditional "Green Cards"</li> <li>▪ Digital storage of document images and electronic green cards</li> <li>▪ Physical storage of returned green cards (optional service)</li> <li>▪ Web-based access to delivery audit trail, proof of mailing, and document images</li> </ul>	<ul style="list-style-type: none"> <li>▪ Flexible capacity – ability to rapidly scale production up/down based on volume</li> <li>▪ Eliminates the need to invest in back-office print and mail infrastructure</li> <li>▪ SSAE 16 SOC2 certified fulfillment center with disaster recovery and data redundancy</li> <li>▪ Secure storage of document images and delivery status data</li> <li>▪ Web-based portal to retrieve information ad hoc</li> </ul>	<p>Print and mail fulfillment fees are invoiced monthly for the previous calendar month's activity.</p> <p>Print fulfillment fees are calculated per mailed item and by carrier, delivery method, and page count. Postage and courier fees are in addition to fulfillment fees. Physical storage of mailed items or green cards is paid quarterly.</p>
<b>Assessment: Workflow Policy and Procedure</b>	<p>Wolters Kluwer Financial Services assesses the existing policies and operational procedures of a customer's servicing operations against CFPB examination guidelines. The assessment includes:</p> <ul style="list-style-type: none"> <li>▪ Detailed report identifying potential gaps in current policies and procedures</li> <li>▪ Recommendations for incorporating additional procedural steps and controls</li> <li>▪ Customer-specific program for testing, maintaining and monitoring operational controls</li> </ul>	<ul style="list-style-type: none"> <li>▪ Prepares customers for CFPB audits</li> <li>▪ Detailed assessment from Wolters Kluwer Financial Services as a neutral-third-party</li> <li>▪ Identifies and addresses gaps in current workflow procedures against CFPB guidelines</li> <li>▪ Reduces compliance risk in key operational procedures</li> </ul>	<p>One-time fee; fees vary based upon scope of work to be delivered under a negotiated Statement of Work.</p> <p>Fees invoiced on a time and materials basis (T&amp;M).</p>

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Assessment: Compliance Documents	Wolters Kluwer Financial Services performs a thorough review and analysis of a customer's pre-foreclosure notices and collection letters to identify areas of non-compliance and risk. During the process, Wolters Kluwer Financial Services will compare a customer's notices to state and federal requirements, Wolters Kluwer Financial Services standard content and/or market best practices. Wolters Kluwer Financial Services will provide a summary of requirements, findings, recommendations, and best practices.	<ul style="list-style-type: none"> <li>▪ Detects documents with potential compliance risk</li> <li>▪ Reduce foreclosure timelines (as a result of non-complaint notices)</li> <li>▪ Reduce losses and potential investor compensatory fees due to timeline delays (as a result of non-complaint notices)</li> </ul>	One-time fee. Fixed, per-document fee. Estimates provided based on project scope. Initial one-time assessment recommended as part of ongoing document compliance services.
Foreclosure Summaries and Third-Party Audit Checklist	Wolters Kluwer Financial Services provides state-level, comprehensive, and detailed documentation of the entire foreclosure processes in all 51 U.S. jurisdictions. The checklists can be used to audit internal processes, audit attorney network processes, or expand servicers state footprint. The solution includes: <ul style="list-style-type: none"> <li>▪ Plain language memorandum, including citations to relevant statutes and links to original source legislation</li> <li>▪ Detailed checklist highlighting all required notices as well as timing requirements</li> <li>▪ Continuous tracking of any pending legislative and regulatory changes relevant to the mortgage default process to ensure the research summaries and checklist remain up-to-date</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduces costs to research, monitor, and maintain per state process requirements for judicial and non-judicial foreclosures</li> <li>▪ As part of the subscription service, Wolters Kluwer Financial Services will continually update the research and audit questions to ensure customers are aware of the most current requirements</li> <li>▪ Wolters Kluwer Financial Services will alert customers when content changes</li> </ul>	Fixed annual subscription. Customers can license one or more jurisdictions ("states").
CompliSource: Regulatory Reference Library	Wolters Kluwer Financial Services offers a web-based comprehensive summary of information about state laws and regulations impacting borrower notices. CompliSource covers all state default servicing information for both conventional and high-cost loans, including: <ul style="list-style-type: none"> <li>▪ Modification</li> <li>▪ Foreclosure prevention</li> <li>▪ Required notices or documents for pre-foreclosure, judicial, and non-judicial</li> <li>▪ Federal and state SCRA restrictions</li> <li>▪ Analysis of required notices to tenants</li> <li>▪ Judicial and non-judicial foreclosure processes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Immediate access to practical explanations of state-specific foreclosure laws in all 51 U.S. jurisdictions</li> <li>▪ Keeps customers up-to-date with changing regulatory requirements</li> <li>▪ Reduces spend associated with local counsel review</li> <li>▪ Custom Charts by state allows for easy comparison of product requirements and reduces speed to market and research costs</li> </ul>	<p>Monthly subscription. Customers can license one or more jurisdictions ("states").</p> <p>Volume-based discounts apply based on number of states purchased.</p>



## About Wolters Kluwer Financial Services:

Wolters Kluwer Financial Services and its 400+ in-house subject matter experts are uniquely qualified to help Servicers in all aspects of their business. Our compliance experts identify and track default servicing rules in all 51 U.S. jurisdictions and have developed close relationships with the CFPB and other federal regulators in an effort to stay ahead of pending legislation and industry trends.

In addition, our experts combine their specific default servicing knowledge with our proficiency in document generation and fulfillment to help Servicers better manage fluctuating default volumes, compliance demands, and new government programs. With our comprehensive solutions, Servicers can outsource their entire default servicing process to Wolters Kluwer Financial Services—benefitting from more streamlined operations, maximized resources, reduced turnaround times, and peace of mind that they are in compliance with all federal and state regulations. Learn more at [WoltersKluwerFS.com](http://WoltersKluwerFS.com).