ACCURATE GROUP

Appraisal. Title. Technology. Compliance.

The Importance of Portfolio Monitoring in a Rising Rate Environment

POLL



What do you anticipate the market trends to be in 2023?



- a. Appreciating
- b. Stable
- c. Depreciating

POLL

What will the main driver of portfolio risk be in 2023?

- a. Employment
- b. Home Prices
- c. Interest Rates
- d. Inflation



POLL



How do you view your company's readiness to manage portfolio risk?



- a. Fully Prepared
- b. Somewhat Prepared
- c. Not Prepared
- d. Not Concerned



Current State of Affairs

- ✓ Rate increases are having effects all over the industry
- ✓ Origination volume is down
- ✓ Refinance volume is down
- ✓ Delinquencies remain low/stable for now

The Effect

Interest Rates have significantly increased and will likely continue into next year



Housing demand has slowed



Mortgage repurchases are creating potential liquidity problems



FNMA is predicting negative home price growth in 2023



Consolidation of mortgage companies



Economic Impacts

Two Areas that May See Increased Delinquencies



FL areas affected by recent hurricanes

Government Loans

Borrowers will Have More Options



Due to the equity cushions in most mortgages if the economy worsens and home prices decline

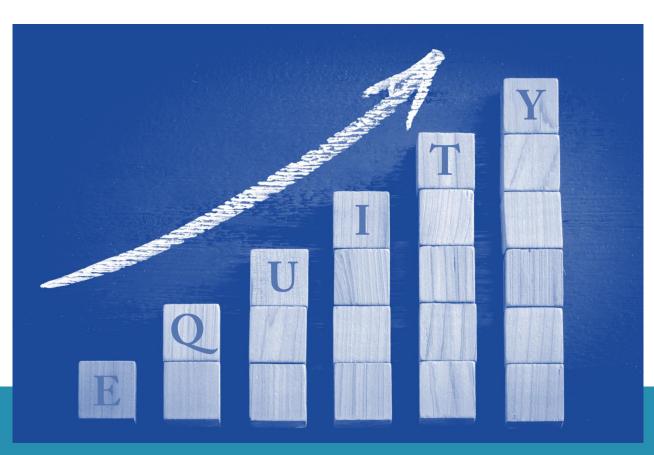
Forbearances



Are still an available option



How Does All of this Affect Servicing and Portfolio Management?



- ✓ While home price appreciation has slowed over the past quarter, there is still considerable equity for homeowners due to the overall increase in home prices over the past couple of years
- ✓ A recent study published by ATTOM points out that an increasing amount (48.5%) of mortgaged homes had less than a 50% LTV
- ✓ HELOC loan volume is on the rise due to the large amounts of equity



The Importance of Portfolio Monitoring

- ✓ When values are increasing, monitoring values can be less critical but as values decrease, it is imperative to regularly monitor LTV's
- ✓ Servicers should monitor the slowing of home value appreciation and/or declines in geographic concentrations of the portfolio and borrower credit quality declines as the economy slows and if unemployment increases sharply





It's Important to Have a Plan!

The Tools



Checking Borrower Credit Scores

Portfolio Sweeps





AVM's

BPO's



Track Unemployment Trends



Layered Risk

When Portions of Your Portfolio are Experiencing

- ✓ Reduced FICO
- ✓ Unemployment Increases
- ✓ Property Value Decreases

Prepare for delinquencies

- ✓ Be proactive and encourage borrowers to be as proactive as well
- ✓ Know the equity position
- ✓ Work the available options Refinance, Forbearance, Selling, etc.



QUESTIONS? CONTACT US





Brandon Winters

SVP, Director of Alternative Valuations

817.785.9810

bwinters@accurategroup.com

Bob Martin

President, P23 Consulting

214.735.2241

bmartin@p23consulting.com