

## Addressing mortgage challenges caused by COVID-19

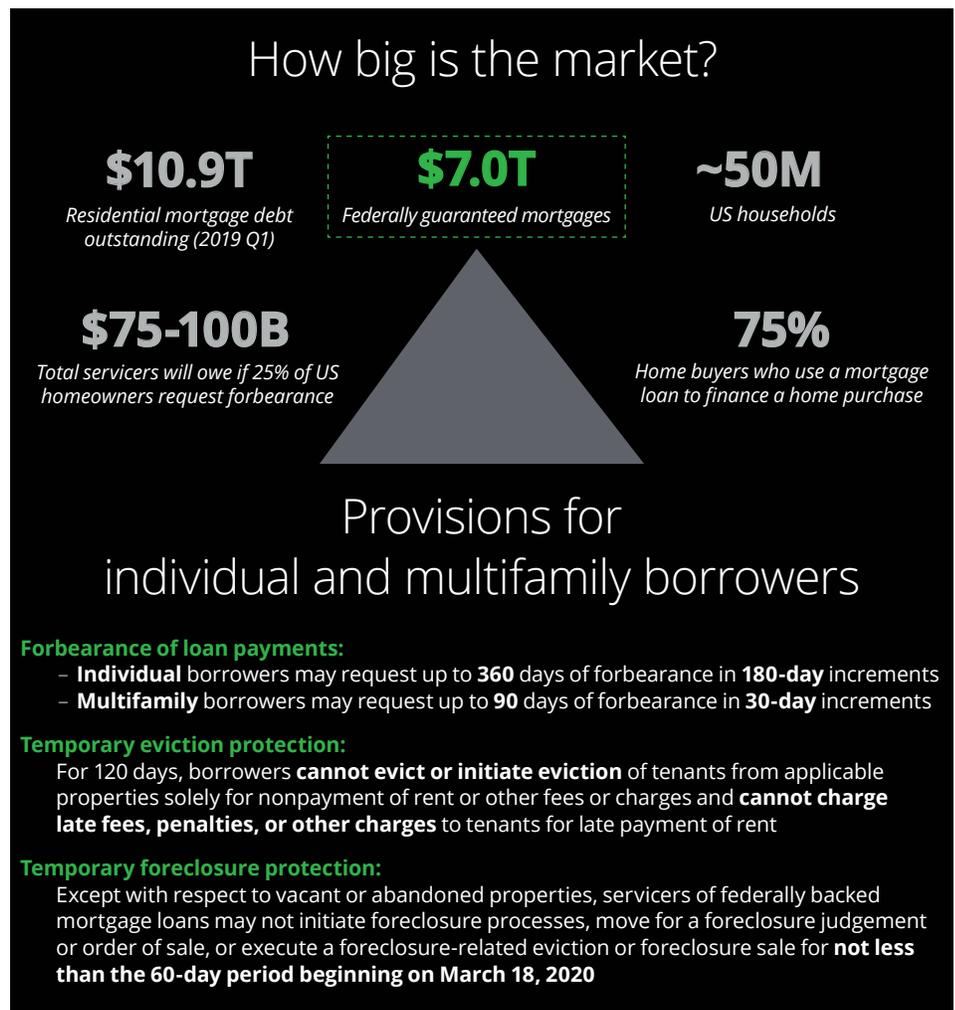
*How Deloitte can help banks address constraints in the current environment*

As a result of COVID-19, many individuals may face difficulty in paying loans, resulting in stopped payments, forbearances, or loan modifications. In turn, banks and other industry players (nonbank lenders, government-sponsored enterprises, servicers, and investors) may be negatively impacted by the economic slowdown.

Banks may see mortgage portfolio deterioration and an increase in mortgage applications and refinancing due to low rates, leading to volume and capacity constraints. On top of that, the industry may face a rise in defaults, delayed payment issues, and a lack of liquidity.

### Government support

To alleviate the potential effects on the housing market, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) includes several provisions to provide relief to individuals and multifamily borrowers who have federally guaranteed mortgages, through temporary foreclosure protection, eviction protection, and forbearance relief. These provisions allow regulators to effectively manage the adverse impact on borrowers, while contributing to improved loan performance and reduced credit risk in the long term.



### What this means for banks

It's important for banks to consider the financial and operational impacts of COVID-19. Backed by knowledge from the 2008 financial crisis, financial institutions should consider potential impacts and gaps in areas such as staffing and infrastructure, technology and automation, business process and fraud risk, governance and oversight, and the financial impacts of portfolio deterioration. Institutions should look to creating action plans to address any identified deficiencies in order to strengthen business resiliency.

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### How Deloitte can help

Our program is designed to help you rapidly expand your institution's capabilities and capacity to navigate these emerging challenges. We're offering our industry experience, subject-matter knowledge, and business scale in these key areas of need:

- Operational surge support with strategic advisers, multidisciplinary specialists, and mortgage processors to help you achieve resiliency and handle surge in volume. Offshore teams enable round-the-clock mortgage processing and servicing.
- CARES Act command center provides project management support to establish oversight and coordination in the mobilization and governance of your processes. Clearly defined key performance indicators (KPIs) and reporting frameworks will provide transparency as requests come in.
- Experienced team of mortgage professionals with skills in forbearance, modifications, foreclosures, and evictions. Our team understands the lending life cycle and focus areas for controls, anticipated regulatory requirements, and potential fraud.
- Financial stress analysis considering your liquidity and capital requirements. We can design various stress scenarios to assess business resilience, implement and operationalize mortgage forbearance, and refinance processes and identify risk controls.
- We can leverage your preferred technology solution and manage these environments to process applications and maintain data integrity. We will assist you in deploying frequent releases to identify ways to automate and improve the overall application experience.

### The value we bring

As this unprecedented situation continues to unfold, you can trust Deloitte to work alongside your teams to drive value for your organization. Deloitte's deep banking and mortgage experience, when leveraged with our global resources, can provide you with the assistance to be effective during this time:

- We can leverage our global mortgage delivery support capability comprised of processing support centers, program management, and experienced mortgage specialists.
- We can rapidly mobilize resources, leverage our talent pool, and deploy the skillsets to augment your servicing and processing needs for mortgage forbearance and refinancing.
- Our teams can quickly integrate business processes, technology, and data to assist your organization's needs across the lending life cycle.

*Connect with us to learn more*

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