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Altisource Releases Annual Report on the State of the Default Servicing Industry

94 percent of servicing professionals indicated their organization is likely to select a single-vendor that provides multiple services

LUXEMBOURG, January 23, 2020 – [Altisource Portfolio Solutions S.A.](#) (“Altisource” or the “Company”) (NASDAQ: ASPS), a leading provider of real estate, mortgage and technology services, today released its 2020 report, “[The State of the Default Servicing Industry](#).” The report highlights results from the fourth annual Default Servicing Survey, a survey of 200 mortgage default servicing professionals conducted in 2019.

The overall U.S. delinquency rate is at an all-time low at 3.6 percent.¹ However, despite the historically low delinquency rates, servicing professionals expect the rates for certain loan types to grow — specifically FHA and private lender loans. Of the servicing professionals surveyed, 90 percent (up from 87 percent in 2018) cited that their organization currently services FHA loans; 80 percent (up from 72 percent in 2018) expect their FHA loan portfolio to increase over the next 12 to 24 months and 85 percent (up from 77 percent in 2018) expect the increase to be more than 25 percent.

¹ <https://www.corelogic.com/blog/2019/08/overall-us-delinquency-rate-holds-at-lowest-level-in-more-than-20-years.aspx>

Separately, vendor performance is becoming increasingly challenging as portfolios shift to rural areas and vendor pools for distressed loans and properties continue to diminish during this strong economic environment. Nearly one-quarter (22 percent) of servicing professionals surveyed said their biggest challenge when managing vendors is vendor performance; 17 percent cited costs and another 17 percent cited strategic alignment. When evaluating a vendor to manage their default portfolio, a significant majority of servicing professionals surveyed (96 percent) said property preservation and inspection is a leading consideration; 95 percent pointed to end-to-end default disposition capabilities and 94 percent cited a strong marketing platform/marketing scale. Due to the increasingly complex requirements around vendor management and vendor oversight, servicers are looking to vendors that can manage multiple pieces of the default lifecycle (i.e., REO asset management, property inspection and auction services) and that can seamlessly integrate with their current technology platforms. An overwhelming majority of servicing professionals surveyed (94 percent) said their organization is likely to select a single-vendor approach to managing the default lifecycle.

Of the servicing professionals surveyed, 89 percent cited they are currently using online auctions (up from 76 percent in 2018) as part of their long-term strategy for asset disposition and 72 percent would like to do more online auctions (up from 50 percent in 2018). According to the report, online auctions appear to have proven to be the best way to engage the broadest set of bidders and buyers because they allow bidders from all over the U.S. to easily engage in the auction. Because of this, more bidders are ultimately participating and competing against each other, which produces higher bids for sellers than would be achieved offline where not all buyers in the market are participating.

“The survey uncovered many industry insights, including vendor management challenges and the importance of online auctions as a disposition tool,” said Patrick G. McClain, Vice President, Enterprise Sales for Altisource. “With historically low delinquency rates, we may see a higher rate of FHA defaults in markets experiencing economic turmoil with little housing liquidity, such as rural areas. In addition, servicers are using a single-vendor approach to manage multiple pieces of the default lifecycle to help mitigate losses and streamline efforts.”

Click [here](#) to download the full report, “The State of the Default Servicing Industry.”

Survey Methodology

The Default Servicing Survey was completed online among 200 professionals in the U.S. mortgage default servicing industry. Fieldwork was conducted by independent global market analytics firm, Echo Research, between July 17 and 27, 2019. The margin of error associated with the sample of n=200 is +/- 6.9 percent at a 95 percent confidence level.

About Altisource®

Altisource Portfolio Solutions S.A. (NASDAQ: ASPS) is an integrated service provider and marketplace for the real estate and mortgage industries. Combining operational excellence with a suite of innovative services and technologies, Altisource helps solve the demands of the ever-changing markets we serve. Additional information is available at altisource.com.

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Source: Altisource Portfolio Solutions S.A.