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FHA Loan Originations Expected to Generate Servicing Portfolio Growth Leading to Servicers Taking on Greater Non-Performing Loans and REO

97 percent of servicing professionals indicated they will consider a single-vendor approach to support complex portfolio needs

LUXEMBOURG, September 18, 2017 – [Altisource Portfolio Solutions S.A.](#) (“Altisource”) (NASDAQ: ASPS), a leading provider of real estate, mortgage and technology services, today issued the results of its inaugural Default Servicing Survey, a survey of over 200 mortgage default servicing professionals. According to the study, nearly three-quarters (71 percent) of servicing professionals surveyed predicted FHA/VA loan volumes would increase within their organizations in the next 12 to 24 months; 41 percent believed FHA loans will offer their organizations the most portfolio growth over the same time period.

According to the U.S. Department for Housing and Urban Development, FHA loans accounted for over 17 percent of newly originated mortgages in 2016¹ and currently constitute 35 percent of all loans delinquent for 30 or more days². As the issuance of FHA loans grows, so does the potential increase in volume of default assets. Thus, it is not surprising that 93 percent of servicing professionals surveyed stated that foreclosure/trustee and Claims Without Conveyance

¹ https://portal.hud.gov/hudportal/documents/huddoc?id=FHA_SF_MarketShare_2016Q4.pdf, Single Family Market Share Q4 2016

² https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/oe/rpts/fhamktsh/fhamktqtrly

of Title (CWCOT) capabilities are important factors to consider when evaluating a vendor to manage growing default portfolios.

Servicing Professionals Cite Challenges Stemming from Costs of FHA Conveyance and Managing CWCOT Programs

Servicing professionals (29 percent) cited remitting fees, costs and financial obligations associated with FHA conveyance as the greatest challenge for effective CWCOT programs. For servicing professionals working with third-party vendors to manage CWCOT portfolios, 15 percent said overall vendor management is a challenge associated with managing CWCOT programs while another 15 percent pointed to timeline delays and increased costs due to attorney oversight; 11 percent cited not having enough in-house personnel on staff to effectively manage the program.

Third-Party Expertise and Central Coordination are Critical to Successful CWCOT Program Administration

In order to overcome the financial, regulatory and oversight challenges associated with their vendors' CWCOT programs, servicers must carefully evaluate their third-party vendor strategy to ensure vendors possess the right expertise and resources to execute the program. Most servicing professionals surveyed (97 percent) said they are exploring options including a single-vendor approach to help achieve their objectives; 91 percent identified FHA asset management experience as an important criterion for vendors. When specifically evaluating single vendors, 72 percent of servicing professionals surveyed said consistency and efficiency in managing REO properties is a very important consideration; 69 percent also pointed to compliance management.

“As the housing market continues its recovery and demand continues to outstrip supply, vendors' CWCOT programs have a key role to play in helping servicers move housing inventory quickly back to the market,” said Min Alexander, senior vice president, Real Estate Services, Altisource. “However, distressed properties require servicers to effectively manage multiple processes, with CWCOT as one part of a multilayered disposition strategy. Managing various third-party vendors only adds to the complexity and information asymmetry through the property lifecycle.

It comes as little surprise that servicers are often choosing a single-vendor approach for comprehensive solutions to streamline their processes for higher quality and consistency of outcomes.”

Survey Methodology

The Default Servicing Survey was completed online among 205 professionals in the U.S. mortgage default servicing industry. Fieldwork was conducted by independent research firm Ebiquity between June 22 and 29, 2017. The margin of error associated with the sample of n=205 is +/- 6.8 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 market. Additional information is available at altisource.com.

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