

CASE STUDY



TAPPING INTO EXTERNAL BANKRUPTCY EXPERTISE AND SUPPORT FOR DISCHARGE AUDITS

Mortgage Servicer Leans on AIS's Talent to Meet Compliance Requirements

In the complex domain of bankruptcy, mortgage servicers must adhere to strict protocols, particularly regarding discharge injunctions. A prominent mortgage servicer, in an effort to meet internal compliance deadlines, was required to audit nearly 4,000 loans within a 90-day timeframe. This challenge was intensified by gaps in servicer histories, unaccounted trustee disbursement details, and the necessity for specialized bankruptcy knowledge. This case study explores the intricacies of mortgage discharge audits and the benefits of partnering with an industry expert for rigorous due diligence.

THE APPROACH

Having worked together on numerous projects, the mortgage servicer, once again, turned to AIS to conduct a comprehensive due diligence audit on Chapter 11, 12 and 13 discharged debts. The process involved a meticulous conversion of various file formats into Excel, allowing for a detailed contractual chronology of payment transactions. This was then converted to a post-bankruptcy chronology by validating critical bankruptcy documents such as the Plan, Proof of Claim, Payment Change Notice, Agreed Order, Post-Petition Fees Notice and Notice of Forbearance.

To manage the vast scope, AIS put together a dedicated project team comprising of 38 new associates onboarded in two phases, 12 experienced associates from previous teams, two Team Leaders, and one Project Manager. This team was strategically segmented into specialized sub-teams, each responsible for specific milestones within the audit process.

AIS's approach, however, was not without challenges. A significant hurdle was the lack of access to previous servicer data and trustee transactions, which were essential for a thorough audit. Leveraging their expertise, AIS devised a strategy where they reviewed auxiliary documents, like the Motion for Relief, Final Cure Notice, and Trustee's report, enabling them to identify and bridge any gaps in payment histories.

THE OUTCOME

With the unwavering dedication of more than 50 full-time Associates, AIS meticulously audited 3,700 files, revealing credit adjustments worth approximately \$245,000 and fee waivers totaling \$288,000. The client found tremendous value in partnering with AIS, particularly lauding their constant communication and unwavering commitment to maintaining compliance in reporting mechanisms. AIS's commitment to service and 24/7 support capabilities allowed for timely delivery, finishing more than two weeks ahead of the required completion date.

By thinking outside the box and assimilating data from alternative sources, AIS provided richer, more accurate insights that resulted in error-free outputs for the client. AIS's approach went beyond mere service delivery. They not only helped the mortgage servicer meet compliance deadlines but also paved the way for enhanced customer satisfaction, improved financial performance, and a fortified reputation in the industry.

