

Due Diligence Guide

Ensuring that portfolios are strong, on a growth trajectory, and performing better than market expectations is the mark of a solid due diligence firm.

Now, more than ever, companies are looking for the most intelligent, well-researched firms to ensure they are working at optimal performance. The companies listed in this guide are the peak of the due diligence pack. They specialize in valuing portfolios, performing portfolio reviews, and reviewing loan transfers—all the services important to companies looking for a winning edge.



BSI Financial Services



→ key personnel

Gagan Sharma
President and CEO

Scott Myers
EVP, Operations

Tim Gillis
SVP, Sales & Marketing

Darryl MacNair
Controller

→ contact information

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COMPANY DESCRIPTION

BSI Financial Services (BSI) is an experienced financial services company providing loan due diligence, quality control, and loan servicing and subservicing. The company employs advanced technology, including Web- and cloud-based systems, and a global workforce to provide its clients responsive, high-touch service while maintaining complete transparency in loan operations and reporting.

As an independent loan services provider, BSI Financial does not pose a conflict with the investing interests of its clients. It focuses on identifying value in loan pools and portfolios by applying considerable experience in managing a wide range of asset classes, from distressed to investment-grade loans.

GEOGRAPHICAL SCOPE AND COVERAGE AREA

BSI Financial Services is licensed to service loans in 50 states, and offers loan quality control and due diligence services nationwide. With its headquarters in Irving, Texas, and offices in California, Pennsylvania, and India, BSI Financial leverages a global workforce and cloud-based technology to deliver efficient and responsive service.

BUSINESS SCOPE

In addition to due diligence services, BSI Financial specializes in loan servicing and subservicing and has earned a high-quality rating from FNMA and FHLMC. BSI Financial is also HAMP, 2MP, FHA, and VA-approved. The company's loan quality control services include pre- and post-funding loan reviews that comply with Fannie Mae and Freddie Mac requirements.

Through Entra Default Solutions, a wholly owned division, BSI Financial also offers non-judicial foreclosure trustee services in Arizona, California, Nevada, and Texas.

COMPANY HISTORY

Established in 1986 as Bank Services, BSI Financial earned its first agency approval from Freddie Mac in 1995. The company was purchased by First Commonwealth Financial Corporation in 1996 and in 1999 by Richmond Mutual Bancorporation.

In 2000–2001, the company was approved for loan servicing by the VA, HUD, and Fannie Mae. In 2006, Servis One, Inc., led by Gagan Sharma, present-day chief executive of BSI Financial, acquired BSI Financial and the company re-focused its energy and offering on loan servicing and subservicing.

In 2007, BSI acquired the outsourcing division of the SRS Group, one of the largest loan due diligence and quality control firms in the industry. Three years later, BSI Financial expanded its portfolio of services by creating two new complementary businesses: Entra Default Solutions, providing non-judicial foreclosures in four states, and Entra Asset Management, specializing in REO outsourcing.

COMPETITIVE ADVANTAGE

Following the mortgage market collapse of 2007–2008, the rules changed on defining risk for investing in and servicing whole loans. Reliable due diligence on distressed loans required a loss mitigation perspective so pricing would take into consideration potential liquidation strategies. In addition, the constantly changing regulatory and policy environment necessitated that investors begin making decisions predicated on realistic loan servicing and loss mitigation strategies that consider borrowers' growing options to foreclosure.

The post-meltdown marketplace has been BSI Financial's crucible, where the company has honed its understanding of value recognition for its investor clients. BSI Financial's due diligence experts leverage experience and fresh insight gleaned from continuing education, networking, and research as they provide investor clients meticulous, thoughtful analysis.

Today, BSI Financial is large enough to handle due diligence assignments of any size while delivering personalized service and support to every investor client. With networked operations and a global workforce, BSI Financial is able to practice agility and flexibility as it provides custom liquidation and retention strategies optimized to each client's risk profile.

BSI Financial's culture promotes responsive and personalized client service and a commitment to transparency, which empowers investor clients with real-time data on loan quality and performance.



Clayton Holdings LLC



→ key personnel

Paul Bossidy
CEO

Joseph D'Urso
President and COO

Tom Donatucci
EVP, Business Development

Lorenz Schwarz
President and COO, Green River Capital

Scott Mowry
SVP, Operations

→ number of employees

1,000

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CLAYTON

COMPANY DESCRIPTION

Clayton Holdings provides information and services that financial institutions, investors, and government entities use to evaluate, acquire, securitize, service, and monitor loans and asset-backed securities.

Clayton conducts its business with uncompromising honesty and integrity, and its employees are committed to upholding solid principles of corporate governance. As part of the overall governance, Clayton's system of internal controls includes organizational design, written policies and procedures, operating practices, and controls to protect people and assets. This integration of key activities helps identify irregularities and reduce risk to a reasonable level as quickly as possible.

Of key importance to most government agencies, Clayton is a certified federal contractor and, as part of that commitment, it operates under the guidelines of the Office of Federal Contract Compliance Programs (OFCCP).

COMPANY HISTORY

Founded in 1989, Clayton pioneered both the residential due diligence and servicer surveillance industries. Since that time, Clayton has performed due diligence file reviews on more than 10 million loans; has performed surveillance/oversight on more than \$2 trillion in original balance; and, over the past three years alone, has conducted more than 125 residential mortgage servicer operational assessments.

BUSINESS LINES, SERVICES, AND PRODUCTS

Clayton offerings include risk-based analytics, residential, and commercial loan due diligence, consulting, surveillance, and staffing solutions. The company provides customized special servicing solutions, REO management, BPOs, and a short sale program through its Green River Capital subsidiary. A global reach in the financial services industry is provided by the company's European subsidiary, Clayton EuroRisk.

COMPETITIVE ADVANTAGE

For more than two decades, Clayton has been the go-to provider of residential and commercial real estate advisory services, analysis, and support services. Clayton offers unparalleled breadth and depth and is uniquely positioned to bring impartial, effective solutions to current market challenges and provide the most robust experience to its clients.

Clayton is confident that its clients will realize great benefits from the company's team's experience, advice, customized services, and objectivity. Clayton's differentiators include:

Pioneering the residential loan due diligence industry

- Largest and longest-standing due diligence firm in the industry.
- Due diligence workforce of more than 1,000 underwriters and team leads.
- Exceptional reputation for quality, unbiased advice.
- Clayton is an approved S&P and DBRS RMBS third-party review (TPR) provider and meets the standards of Moody's, Fitch Ratings, and Kroll Bond Ratings for pre-securitization due diligence.

Pioneering credit risk management/loan surveillance

- Possess a broad and vast array of historical transaction data.
- Support and oversight of more than \$1 trillion of loans.
- Depth of experience includes providing advisory services, asset management services, and loan review/due diligence for all property and credit types.
- Clayton's independence allows for an unbiased approach, and the company always endeavors as a fiduciary in good faith to provide an objective review and recommendations.

Cutting-edge technology

- Clayton utilizes best-in-class technology to provide clients with the most accurate data available. The company's dynamic analysis and reporting solutions include hundreds of interactive data points that can be customized to client specifications.

Team of industry experts

- Beyond tools and technology, Clayton's most essential asset is its team of motivated, hard-working industry experts. The company is convinced that its employees are outstanding at what they do, and it believes that clients will agree.
- Clayton's subject-matter experts have held significant positions in the banking, residential, and commercial real estate industries and bring years of lending and operating experience to Clayton. The company's project teams possess best-practices knowledge of banking, finance, and residential/commercial real estate operations, from origination through special servicing, workouts, and REO. They perform in-depth analyses of both the quantitative and qualitative aspects of all forms of residential/CRE management, loan file reviews, and servicing.



Digital Risk



→ key personnel

Peter Kassabov
Founder & CEO

Alex Santos
Co-Founder & President

Jeffrey C. Taylor
Co-Founder & Managing Partner

Omar Quddus
COO

Randy Lightbody
EVP Sales, Marketing & Strategy

→ number of employees

1,850+ full-time employees

→ contact information

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COMPANY DESCRIPTION

Digital Risk is the largest provider of due diligence, quality control, valuations, analytics, and fulfillment solutions supporting every facet of the mortgage life cycle. Having completed more than \$1.7 trillion in due diligence and quality control loan reviews, the company has been recognized with various awards and accolades for being one of the top due diligence firms in the U.S.

Digital Risk provides business partners new generation technology with the industry's largest proprietary database of actionable intelligence, providing context and defense around today's complex and shifting regulatory market.

COMPANY HISTORY

Digital Risk started in 2005 and has grown from five employees to today's employee count of 1,850 USA-based employees. During the last eight years, the company's dedicated employees have earned a stellar reputation for providing reliable solutions to mission critical, high-profile initiatives.

The company maintains state-of-the-art operating centers in Maitland, Florida (headquarters); Jacksonville, Florida; Boca Raton, Florida; Denver, Colorado; and Bangalore, India. In December 2012, Digital Risk was acquired by MphasiS, a Hewlett Packard subsidiary. MphasiS is the global leader in the BPO and KPO markets, employing more than 40,000 people worldwide.

BUSINESS LINES, SERVICES, AND PRODUCTS

- Due diligence
- Quality control
 - Proprietary LQI quality control package
 - Mitigating repurchase risk
 - Due diligence for all securitizations and whole loan trades
- Valuations
- End-to-end fulfillment
- Analytics

ADDED VALUE TO BUSINESS PARTNERS

One of the biggest questions in today's marketplace is, "How do yesterday's technologies and techniques equip and defend against today's turbulent regulatory environment?" Through Digital Risk's unique market view and proprietary database, it has learned: clients can't win.

To provide the industry this missing link, the company has developed scalable solutions combined with a foundation of \$1.7 trillion in due diligence and quality control reviews to provide a sound and reliable defense against today's unstable legislative environment.

KEYS TO SUCCESS

Since its founding in 2005, Digital Risk has had one focus: "Making Mortgages Safe." The company succeeds in this by following DAPPT: Data, Analytics, People, Process, and Technology and by creating differentiated solutions to an otherwise stale solution environment.

GOALS AND STRATEGIES FOR 2014

The company's goal is to provide a differentiated solution for the entire loan life cycle, designed with quality and compliance in mind. The company achieves this by leveraging proprietary technology and analytics that enhance quality, regulatory compliance, turn times, and efficiency.

KEY FEATURES

- \$1.7 trillion in due diligence quality control reviews
- Accredited by all major rating agencies
- More than 10 million loan files reviewed
 - Proprietary intelligence deployed
 - Database comprised of \$1.7 trillion in due diligence and quality control reviews
 - State-of-the-art technology and proprietary techniques to solve new legislation
- Regulatory compliance department
 - In-house staff attorney team
 - RESPA reform expertise
 - QM expertise
 - QRM expertise
 - Maintains proficiency with all federal and state compliance laws
- \$850 billion (UPB) under management

INDUSTRY AWARDS, ACCOLADES, AND MILESTONES

- ACG SMART Awards—Top Financial Services Company
- Inc. 500 Fastest-Growing Private Companies—No. 11 in financial services; No. 122 overall
- Orlando Business Journal 40 Under 40 2012—Alex Santos
- Ernst & Young's Entrepreneur of the Year 2011 in Financial Services—Peter Kassabov
- Innovator of Business—Awarded by Florida Gov. Rick Scott to Peter Kassabov



Inglet Blair LLC



→ key personnel

Sandra Blair
Managing Partner

Craig Inglet
Managing Partner

Ellen Eckert
Vice President

Candace Wasilew
Director, Client Services

Rick Wooley
Director, Quality Control

→ number of employees

23

→ contact information

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COMPANY DESCRIPTION

Inglet Blair provides a comprehensive suite of due diligence, risk, and quality monitoring services to meet any mortgage-related need from origination to disposition.

The management team of Inglet Blair possesses years of hands-on, practical experience in mortgage loan operations with an emphasis in underwriting, regulatory compliance, credit risk, and mortgage-related capital markets. From top to bottom, the firm is comprised of an experienced team dedicated to providing high-quality, cost-effective services with the highest standard of ethics and professionalism.

The firm's proprietary technology platform provides consistent risk analysis and the flexibility to support all review types from a single platform. The technology design serves as a roadmap for underwriters, maintains accurate data capture, and supports dynamic reporting capabilities.

The combination of Inglet Blair's expertise, people, and world-class technology make it the ideal partner.

COMPANY HISTORY

Inglet Blair was founded in March 2003 to specialize in the underwriting and analysis of residential mortgage loans and other forms of mortgage-related debt. Before the financial crisis, Inglet Blair solely supported a small number of Wall Street clients with the acquisition of residential mortgage loans for the primary exit of private-label securitization. Today, Inglet Blair supports clients throughout the mortgage life cycle, assisting at various stages with loan review and credit risk services.

BUSINESS LINES, SERVICES, AND PRODUCTS

The company's services share two common themes: help identify risks and make better-informed decisions. Inglet Blair has a very seasoned and diverse staff with a wide array of expertise, and since every client has a different risk strategy and profile, every engagement is customized to meet those objectives. Here's a sample of some of Inglet Blair's core service offerings:

- Securitization-grade due diligence
- Buy/sell transactional whole loan due diligence
- Performing
- Seasoned
- Non-performing
- MSR
- Pre- and post-closing quality control
- Consulting—credit risk and counter-party operational
- HMDA and data integrity

COMPETITIVE ADVANTAGE

The company believes in experience, collaboration, and service. Its focus on its clients' objectives is crucial in aligning the firm's service scope to help them meet their goals and make better-informed business decisions. The company specializes in underwriting complex lending programs, and the firm's ability to manually underwrite mortgage loans cannot be equaled in the industry.

ADDED VALUE TO BUSINESS PARTNERS

In almost every engagement, Inglet Blair is serving as an intermediary, and the need to be competent, objective, and consistent is crucial to being a partner to all parties, while implementing the risk profile prescribed by its clients.

Additionally, Inglet Blair excels at not only identifying risks, but more important, assisting the company's clients by quantifying, measuring, and developing operational strategies to mitigate said risk.

KEYS TO SUCCESS

The combination of education and improved technology. Inglet Blair applies a methodical and mechanical approach using world-class technology, while promoting its underwriters the latitude to use instinct and intuition. The software is designed to maintain data integrity and interpret regulatory and compliance-related items, while using its seasoned staff to identify fraud and other opaque risks.

GOALS AND STRATEGIES FOR 2014

The regulatory change coming in 2014 will have an unprecedented impact, which is largely unknown. Inglet Blair has a bifurcated focus for 2014: quality control and private-label securitization due diligence.

Today, originators that make errors during the origination process are largely unpenalized. In the Qualified Mortgage/Ability-to-Repay (QM/ATR) world, a simple mistake can have an impact that results in an unmarketable loan, and until the pricing for a new scratch-and-dent market materializes, the loss of QM status for any reason is commonly deemed to be substantial. Therefore, Inglet Blair believes pre-funding reviews are paramount to any originator or purchaser's success.

Inglet Blair is also focused on garnering a couple of strategic issuers to continue and help restore the private-label securitization market. The company's capital markets expertise and knowledge of that market are only superseded by the firm's underwriting ability. Inglet Blair has the capacity and ability to be the premier partner in this space.



Scienna



→ key personnel

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Chief Software Architect

Kat Rohr
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COMPANY DESCRIPTION

Scienna offers ultra-flexible Internet-based software and technical services to support mortgage-related due diligence, file review, underwriting, fulfillment, quality control, litigation-related research, and data capture activities.

While Scienna works in the center of the due diligence industry, the company is not a due diligence firm itself. Scienna doesn't review loan files—instead it helps clients do so productively and cost-effectively.

BUSINESS SCOPE

Performing mortgage-related due diligence, audit, file review, and data capture requires specialized and agile information systems. Project scopes vary widely. Review content is constantly customized for new clients and loan products. Lead time is short. There have been few specialized due diligence software systems available in the market, and prospective participants in these business lines have been forced to dedicate substantial time, effort, and funds into the development of a proprietary platform to compete. Additionally, these initiatives often failed to yield workable results. This development has represented an enormous barrier to entry and a significant ongoing burden.

Scienna was established with these needs in mind. Scienna does not engage in staffing or file review. Scienna supports firms that do, in a number of ways. The company provides extraordinarily agile software along with flexible service and licensing models.

COMPANY HISTORY

Scienna's founder and president, Peter A. Krell, has specialized in due diligence technology and business process design in the mortgage markets for more than 20 years. In 1990, Krell co-founded one of the industry's leading due diligence companies. As chief technologist in the firm, Krell personally designed and created the first laptop-based due diligence system employed by investment banks to purchase loans judiciously.

Scienna's loan review platform, Andor, is the culmination of everything that Krell and his team have learned since that time. Scienna's management team also has extensive experience in special servicing, non-performing loan valuation, loan performance modeling, and conduit/fulfillment center processing.

BUSINESS LINES, SERVICES, AND PRODUCTS

Scienna's loan review platform supports a wide variety of mortgage products and transactions including:

- Acquisition due diligence for performing and non-performing residential loans
- Government agency securitization support
- International mortgage loan securitizations
- Pre-close origination quality control
- MBS litigation support
- Fair lending review
- Commercial loan due diligence
- Specialized loan reviews and supporting systems, including pay history, appraisal review, decline support, and title review

KEY FEATURES

With its Andor platform, Scienna can create custom, secure, fast, feature-rich, and user-friendly Internet-based software applications with incredible development speed and efficiency. Using proprietary tools, Scienna can create a complete and functioning user interface programmatically, bypassing man-months of costly and tedious UI construction. New database fields, option tables, forms, and application business logic are generated directly from specification documents and are subsequently managed using Scienna's suite of visual end-user tools, largely without software developer involvement.

Andor's capabilities, features, and functions are extensive, but highlights include:

- Responsive, rich, and user-friendly interface
- Integrated proprietary rules engine makes business logic management easy and transparent
- Integrated loan document viewer stores links and retrieves pages
- Complete management and tracking for findings/exceptions/conditions
- Powerful and flexible reporting, exporting, and charting
- Comprehensive workflow support
- Integration with industry-leading providers for regulatory compliance, fraud and valuation services, and more
- Multilingual, multicultural, and multi-currency interface support



Wingspan Portfolio Advisors



→ key personnel

Steven Horne
President and CEO

E.J. Kite
CIO

Vik Jain
EVP, Strategic Alliances

Matt Cassell
CFO

Jason Spooner
EVP, Enhanced Services

→ number of employees

More than 2,000

→ contact information

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CORPORATE PROFILE

Wingspan Portfolio Advisors is a diversified mortgage services company. Utilizing a proprietary, detail-oriented approach, it partners with banks, investors, mortgage insurers, attorneys, and real estate agents throughout the United States.

COMPANY HISTORY

Founded in 2008, Wingspan Portfolio Advisors is an award-winning, diversified mortgage services company, partnering with lenders, servicers, investors, mortgage insurers, attorneys, and real estate agents throughout the U.S. With offices in Dallas, Frisco, and Carrollton, Texas; Melbourne, Florida; Denver, Colorado; Monroe, Louisiana; and San Diego, California, Wingspan's team of experienced professionals provides a wide range of mortgage-related services. Twice awarded "Servicer of the Year" honors by Mortgage Technology, Wingspan was recently named No. 23 on the Inc. 500 list of fastest-growing private companies in the U.S. In 2013, Wingspan acquired Dimont & Associates, the leader in the hazard claims industry. Founded by attorney Bernie Dimont in 1996, the wholly owned Wingspan subsidiary has offices in Dallas and San Diego. Dimont & Associates carries the SSAE 16 Type II Certification and channels hazard claims for many of the nation's leading mortgage servicers and GSEs, achieving high recovery results for their clients.

BUSINESS LINES, SERVICES, AND PRODUCTS

- Due diligence
- End-to-end fulfillment
- Full servicing
- Component servicing
- Foreclosure alternatives
- Loan modifications
- Home retention
- Complaint escalation
- Lender services
- Audits & regulatory compliance
- Portfolio valuations
- Servicer evaluations & oversight
- Short sale facilitation
- Customer service
- Insurance services
- Outsourcing
- Capital markets

COMPETITIVE ADVANTAGE

The new Wingspan Denver offices will provide due diligence, forensic file review, valuation services, and single-family rental oversight, as well as a full range of default and post-acquisition support services on a national basis. The new office and management team will significantly enhance Wingspan's capabilities in these industry service sectors, which are becoming

increasingly critical for lenders and servicers in the demanding regulatory environment. The company's servicers and investors benefit from a full range of services for all their distressed loans and REO, along with complete loan fulfillment and other capabilities through Wingspan Lender Services. Wingspan clients now have all of the key resources they need for every aspect of their businesses and will no longer have to worry about scaling up or down for volume fluctuations, with all of the attendant costs. The company's diligence platform was built to be the best at its business, whether in foreclosure management, rental oversight, due diligence, underwriting support and valuation, or in related technology. It is proud to now become an integral part of the industry's best provider of diversified services for lenders, investors, and mortgage servicers, bringing its special expertise to Wingspan's impressive array of offerings. Wingspan is poised to offer traditional support along with innovative loss mitigation strategies.

- Customer-centric approach
- Single point of contact
- Innovative proprietary technology
- Scalable operation supported by experienced mortgage professionals
- Accountability and transparency
- High-impact, low-cost solutions
- Pay-for-performance model
- Rapid ramp-up and ramp-down capability

KEYS TO SUCCESS

Wingspan creates innovative solutions in order to benefit its customers, clients, investors, and communities. It accomplishes this through constant innovation, award-winning technology, and industry-leading customer service.

STRATEGIES AND GOALS FOR 2014

Wingspan will continue to deliver a broad range of strategic services to its clients, which range from mid-size organizations to some of the largest financial institutions in the world.

AWARDS AND ACCOLADES 2013

- Named one of the Top Tech-Savvy Lenders and Servicers by Mortgage Technology in 2012 and 2013
- Named No. 2 on Top 10 "Dallas 100" Fastest-Growing Private Businesses (second year in a row)
- Named No. 5 on Inc. Magazine's Hire Power Awards
- Named No. 23 on 2013 Inc. 500 List of America's Fastest-Growing Companies