

CASE STUDY – STANDBY SERVICING

When a major bank appointed a Standby Servicer to mitigate the risk of disruption to servicing of a loans portfolio they had agreed to fund

We designed and put in place a tailored standby structure to protect the bank's interests.



The Challenge

Standby Servicing is a risk mitigation strategy used by funders and securitisation structures to protect the loan portfolio. The robustness of a Standby Servicing appointment is also scrutinised by investors, trustees and rating agencies and can have a direct impact on pricing and deal structures.

This strategy guards against a lapse in active management of a loans portfolio which, even if it occurs for a short period, can materially impact pool performance. Such deterioration can be extremely difficult to reverse so it is vital that a Standby Servicer is positioned to step in at short notice, ensuring stabilisation of the loan book as quickly and seamlessly as possible.

What We Did

We completed a detailed review of the Primary Servicer's operations and developed a tailored step-in strategy that satisfied all stakeholders. The key outcome of the review was an Activation Plan that would enable the Standby Servicer to take on responsibility and ongoing servicing of the pool on short notice and with minimal disruption. This Activation plan is updated as the business changes and reviewed regularly to ensure it remains current.

What We Delivered

We developed a Standby Servicing structure that gave the lender confidence there was an independent organisation with sufficient experience, knowledge and familiarity with existing systems and processes to step in as servicer with minimal disruption to the day to day operations of the pool.

More Information

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