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# BLURRED VISION

THE FED READIES THE BEGINNING OF THE END

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## BUBBLE TALK

Chatter on overheated markets is gaining ground. Let's settle this now.

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## SHARED APPRECIATION

Home ownership scheme is coming back, with more oversight.

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## Cheryl Travis-Johnson Chief Operating Officer, VRM Mortgage Services

In the last two years, VRM underwent significant transition. The firm landed a huge new client, reworked its property preservation service and even changed its name. Cheryl Travis-Johnson witnessed the entire evolution and gives HousingWire readers some much-appreciated insight.



**HOUSINGWIRE:** Vendor Resource Management now goes by VRM Mortgage Services. Why the change?

**CHERYL TRAVIS-JOHNSON:** When Vendor Resource Management was established in 2005 the business was built to offer REO asset management and disposition as an outsourced service. As the only provider to list, manage and sell over 400,000 assets, VRM became synonymous with REO. But, like most businesses in the mortgage space, we adjusted to the twists and turns the industry threw at us and our clients' business needs changed. As the regulatory changes and market drivers pushed the resolution of distressed assets further upstream, we saw the opportunities to expand our offerings.

**HW:** In April 2012, VRM inked a multimillion-dollar contract with the Department of Veterans Affairs. Eighteen months in, how much of these recent changes came from the addition of the VA?

**CTJ:** The addition of the U.S. Department of Veterans Affairs was a great win for VRM, and while it didn't necessarily create all our new lines of business, it certainly fast-tracked them. The most important aspect of our being awarded that contract was that it validated the expertise, commitment and performance that we have become known for. And it also solidified our position as a full-service provider for pre- and post-foreclosure services.

**HW:** So, given the ever-shrinking inventory, do you see a day when outsourcers like VRM get out of the REO business altogether?

**CTJ:** Absolutely not. While many of the companies that sprouted up when the volumes were overwhelming have left the industry, we continue to add clients. The reality is, when you have the technology and resource platform we do, servicers will continue to turn to companies like ours because we are able to execute at such high performance levels. It's not something that can easily be replicated in-house. And, the ability to quickly scale up or down as their volumes fluctuate is a welcome option for servicers and GSEs.

**HW:** How has the REO-to-Rental shift impacted the industry from your perspective? What sort of solutions did you implement at VRM?

**CTJ:** This is really just another shift in the changing landscape. Some of the players change, but the expertise that companies like ours bring to the market is still very relevant. As a matter of fact, expertise and experience in managing REO is actually more beneficial than traditional property management. There are laws, regulations and a slew of compliance-related issues that are a part of REO that don't necessarily apply to traditional rental management. We added a rental management solution that offers something that most property management and rental management providers don't — an exit strategy. As investors take on these properties, a large portion of them will not remain rentals for an extended period. That's where expertise in listing, managing and selling REO is a huge benefit. From a VRM perspective, our ability to offer lease purchase options, quiet short sales and loan originations to facilitate the sale of the properties has huge upside for the industry and us. Options in a changing industry help bring about stability.

**HW:** So you think the model of outsourcing REO asset management and disposition is still relevant in the new servicing reality?

**CTJ:** Without question! Having a provider with a proven track record in this space can help ensure that the right vendors are selected and proper oversight is performed which, given the increasing focus on third-party providers, helps prevent the operational and reputational risk associated with managing REO. What outsourcers should really deliver to clients is peace of mind and a level of control and transparency that rivals anything they may develop in-house, without the overhead and internal resource drain. And those with the right technology allow clients to monitor and participate in the process as they see fit. It's why we built our platform in-house and refined it managing the incredible volume of assets we saw throughout the past five years. The new servicing reality, for us, is really about continuing to execute and perform as we always have. ■