



Mortgage Servicing Rights

QuantyPhi offers a Mortgage Servicing Rights (MSR) valuation model for credit unions. Mortgage servicing rights are an arrangement where loan originators sell mortgage loans but retain the servicing duties associated with the loans as a revenue stream. This allows the credit union to focus more resources on the business of origination and disbursing new mortgage loans.

QuantyPhi built a sophisticated model to calculate the net present value of a credit union's mortgage loan servicing income on loans that have been sold, but for which the servicing rights are retained as an income stream. Our model uses industry-best prepayment projections and distinct discount rates, applied granularly to each mortgage loan. The results are shown under both a base case interest rate projection as well as shocked rate environments to give an expected array of results based on possible future interest rate fluctuations.

Key Benefits:

- Each loan is examined individually.
- Results are provided showing base case, zero prepayment, +300, +200, +100, -100, -200, and -300 interest rate scenarios. This provides a good range of expected valuations should rates change one way or another.
- QuantyPhi provides a detailed final report including our process, results, and recommendations.
- A dynamic discount rate is used that combines the loan spread at origination date and the current yield curve.