

Due Diligence Review

Client Need: A large mortgage bank was evaluating an acquisition, but had concerns about specific areas of mortgage portfolio risk uncovered during its preliminary due diligence proceedings. BenchMark was engaged to validate previous due diligence findings and/or identify exceptions.

Solution: BenchMark analyzed systems and processes, and determined that the accounting system accrued interest and calculated growth rates accurately. BenchMark further determined that minimal exposure was associated with uninsured loans in the areas of document tracking and exceptions reporting, and that this risk was mitigated as the potential acquiree denied funding until documents required for insurance were received.

Results: BenchMark determined that potential acquiree portfolio risk was minimal. The team also reported that current multiple proprietary systems, processes and controls do not position the potential acquiree organization for significant portfolio growth and recommended a thorough review of all business processes and technology prior to proposed system development.