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## **Lender Sentinel provides clients with vehicle for transitioning to proactive portfolio management**

March 28, 2012 - Spotlights

In the fall of 2008, MBS markets froze partially due to the fact that cash flow from loans in the securities was uncertain and it was difficult to determine the current value of underlying collateral. It became apparent that while collateral value had slipped in importance to many, it needs to remain a primary concern. Since then, regulators and bankers have increased the dialogue about monitoring of changing portfolio characteristics and local market conditions, which heavily influence collateral value. Regulators are requesting evidence that monitoring processes are defined in bank policies and practices.

A new platform is on the market that leverages technology to answer these questions. The Lender Sentinel platform is designed under the belief that the best market data is contained in the banks own records. The system empowers each bank with that data and provides a conduit for all Sentinel participants to share the local market indices created from each other's data. This patented process provides a method for trending local market conditions based on the regular ongoing operations of the banking community.

Lender Sentinel provides clients a vehicle for transitioning to proactive portfolio management from the current, more costly method of reactive portfolio management. Empowered through the digitizing of currently manual records, clients will be able to build institutional knowledge. This technology will support client's ability to modernize and automate processes. These processes provide a more cost effective way of meeting compliance requirements.

According to one EVP at a banking client, " There are different competitors out there that can digitize your portfolios, but the value of Lender Sentinel, and the uniqueness it's bringing to market, is it's building a better mousetrap...What I really need to measure my portfolio against is third-party information."

And if that data you are measuring against comes from peer lending institutions and local appraisers, it is the best available.

A client institution that fully deploys the Lender Sentinel platform has an early warning system; stress and shock testing capabilities; sharing of market information with peers; concentration reporting; external loan review, more inexpensive than currently available and a single source for public data regarding real estate in the market area. Lender Sentinel allows the portfolio management team to react sooner to potential issues, addressing the problem(s) before they are balance sheet affecting.

This technology supports an approach where the knowledgeable and credentialed market participants share information while ensuring that the private details stay private. The more participants, the deeper and stronger the market data will be.

Regulatory agencies are seeking demonstrable portfolio control and local market knowledge within the banks. The banking community does not want to repeat the events of 2008. One way to work towards that goal is to work co-operatively in sharing the best local market information available.

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