

# PPP Loan Servicing Carveout

Advisory practice streamlines process

### Client

Financial Technology Company

### Services

Project Consulting & Managed Services

### Area of Expertise

Accounting & Finance, Loan Operations

### Industries

Financial Products

## Challenge

One of the 25 most valuable brands in the world (as designated by Forbes), with more than \$100 billion in assets, acquired an online financial technology company, with the exception of its loan portfolio. Vaco and its global consulting platform, MorganFranklin Consulting, developed, executed and managed the plan to operate the loan portfolio carveout as a separate entity.

## Solution

Imperative to the carveout was ensuring that:

- Qualified small-business owners continued to receive funds via the Small Business Administration's (SBA) Paycheck Protection Program (PPP)
- Thousands of client inquiries were answered on a timely basis
- The organization's infrastructure (e.g., people, processes, data, and technology) was established and maintained to address all requirements
- The transition services agreement (TSA) was phased out in a timely and orderly manner
- The financial technology company ("client") initially opted against participating in the second round of PPP loans; however, the decision was later reversed. Vaco quickly stood up significant operations to address the new direction. More than 300,000 first and second draw PPP loans (valued at \$7 billion) required servicing.

Leveraging the TSA, we immediately leased back people, processes and technology from the client. Then, with accelerated planning that overlapped into execution, we hired 15+ of the client's loan servicing employees and seamlessly transitioned them to our newly launched operations.

We engaged 35 additional professionals in remote positions related to accounting and finance, IT, legal support, customer service, data management, compliance, loan operations, administration and senior management. Operations were stood up in less than four weeks, during which time existing borrowers continued to receive our support and new customers experienced a streamlined application process. We also brought customer service functions onshore (a portion were previously offshore) and established strong IT governance.

Standard loans were processed through the client's existing platform; we secured a partner bank to facilitate unique and complex loans and the loan forgiveness process. With empathy-driven and customer service-focused business practices and accelerated execution, we salvaged the client's customer base and access to PPP funds.

We continue to manage the PPP loan servicing operations and collaborate with the partner bank to ensure all borrower requests and requirements are addressed. Currently, we are planning for wind down of the entity by developing phased target operating models to reflect shifts in the organization's priorities and narrowing down of operations.