

The Property Line: Rethinking Servicing: Balancing Innovation and Experience

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Welcome to The Property Line, a commercial real estate podcast brought to you by Seyfarth Shaw's Real Estate department. The Property Line is a brief discussion of current market trends, bringing you insights from our acclaimed national team of real estate attorneys. Each episode focuses on a key takeaway for the busy real estate professional. Now, on to this week's discussion.

Katie Schwarting

Hello and welcome back to The Property Line. My name is Katie Schwarting. I'm a partner in the Seyfarth Real Estate department, and I chair the firm's Servicing & Special Servicing practice group. I'm joined today by my very good friend Jan Sternin. She's a senior vice president and managing director at Berkadia, and has a tremendous amount of experience. Jan, thank you for joining us.

Jan Sternin

Pleasure. Thanks for having me.

Katie Schwarting

All right, we're going to dive in. So really, there's a lot going on in our market. From your experience, what are some of the significant trends currently impacting our commercial real estate industry?

Jan Sternin

Well, as a servicer, we see a lot of variety of loans and transactions coming in, setting aside the challenges that we've all had with economics and getting deals done in the last few months, the new transactions continue to be complex in structure and quite diverse, and that would include SASB deals, some things we're seeing on a portfolio and a balance sheet level as well. Private equity transactions are like that, which means for a servicer, more triggers, more covenants, cash management, complex financials, all of those things add to the kinds of deals we see today.

Katie Schwarting

That's great. I couldn't agree more. And what do you think are the biggest challenges and opportunities for servicers right now?

Jan Sternin

I think the biggest challenge when you think of where we've come in our industry and where we sit now is the borrower or the customer experience, and it's a focus for us at Berkadia this year, a huge focus, as it was last year, and will continue to be. When you're dealing with complex transactions, many of them, in addition to the things I mentioned earlier, may have multiple properties. They may have releases. They may have all kinds of things. Properties, these are living properties. They don't stand still, so to speak. And dealing with customers' needs and getting their questions taken care of, there's a

lot to it, and you want to be able to get back to your customers and make sure their experience is as joyous as it can be under the circumstances.

And we can talk more about that in a bit. But the other thing we would be remiss if we didn't mention were the challenges around fraud and cybersecurity. It's a huge part of what we do. And Katie, as you know, from what you do and the documents you read, it's informed and changed the way we do our business. And lastly, also, we must say competition. Competition is always going to be a challenge no matter where you sit, whether you sit in your seat, or my seat, or every other constituency seat in our business.

Katie Schwarting

And how, if you're looking at technology, right, technology is influencing everything. Well, how is technology influencing the servicing landscape? Like what innovation do you believe might have the most profound impact in the coming years on our business?

Jan Sternin

Well, I want to take a little step back, if you would indulge me, just for a minute, if you go back to what we talked about with the customer experience. A while ago, we incorporated, as did a number of our competitors, borrower portals. We took a business where our borrowers were completely dependent upon us for all of their needs to bringing them into the way they do their business, whether it's with a handheld device or whatever. We do our business, we buy things, we sell things, we query things when we choose to. And I think one of the biggest changes which required technology was the advent of borrower portals, which made servicing data and information as well as other things available to borrowers when they needed it, not when we chose or suggested they would need it. I think that's the first thing, and those continue to mature across the entire servicing landscape.

And of course, the next step to that, and you hear about this all the time, is automation. There are things in the great world of servicing that lend themselves to automation, and maturing that automation and using the tools that are available to you greatly help that everything can't be automated. So then you have all of your staff that works on things that camp the thinking functions where you really have to dive in, and they're critically important, and you can focus more staff time on that, because you can automate. And the last piece of that, which goes to automation, to a degree, is AI. It's a term you can't not hear no matter what you're doing. Everybody talks about it, and they talk about it differently, and their feelings about it, and where they've gone with it is very different.

We have utilized AI and introduced an assistant called Berkie. We built it ourselves. Berkie, get it, Berkadia? And one of the things about AI that's so critical is you have to be able to secure your data and your information. So like I said, we built it from the bottom up so we were secure about the data, not only that we shared, but the intake of data as well. And our folks use it to help them craft emails, memos, and it's become very, very popular, and it's getting a lot of use, and we haven't had it for all that long, but our folks, our teammates, really enjoy it and utilize it.

I think the other thing that we did while we're on the topic of strategies is, I go back again to the customer experience. Last year, we implemented customer experience training across the entire

company, all offices globally. And it's very hard for folks to understand how a customer feels until you put yourself in the shoes of the customer. And that was the focus of the training. Because basically, if you think about it, you know this in your own firm, Katie, we're all customers of each other. When you need to have something done administratively, you become the customer of your administrative assistant. And we took that concept and rolled it out across the entire company. It helped us, I think, to be more in tune, to listen, and to take a beat before we reacted.

Katie Schwarting

I think it's great that you have customer experience top of mind. Let's delve just a little bit deeper into that customer experience. Can you share any notable success stories where your creative strategies have basically led to a better customer experience?

Jan Sternin

No, I think if you take a hard look at how the customer experience is impacted by how our platform and other servicing platforms perform, part of the magic is collaboration, and the other magic, it's like a superpower, is communication. And I think through trying to roll this out, it helped us to enhance our ability to collaborate and communicate, and that's critically important. Years ago, before COVID, we were in the office five days a week, and it was nothing to walk over to someone's desk and ask them a question. But our workplaces are very different now, so collaboration and communication occur differently. Whatever method you use, there's a reach out involved in communicating and collaborating, but that's how you get things done. Because things, as we go back to the first thing we said, loans are complicated. Problems are not often and questions are not often answered by one human. They're answered by a group where you have to put your efforts and your energy and your thoughts together. So I think that was a great success story for us, that ability to maximize our collaborative energies and our communicative skills.

Katie Schwarting

I think that's so important. And I really want to end with something that I think you are very passionate about I am passionate about it, and so we want to take this opportunity for our listeners to hear some advice from you, really around career and training and development. What advice would you give listeners looking to further their depth of knowledge in our industry?

Jan Sternin

Katie, I'm so glad you asked that, and you're right. You know me very long time, and you know how passionate I feel about this, and there's a few tips that I would love to share. One: find a mentor, or find mentors. No one said you got to have one. You will learn from those around you, and don't just look for people in your line, in your organizational line. Look outside of that, watch people and be interested in people who you want to see what they do next. Those are also leaders. And be curious, be extremely curious. Never be afraid to ask a question. Dig into stuff. Dig into the hard stuff that sometimes makes your head hurt, because that's how you learn, and then you can take those questions that come out of your curiosity and share them with your mentors.

And as I mentioned from my old other internal thoughts, collaborate, because the best of you becomes the best of those around you too. So really have to collaborate. I think those are the three things. And I

think top of mind will always be a mentor, or mentors. I've learned so much from my mentors and mentors throughout the years, and they don't all look alike or act alike or come from the same background, and they sometimes be aware too, because they can fall right into your lap when you least expect it. And sometimes you don't even know they're there, but they are.

Katie Schwarting

There's nothing like an organic mentor, someone that you find and that finds you and really puts almost you first. I almost call them a champion.

Jan Sternin

Yeah, being a mentor, being on the other side of the fence and being a mentor is pretty addicting, because no matter how much you give, you always get more back.

Katie Schwarting

That's really the truth. You've been such a great mentor to me myself, so I can attest to your capabilities and your strength and support. Thank you, Jan. We are at the end of our time, so we'll wrap it up. Thank you Jan for joining us and sharing your thoughts, and a special thanks to our listeners for tuning in. Please keep an eye out for future episodes.

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