



NICK SALAMONE'S KEYSTONE ASSET MANAGEMENT COMPANY PROVIDES DEFAULT MANAGEMENT SERVICES

Eleven years ago, Nick Salamone and his partner, Jane Hennessy, founded Keystone Asset Management. Keystone Asset provides comprehensive REO, default management, and property valuation services. We recently met with Nick to discuss his company and the default servicing industry.

Tell us about your background and how you got into the industry.

Like most of us, I probably got into this business by accident. In 1981, I had closed my solar heating business and was hired shortly thereafter by Ed Ellis, owner of California Posting and Publishing Company. As part of this position, I posted trustee sale notices and cried sales. From there, the position developed into a marketing and sales function and my understanding and appreciation of the business began to grow.

From 1985 through 1988, I served as a Director for the former California trustees Association (CTA) [now the United Trustees Association] and was also one of the founding officers of the Inland Empire Chapter of the CTA. The relationships that I have formed while working in these organizations have lasted a long time. There are lots of good people in this business — many of whom I keep in touch with and see on a regular basis. Through the years, Ed Ellis continues to be a great personal contact and a very dear friend.

Can you give us a brief background of your company?

In the late 80's I decided to leave California and move back to Pennsylvania to marry my high school sweetheart — 17 years later! I really enjoyed the work I did in California, however since Pennsylvania was a judicial state, I needed to look for other alternatives. I took several jobs, but nothing was of real interest for me. Since I understood the foreclosure process but wasn't an attorney, I decided to get my real estate license. I specifically wanted to get involved in the REO business. While working in the REO marketplace, I received a phone call from a local client. Unfortunately, this client was employed in a Savings and Loan company that was a victim of the RTC. She asked me if I knew of anyone that was hiring. I knew I could not afford to hire her myself, but I also knew that

I needed to have a better understanding of the foreclosure, bankruptcy and REO business from a client's perspective. I explained the situation and asked her if she might be interested in partnering in an REO business. The contact was Jane Hennessy, who is now my business partner.

From there, Jane and I worked together in a local real estate office, honing our skills and making industry contacts. After working together for about a year or so, we decided to go out on our own and form Keystone Asset Management, Inc.

As I look back on those early days in California and here in Pennsylvania, I'm very grateful to the many people who supported me along the way and still continue to do so today.

Tell me something unique about your company.

I look at our organization as very unique because we are homegrown, independent and flexible. We're in this business for the long haul. It's all we do and I believe we are pretty good at it! We have some scars from going up against the big boys, but we are not afraid to compete with the large organizations within our core competencies. I look at this business as a living, breathing entity with a heart and soul all of its own. We have a corporate structure here, but it's a corporate structure that lacks the "stuffy" corporate environment. We pride ourselves in that.

How are the current economic conditions affecting the default servicing industry? How has your company had to adapt to the current economy/market conditions?

These recent conditions have produced an inventory that we haven't seen for some time. It's put a lot of stress and strain on lenders, servicers, loss mitigation teams and all ancillary vendors. We have had to stay ahead of this curve by staffing up, streamlining processes, and working together with vendors. We are now finding ourselves servicing clients who are not used to this kind of volume. We are also servicing clients who have never utilized an

outsourcing company in the past. We continue to make strong commitments to technology and education to serve the needs of our clients, our staff and the market as a whole.

What service has the most potential for growth?

As an REO outsourcing vendor, the REO Marketing area has the greatest growth potential. Property Valuation for foreclosure and loss mitigation is second.

What do you enjoy most about your job?

The thing that is most enjoyable for me is the ability to be creative, to use my vivid imagination and do things differently and efficiently for the organization. The interaction with my staff is a large part of this. I enjoy looking at the big picture and envisioning what we can accomplish in a team environment. I have a lot of fun in what I do – it's what gets me out of bed in the morning and coming back to the office each day.

What are your responsibilities?

Forward thinking for the business is a key part of what I do. There are lots of moving parts to this business and often times I have a lot of balls in the air. My job is to juggle as many as I can without getting too much trouble from Jane, my business partner!

Typically, my main responsibilities include handling the business growth, business development, industry positioning and industry relationships.

What motivates you? How do you motivate staff?

Opportunities are a great motivator. I see the potential in the market, the need to succeed and the need to remain a positive force in the industry. This is what drives me and drives my staff to offer better alternatives for our clients. I have lots of enthusiasm and energy. People see this and want to get involved. They feel what is happening – there is a lot of change going on right now and it's very positive. We are excited about the future of this business and the industry.

When working with my staff members, I point out the positives in each person and we work to their strengths. There is a lot of interaction and brainstorming of ideas. However, I'm also very lighthearted. I can often be the first one accused in the office for playing a practical joke on someone. I want to let employees know that I'm not just all about serious business. This shows them that I'm approachable and have a sense of humor. This is a very serious business and any time you can bring in some humor to what you do, it keeps is light. They do know, however, when I'm all about business and it's time to be serious.

What is your proudest accomplishment with your company?

I have a great feeling of accomplishment to have come this far with the company to produce something that Jane and I have visualized — and to be recognized for it. We are proud of our longevity and the building of our dreams for the company. However, this can be a humbling experience at the same time. We know that we didn't get there by ourselves and we are

very grateful for our employees – both past and present for our success. We also have a core group of employees that have been with us for many years. We are very proud of this and for their accomplishments. Keystone Asset Management has been around for over 1 1years now. We are surrounded by a lot of players in this industry and we are glad to be a recognized force out there.

What is your company's greatest challenge over the next year? Or over the next several years?

Our greatest challenge of the next year will be to manage growth without sacrificing service and quality. We also want to maintain a comfortable atmosphere for our employees.

Over the next several years we want to make sure that we stay ahead of our competition in our commitment to technology, education and service standards for our clients.

What does your company get out of – or hope to get out of its membership in the UTA?

We receive a great deal of education from the UTA for our staff. As a nationwide REO provider, we need to continually educate our staff members on the many facets of the default industry, The UTA provides the education we need to stay on top of important issues. Our membership also shows the industry that we are committed to addressing their needs on an ongoing basis.

How do you spend time outside of work? What are your hobbies?

I guess I really need to get a hobby! If I'm not watching Ice Hockey, Nascar or Cooking Shows, then I'm spending time at the Jersey shore with my wife, family and a menagerie of pets.