

NCSHA 2012 Annual Awards
Category: Special Achievement

SERVISOLUTIONS: CHALLENGES & SOLUTIONS

Expanding its focus of long-term mortgage solutions, the Alabama Housing Finance Authority began servicing its loans in-house in 2005.

In 2010, at the request of the state's banking industry, AHFA's servicing division expanded yet again to provide a mortgage servicing alternative for banks facing the new mandatory escrowing requirements implemented with the changes to Reg Z. It became apparent that the new Truth-In-Lending rules regarding higher-priced mortgage loans would be so burdensome that many banks would be forced to curtail mortgage lending.

"I was receiving numerous phone calls daily from bankers across the state telling me that they would have to give up this type of lending," stated Mindy Hanan, vice president of administration & education for the Alabama Bankers Association. "In addition to the banks losing an entire segment of business, many Alabamians would no longer have a source of funding for homeownership."

AHFA was the answer. A collaborative effort of AHFA, ABA, and the Community Bankers Association of Alabama, the initiative required a change to AHFA's enabling legislation to allow AHFA to service loans for borrowers with incomes other than low to moderate and to allow AHFA to service loans in states other than Alabama. The bill to make those changes was approved in the state legislature with no dissenting votes and was signed into law by Governor Bob Riley on March 12, 2010.

Dan Bailey, ABA CEO, stated, "The Alabama Housing Finance Authority deserves the highest praise for their flexibility in crafting this very robust solution and responding to our banks' needs in such a quick manner."

Approval by AHFA's Board of Directors was quick to follow only four days later. AHFA was ready to accept mortgages from banks by April 1, 2010. In this capacity, AHFA services mortgage loans and manages escrow accounts for financial institutions.

Scott Latham, president & CEO of the CBAA, stated, "CBAA appreciates the work of the AHFA team in designing and launching a new mortgage loan servicing initiative for Alabama community banks. This service enables our member banks to focus on their relationships with new and prospective mortgage customers while ensuring, through this program, that compliance and general servicing issues are appropriately managed on a daily basis. We applaud the efforts of Bob Strickland and the AHFA team in seeking broad banker input for the initial program design and for working hard to manifest such a positive and helpful service."

Distinguishing it as a division of AHFA that provides services not only to the residents of Alabama but of other states as well, AHFA rebranded its loan servicing functions as the ServiSolutions—a trademarked and generic name that appears on all correspondence and program documents.

Growing infrastructure to service loans for other organizations enabled AHFA to respond when the Washington State Housing Finance Commission released a Request for Proposals for a Master Servicer.

At the Commission's request, AHFA submitted a proposal for ServiSolutions to act as their Master Servicer. On October 27, 2011, ServiSolutions was approved by the Commission's Board of Commissioners as the Master Servicer of their House Key State Bond Program.

At the announcement, Kim Herman, executive director of the Commission, said, "We are pleased with the ability to work with ServiSolutions and look forward to the opportunity for a smooth transition for our lenders and new House Key Program borrowers. We know they will provide outstanding customer service."

In February 2012, AHFA began servicing the loans of the Commission. That portfolio of loan volume now exceeds \$33 million in mortgages.

ServiSolutions has met challenge after challenge to become Alabama's largest in-state mortgage loan servicer, managing a portfolio of approximately 21,450 outstanding mortgage loans and totaling approximately \$1.2 billion.

ServiSolutions can service all types of mortgages including FHA, VA, Rural Development, conventional uninsured and conventional insured loans. In addition, ServiSolutions can service second mortgages—fully amortizing as well as deferred.

As the program is ideally suited for the unique needs of housing finance authorities, AHFA anticipates more future growth in that arena.