

THE HFA INSTITUTE 2021



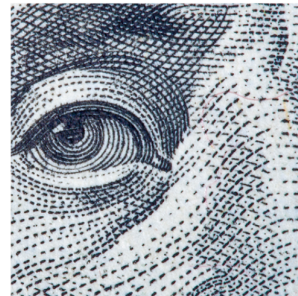
**MRBs and
Other Federal
Homeownership
Programs**
FEBRUARY 1 – 3



Housing Credit
FEBRUARY 3 – 5



**Section 8 and
Other Federally
Assisted
Multifamily
Housing**
FEBRUARY 8 – 10



**HOME and
Housing Trust
Fund**
FEBRUARY 10 – 12



National Council of
State Housing Agencies

Components of Servicing

Portfolio Management	Payment Processing	Investor Reporting
Loan On-Boarding	Customer Service	Escrow Administration
Payoffs & Assumptions	Records Management	Collections
Loss Mitigation	Foreclosure	Bankruptcy
Short Sales & Deeds In Lieu	Claims	REO
Quality Assurance	Compliance	Vendor Management

Pros to In-Housing Servicing

- Ability to manage risk and prevent losses
- Financial benefits of receiving ancillary fees and escrow float
- Improve borrower retention
- Ability to provide performance feedback to Loan Originations channel to improve loan quality
- Develop in house knowledge base and expertise
- Ease of access to data and loan performance information
- Manage borrower experience touchpoint

Cons to In-Housing Servicing

- Demands a sizable loan portfolio to merit the investment
- Requirement to keep up to date on regulatory compliance with investor/insurer guidelines and other industry changes
- Full responsibility for any performance issues that arise
- Fixed costs required to build/maintain infrastructure
 - Staffing
 - Technology
 - Vendor Management
 - Development of Processes and Procedures

Pros to Sub-Servicer

- Sub -Servicer can meet the needs of lenders with small loan portfolio
- Transfer significant portion of regulatory compliance risk
- Provides risk sharing with respect to performance issues that arise
- Transfer infrastructure responsibility to third party servicer
 - Staffing
 - Technology
 - Processes and Procedures

Cons to Sub-servicer

- Less control of borrower experience
- Can be more difficult to manage risk and prevent loss in portfolio
- Less financial benefit from ancillary fees and escrow float
- Less control over borrower retention
- Limited knowledge of what is truly going on with loan performance without adequate reporting
- Lack of access to data and performance information



Volunteer Mortgage Loan Servicing

Servicing Technology: Considerations on When to
Outsource and When to Keep In-House

February 3, 2021

Presented by: Heather Johnson,
Sr Advisor of Loan Servicing

Transition to In-House Servicing



All Hands On Deck

1. Preparation of Profit Loss Analysis – CFO
2. Board Approval – Executive Director
3. Hiring & Training – HR
4. Negotiate Service Release – Legal
5. Servicing System, Website, Infrastructure – IT
6. Location – Operations

2014-2015: Internal Preparation for Decision and Board Approval

2016: Hiring & Training; RFPs for Vendors; Service Transfer Negotiations and Agreement; November 1, 2016 Onboarded first set of loans

2017: Hiring & Training; RFPs for Vendors; Internal Preparations for second Service Transfer – Large scale project

2018: Direct Service of THDA loans; August 1, 2018 Onboarded second set of loans

2019: Onboarded third and final set of loans

2020: Freddie Mac Seller Servicer

Outsourced & Vendor Functions



1. Payments
2. Print & Mail
3. Loss Mitigation
4. Escrow
5. Property Preservation & Valuations
6. Attorneys & Auction
7. Claims

Vendor Management



1. Technology
2. SLAs
3. Audits
4. Scorecards/Evaluations
5. Pricing
6. Referral Matrix

Compliance



1. Procedures & Quick Reference Guides
2. Employee Performance Metrics
3. Department KPIs
4. Internal Audit - Process Improvement Plans
5. External Audit
6. Continual Training Requirements
7. Vendor Compliance Departments

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Servicing Technology: When to Outsource

Kate Newton

Director of Loan Servicing

Pennsylvania HFA



National Council of
State Housing Agencies



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Examples of Servicing Functions for Possible Outsourcing

- The whole servicing function (to a sub or master servicer)
- Tax Service
- Insurance—voluntary and/or lender placed
- Printing
- Inspections and Property Preservation
- QC
- Can be done partly in-house

Five Considerations



- Quality
- Volume
- Compliance
- Vendor Management
- Cost/Benefit

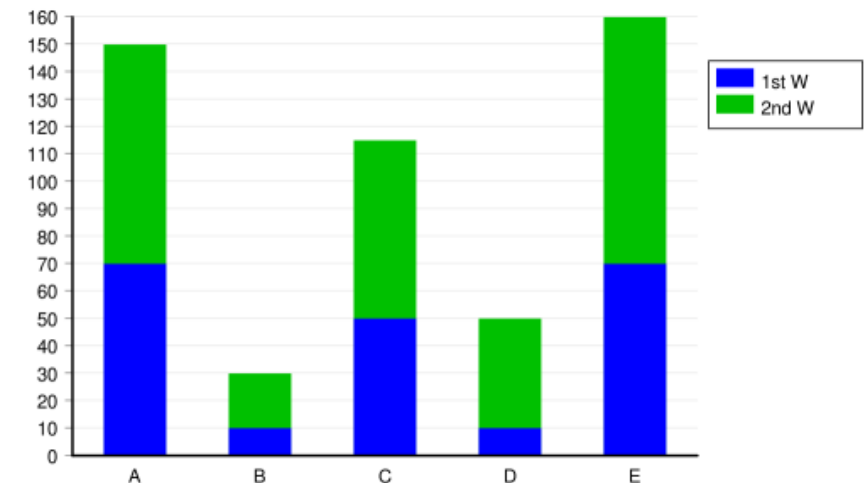
Quality

- We can do it better!
- We know our data, our loans, our state, our borrowers, our mission
- Staff skill set
- Staff mindset
- Connection to homeowner



Volume

- Economies of scale
 - Cost to service affects originations
 - Vendor likely has
- Enough to obtain competitive pricing?
 - HFA group purchase power
- FTE's
 - Seasonal and market fluctuations
 - Cross train
- Growth considerations





Compliance

- Importance can't be overstated
- Complexity can't be overstated
- FTE's
 - To monitor
 - To know how systems are affected
- Constantly changing
- Unpredictable (pandemic, disaster)
- CFPB: systems not an excuse
- Even if outsource, we are ultimately responsible



Vendor Management

- Contracting issues
- Know up front you won't get 100% of what you envisioned.
- Need to explain HFA differences
- Need to factor in time and FTEs
- Priority of HFA to vendor
- System?

Cost/Benefit Analysis

- Quality vs Quantity
- Must look at short and long term of each
 - Upfront costs might be justified by long term savings
 - Can be difficult to quantify
- Hidden costs such as extra fees, maintenance, etc.
- IT costs are major component for both
- Competing priorities and opportunity cost
- Negotiate costs, especially when working out initial contract
- Termination costs



No Magic Wand

- HFAs invaluable resource!!!
- Do research
- Have a committee
- Clean data and clear procedures essential either way
- Can change course or vendor if not working



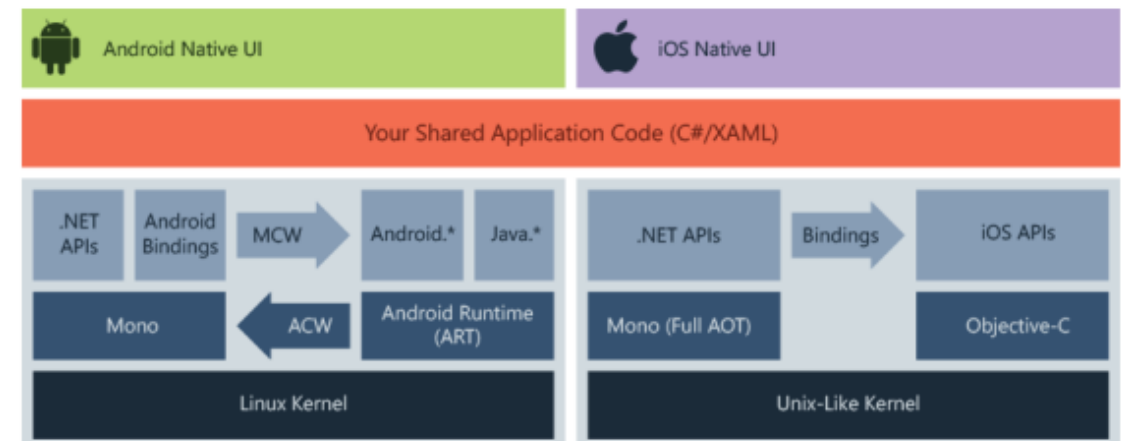
UHC's Servicing Technology Initiatives

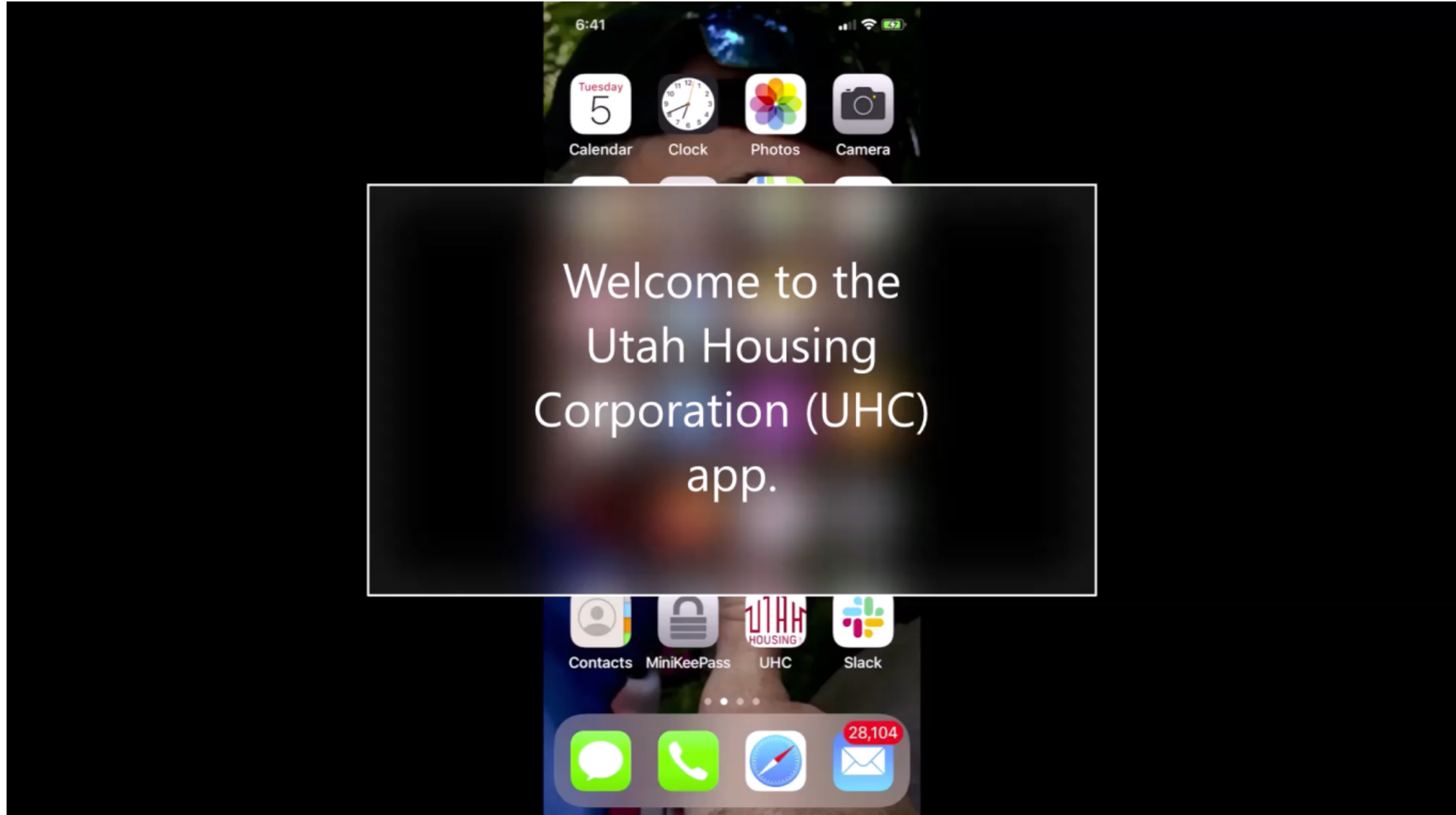
- Mobile Application
- Phone Pay
- Actionable Intelligence Platform

Mobile Application Journey

- Partnered with 3rd party software development company – Chetu
 - Mobile app technology – Xamarin
 - Xamarin is a cross-platform app development toolkit that allows the developer to share almost 90% of their application across application for iOS and Android.
- Back end processing tied into current web application

How Xamarin works

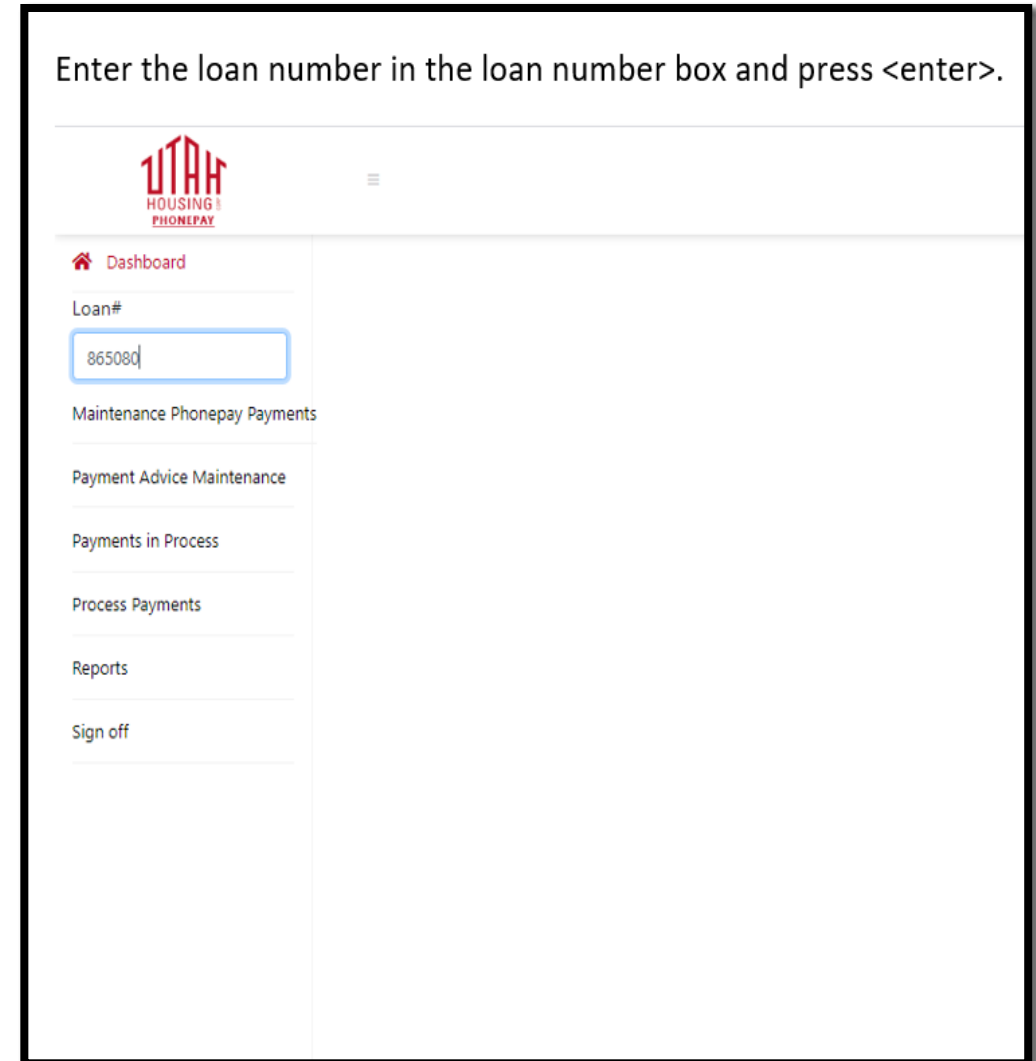




Phone Pay

- Web based
- Partnered with Chetu
- Tied to active directory
 - Agent's security
 - Dashboard features
 - Payment processing disposition
- Start testing in February
 - Run in tandem with current system

Enter the loan number in the loan number box and press <enter>.



UTAH HOUSING PHONEPAY

Dashboard

Loan#

865080

Maintenance Phonepay Payments


Payment Advice Maintenance

Payments in Process

Process Payments

Reports

Sign off



- Dashboard
- Loan#
 - Loan Number
- Maintenance Phonepay Payments
- Payment Advice Maintenance
- Payments in Process
- Process Payments
- Reports
- Sign off

Borrower Information

1st Mortgage: 865080 2nd Mortgage: 9865080

STEPHEN ROGERS Email Confirmation Letter

SARA ROGERS

15650 S Captain America CT

Orem UT 84057

Print Confirmation Letter

Banking & Payment Information

Borrower Co-Borrower Other

Payor	<input type="text"/>	Entered By	Michele Barker-Allred
Address	<input type="text"/>	Routing #	<input type="text" value=""/>
City	<input type="text"/>	Bank Name	<input type="text"/>
State/Zip	<input type="text"/>	Bank Address	<input type="text"/>
Telephone #	<input type="text"/>	Bank City/State/Zip	<input type="text"/>
	<input type="radio"/> 865080	Account #	<input type="text"/>
		Acct Type	Checking
			<input type="radio"/> 9865080

Current Transaction

PhonePay Service Fee	10.00	<input type="checkbox"/> Waive Fee	Amount
Date	1/13/2021, 5:57:54 PM		

CLOSE PAYMENT

Copyright © UtahHousing-PhonePay 2019

Screen with all the fields open – achieved by entering borrower info, bank info, and selecting both payment check boxes – A regular payment using CHECKING



- Dashboard
- Loan#
 - Loan Number
- Maintenance Phonepay Payments
- Payment Advice Maintenance
- Payments in Process
- Process Payments
- Reports
- Sign off

Borrower Information		1 st Mortgage: 865080	2 nd Mortgage: 9865080
STEPHEN ROGERS		Email Confirmation Letter <input checked="" type="checkbox"/>	
SARA ROGERS		<input type="checkbox"/>	
15650 S Captain America CT		<input type="checkbox"/>	
Orem UT 84057		<input type="checkbox"/>	
		Print Confirmation Letter	
Banking & Payment Information			
<input checked="" type="radio"/> Borrower <input type="radio"/> Co-Borrower <input type="radio"/> Other			
Payor	STEPHEN ROGERS	Entered By	Michele Barker-Allred
Address	15650 S CAPTAIN AMERICA CT	Routing #	011201432
City	OREM	Bank Name	OCEAN NATIONAL BANK
State/Zip	UT 84057	Bank Address	P.O. BOX 58
Telephone #	801-400-8540	Bank City/State/Zip	KENNEBUNK, ME 04043-0000
		Account #	458004108 Acct Type: Checking
Payment Amount	<input checked="" type="checkbox"/> 865080 \$896.79 896.79	Payment Amount	<input checked="" type="checkbox"/> 9865080 \$39.25 39.25
Other Payment Amount	<input type="checkbox"/>	Other Payment Amount	<input type="checkbox"/>
Additional Principal	0.00	Additional Principal	0.00
Additional Escrow	0.00		
NSF	\$0.00 0.00	NSF	\$0.00 0.00
Late Charge	\$0.00 0.00	Late Charge	\$0.00 0.00
Additional Items	--Select Additional Items--	Additional Items	--Select Additional Items--
Advice Type	<input type="radio"/> Cashiering <input type="radio"/> Clear advice	Advice Type	<input type="radio"/> Cashiering <input type="radio"/> Clear advice
Current Transaction			
PhonePay Service Fee	10.00 <input type="checkbox"/> Waive Fee	Amount	\$946.04
Date	1/13/2021, 5:57:54 PM		

CLOSE PAYMENT
SUBMIT



Dashboard

Loan#

Loan Number

Maintenance Phonepay Payments

Payment Advice Maintenance

Payments in Process

Process Payments

Reports

Sign off

Borrower Information

1st Mortgage: 1155790

NATASHIA ROMANNOVIA
ALEXI SHOSTOKAV
57 S BLACK WIDOW BLVD
LAYTON UT 84041

Email Confirmation Letter



testinguhc01@mail.com



Print Confirmation Letter

Banking & Payment Information

Borrower

Co-Borrower

Other

Payor: ALEXI SHOSTOKAV
Address: 57 S BLACK WIDOW BLVD
City: LAYTON
State/Zip: UT 84041
Telephone #: 801-555-4011

Entered By: Michele Barker-Allred
Routing #: 011001234
Bank Name: MELLON FINANCIAL SERVICES
Bank Address: ONE MELLON CENTER
Bank City/State/Zip: PITTSBURGH, PA 15258-0001
Account #: 1104555108
Acct Type: Checking

Payment Amount: 1155790 \$756.45
Other Payment Amount: 500.00

This loan is on the stop file. Select an Advice Type and enter Processing Notes.

Advice Type


- Collections
- Loss Mit
- Bankruptcy

Current Transaction

PhonePay Service Fee: 10.00 Waive Fee Amount: \$766.45
Date: 1/13/2021, 6:33:10 PM

CLOSE PAYMENT SUBMIT

The advice loan cards on the Payments in Process screen change from red to green when the advice is completed. Both screens should always be in sync.


=

Dashboard

Loan#

Loan Number

Maintenance Phonepay Payments

Payment Advice Maintenance

Payments in Process

Process Payments

Reports


Sign off

Payments In Process

Total Payments		Total Non-Advice Payments		Total Advice Payments	
17	\$9,273.15	8	\$3,289.60	9	\$5,983.55

Sort By: Loan # Last Name Date Time Payment Amount Transaction Total Processor Ascending ▼

Loan: 896390 Pmt: \$810.00 VAN DYKE 01/13/2021 18:18 PM	Loan: 9898390 Pmt: \$40.00 VAN DYKE 01/13/2021 18:18 PM	Loan: 1218720 Pmt: \$1,826.64 Potts O' 01/13/2021 18:30 PM	Loan: 91218720 Pmt: \$87.71 Potts O' 01/13/2021 18:30 PM
Loan: 1155790 Pmt: \$500.00 SHOSTOKA 01/13/2021 18:37 PM	Loan: 1388870 Pmt: \$1,578.18 FURIE 01/13/2021 18:46 PM	Loan: 91388870 Pmt: \$81.19 FURIE 01/13/2021 18:46 PM	Loan: 1124700 Pmt: \$1,005.44 WILSON 01/13/2021 18:51 PM
Loan: 91124700 Pmt: \$46.36 WILSON 01/13/2021 18:51 PM	Loan: 1349510 Pmt: \$447.00 COOPER- B 01/13/2021 19:01 PM	Loan: 91349510 Pmt: \$53.00 COOPER- B 01/13/2021 19:01 PM	Loan: 1091020 Pmt: \$1,283.55 BANNER 01/13/2021 19:06 PM
Loan: 91091020 Pmt: \$62.30 BANNER 01/13/2021 19:06 PM	Loan: 1305970 Pmt: \$445.74 BARNES 01/13/2021 19:11 PM	Loan: 91172380 Pmt: \$60.00 PRINCE W 01/13/2021 19:16 PM	Loan: 865080 Pmt: \$906.79 ROGERS 01/13/2021 19:21 PM
Loan: 9865080 Pmt: \$39.25 ROGERS 01/13/2021 19:21 PM			


☰

[Dashboard](#)

Loan#

Maintenance Phonepay Payments

Payment Advice Maintenance

Payments in Process

Process Payments

Reports

Sign off

PhonePay Payment Advice List For Admin

Cashiering

Total Advice	3	\$2,105.11
Pending Advice	3	\$2,105.11
Processed Advice	0	\$0.00
Canceled in Batch	0	\$0.00

Loan: 1305970	Pmt: \$445.74
BARNES	

Loan: 91388870	Pmt: \$81.19
FURIE	

Loan: 1388870	Pmt: \$1,578.18
FURIE	

Loss Mit

Total Advices	1	\$1,826.64
Pending Advices	0	\$0.00
Processed Advices	1	\$1,826.64
Canceled in Batch	0	\$0.00

Loan: 1218720	Pmt: \$1,826.64
STARRK	
Batch: 847	

Bankruptcy

Total Advices	4	\$1,551.80
Pending Advices	2	\$1,051.80
Processed Advices	2	\$500.00
Canceled in Batch	0	\$0.00

Loan: 91124700	Pmt: \$46.36
WILSON	

Loan: 1124700	Pmt: \$1,005.44
WILSON	

Loan: 91349510	Pmt: \$53.00
COOPER-BAR	
Batch: AW6	

Loan: 1349510	Pmt: \$447.00
COOPER-BAR	
Batch: AW6	

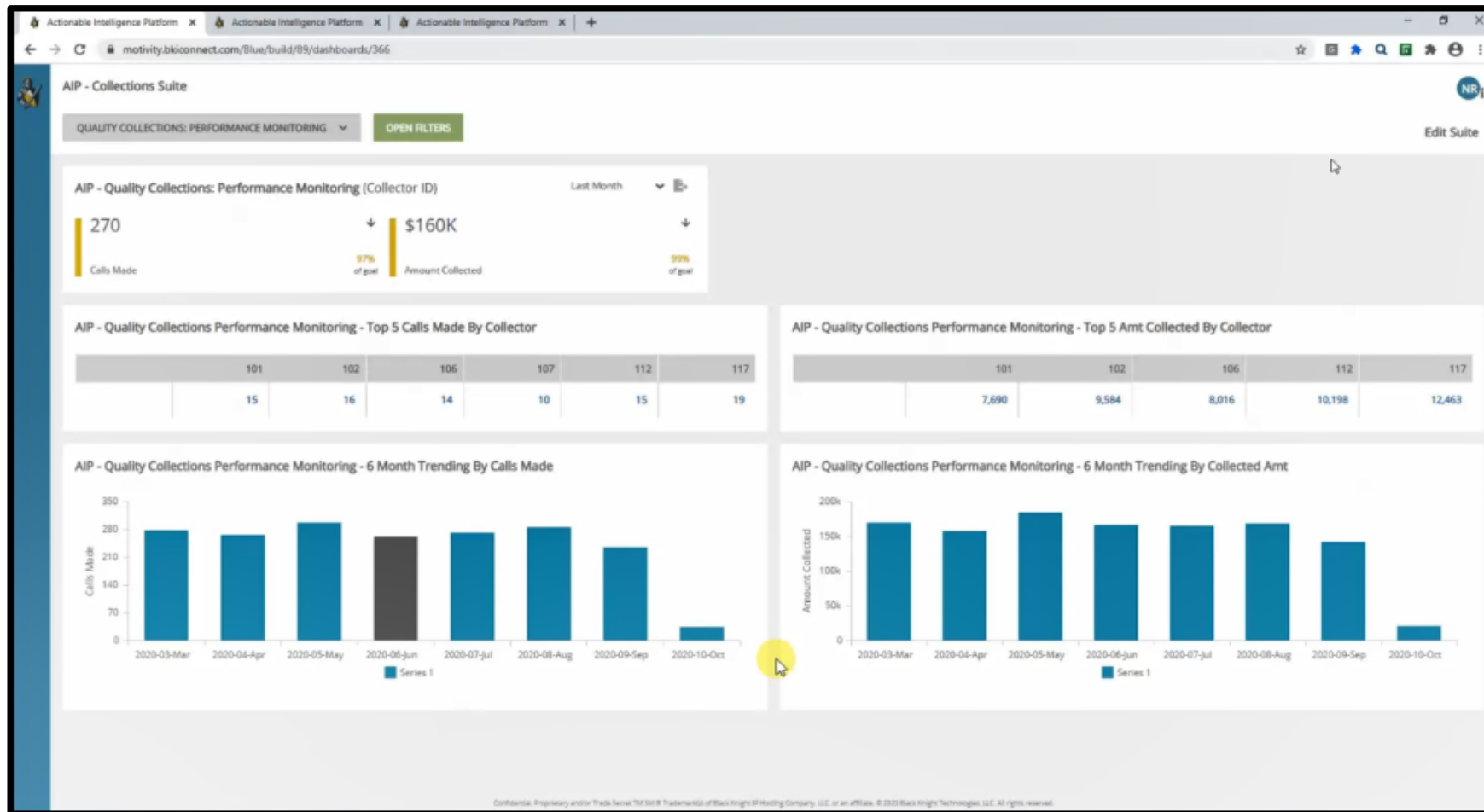
Collections

Total Advices	1	\$500.00
Pending Advices	1	\$500.00
Processed Advices	0	\$0.00
Canceled in Batch	0	\$0.00

Loan: 1155790	Pmt: \$500.00
SHOSTOKAV	

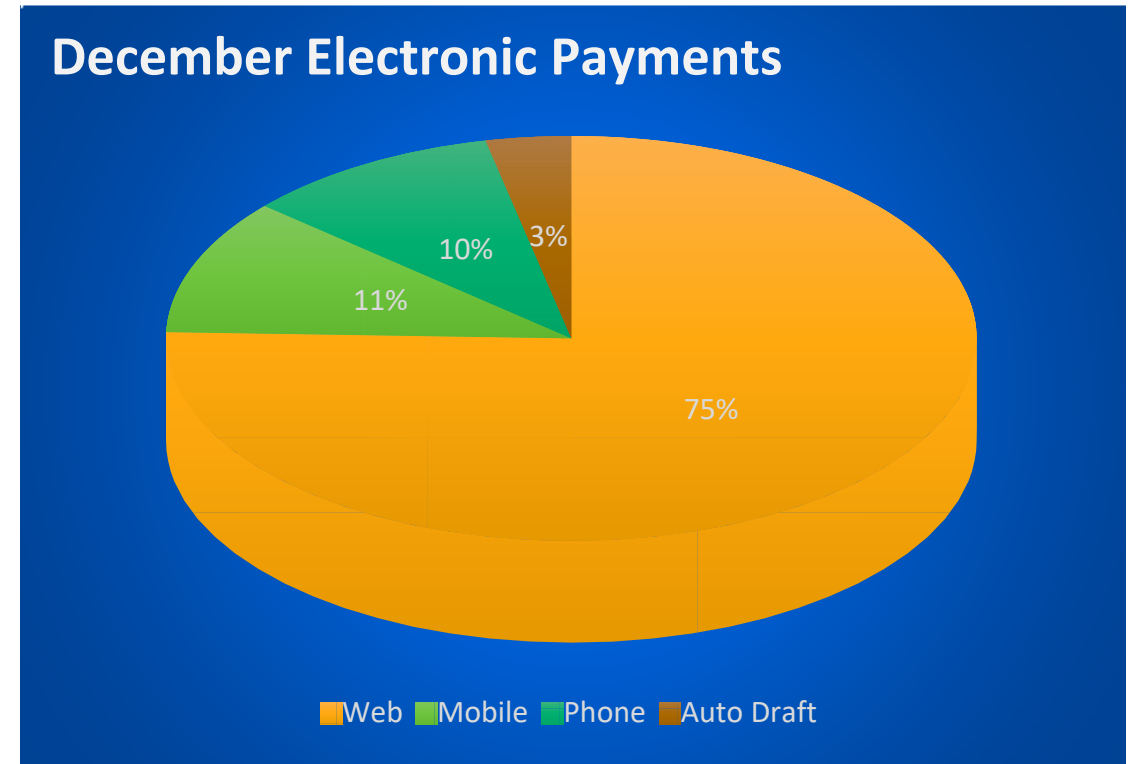
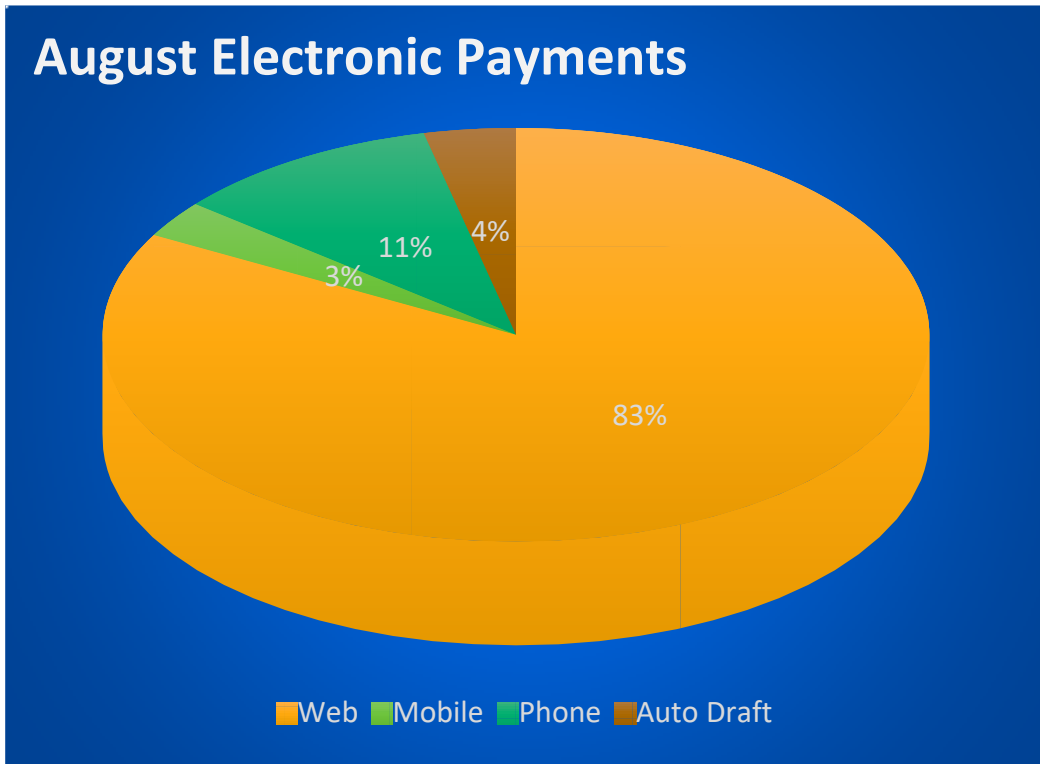
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Black Knight's Actionable Intelligence Platform (AIP)



- Tracking Electronic Payments
 - Steady increase in Mobile Application usage since August deployment

Totals in Dollars



- Tracking Electronic Payments

- Steady increase in Mobile Application usage since August deployment

Totals in Number of Loans

