

VENDOR PRODUCT REVIEW:

Secondary Mortgage Market Sales

ABA Endorsed Solution: **Loan Sales and Servicing**



Provider: **AmeriHome Mortgage Company, LLC**

ABA member banks employ a number of different business strategies when offering residential mortgages to their customers. Some banks originate loans and retain the asset and the servicing of the asset in their portfolios. Other banks elect to originate loans and sell them directly to one of the GSE's (Fannie Mae or Freddie Mac). Banks that use this strategy sell the assets and retain the servicing rights. This type of transaction is referred to as a "servicing retained loan sale". Other banks follow a strategy whereby they originate loans and then sell the asset and the servicing to investors in the secondary market. These transactions are called "servicing released loan sales." For the past 10 years, an increasing number of ABA banks have elected to sell their loans "servicing released" for a variety of reasons.

Problem

Originating mortgages and selling them on a servicing released basis allows banks to offer mortgage products to their customer base and not service the loans. Servicing has become more complex, costly, and highly regulated. Some banks have chosen to reduce, or eliminate, their servicing portfolio. Other banks choose not to retain servicing on certain products, for example FHA insured loans, because they don't have the expertise required to service that type of loan, but they want to offer them as a product. Selling loans on a servicing released basis gives banks the opportunity to balance customer service, profitability and regulatory concerns.

When banks elect to sell their loans "servicing released," many find it difficult to attract strong pricing from investors. The reason? Community banks oftentimes don't sell a high enough volume of loans compared to other originators. This leaves many banks in a situation where pricing may not be the most competitive in their markets. By vetting and endorsing AmeriHome, ABA Endorsed Solutions is making it easier for a community bank to receive top-tier pricing and excellent service in order to stay competitive in their markets.

Solution

AmeriHome approached ABA about the possibility of becoming an Endorsed Solutions provider. After researching the company, ABA found that AmeriHome offered consistent competitive pricing across product lines, integrated, client-focused service, and the type of value that clients were looking for in a long-term, mutually beneficial relationship with an investor.

Key Benefits to Banks:

- Competitive pricing.
- Enhanced pricing for ABA members.
- Leading-edge technology
- “Correspondent Connect” – a proprietary on-line loan management system that assists banks who do business with AmeriHome
- Quality service. Each client has a dedicated sales executive assigned to their bank, as well as an operations account representative responsible for the day-to-day management of the clients’ portfolio.

Banker Testimonial

"The relationship with AmeriHome and Ameris Bank has had a substantial impact on our growth strategy. AmeriHome doesn't just offer products and pricing. AmeriHome provides consultations with executive members, expertise from the AmeriHome Executive team and their secondary market group, and guidance and access to AmeriHome operations that help Ameris Bank create low cost efficient operating strategies. AmeriHome offers results not lip service."

- Robert Odom, President and Executive Director Mortgage Banking

Company Background

AmeriHome is a Delaware limited liability company, purchasing loans nationwide (except New York). [Inside Mortgage Finance](#) recently ranked AmeriHome as the ninth largest U.S. mortgage company and fourth largest correspondent investor. AmeriHome is led by a core management team from Countrywide & Bank of America. AmeriHome's CEO, James Furash, is the former CEO of Countrywide Bank. The company's headquarters are located in Woodland Hill, California. They also have an operations office in Dallas, Texas. During the first two quarters of 2017, the company averaged \$8 billion in loan volume per quarter.

According to John Hedlund, AmeriHome's managing director and chief operating officer: "Over our relatively short history, we have established ourselves as an industry leader by delivering best-in-class service, consistent and competitive pricing, and an ongoing commitment to innovative product development. We also recognize and understand the unique strengths and needs of our banking partners."

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Related Information Available on aba.com

- [ABA Reference Guide for Mortgage Servicing \(available for ABA members\)](#)