



Date: August 6, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Interim Director
Department of Community Development
Subject: Contract Extension for AmeriNational Community Services, Inc.
For Mortgage Loan Servicing

Executive Summary

The City of Durham has contracted with AmeriNational Community Services, Inc. (ACS) to provide mortgage loan servicing for the City's 600+ community development loans. The agreement expired July 31, 2013. The annual amount paid to AmeriNational is approximately \$90,000.00.

The Department of Community Development (DCD) wishes to extend this contract for three (3) months to give staff time to finalize the vendor selection process. AmeriNational has provided satisfactory services during the term of the agreement. Staff will use the extra time afforded by the extension to thoroughly examine the current loan portfolio requirements to determine best practices going forward for more efficient management of the portfolio.

Recommendation

The Department of Community Development recommends that the City Council:

1. Approve extending the term of the ACS agreement by three (3) months followed by no more than three (3) automatic thirty-day (30) extensions, if needed, which may extend the Contract through January 30, 2014.
2. Authorize the expenditure of an amount not to exceed \$72,000.00 beyond the original agreement amount of \$502,000.00

Background

ACS was selected in 2004 to service the City's 800+ community development loans. Since that time, the City has worked closely with ACS to transfer files from the previous servicing agency, reconcile City records and maintain timely collection of funds.

Issues and Analysis

The extension of the ACS agreement is consistent with and supportive of the Council's priority to effectively maintain the loan portfolio. Effective maintenance of the portfolio is crucial as many of the programs offered through the DCD are funded by program income and entitlement grants.

Alternatives

The Council may elect not to authorize the extension of this agreement, in which case the City would not have a loan serving vendor serving the City's loan portfolio. However, this is not recommended.

Financial Impact

This development will have no impact on the City's General Fund. Existing bond program income will fund the extension for an additional amount not to exceed \$72,000.00.

SDBE Summary

This is a contract extension. A compliance review was not conducted by the Department of Equal Opportunity/Equity Assurance to determine compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

Attachments

Estimated Loan Servicing Fees worksheet