



CITY COUNCIL AGENDA REPORT

MEETING DATE: 12/17/2024

DEPARTMENT: City Manager

SUBJECT:

FIRST AMENDMENT TO 2022-2025 AGREEMENT WITH AMERINAT FOR
LOAN PORTFOLIO MANAGEMENT SERVICES

RECOMMENDED ACTION(S):

1. Approve a First Amendment to the July 1, 2022, to June 30, 2025, Agreement with AmeriNat, for loan portfolio management services to the City of Lake Forest Housing Authority.
 2. Authorize the Mayor to sign, and the City Clerk to Attest the First Amendment to Agreement with AmeriNat, substantially in the form attached.
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EXECUTIVE SUMMARY:

Since 1994, the City of Lake Forest (“City”) has received annual Community Development Block Grant (“CDBG”) funding from the Department of Housing and Urban Development (“HUD”) to promote the development of viable urban communities through decent housing, suitable living environments, and expanded economic opportunities for low and moderate-income individuals. A significant portion of these funds supports the City’s Housing Rehabilitation Program, which offers loans to income-eligible homeowners to address essential repairs such as roofing, plumbing, and electrical work.

Currently, the City contracts with AmeriNat to service Housing Rehabilitation Program loans, providing services such as loan documentation, servicing, insurance management, and portfolio oversight. The current Agreement has a total not-to-exceed compensation of \$45,000 and is set to expire on June 30, 2025, with two one-year extensions available. Due to an increase in AmeriNat’s service fees and the anticipated rise in loan applications, staff recommend increasing the total not-to-exceed compensation amount to \$70,000.

In addition, the proposed First Amendment to the Agreement with AmeriNat (“First Amendment”) would exercise the first one-year extension option. This would extend the contract through June 30, 2026, and ensure the continuation of the Housing Rehabilitation Program. AmeriNat has demonstrated consistent, high-quality performance in all service categories. Staff recommend the City Council approve the proposed First Amendment to the Agreement with AmeriNat.

The proposed amendment was prepared by the Finance Department and approved as to form by the City Attorney (Attachment).

BACKGROUND:

Since 1994, the City has received annual CDBG funding from HUD. CDBG is a formula grant allocated to city and county governments to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities for low and moderate-income persons.

CDBG funds the Housing Rehabilitation Program. It provides loans to income-eligible owners of mobile homes, condominiums, and single-family residential homes to address housing conditions in need of repair (e.g., roofing, plumbing, flooring, and electrical), with particular emphasis on Health and Safety Code violations. The Housing Rehabilitation Program is a key component of the City's neighborhood preservation efforts, contributes to the overall aesthetics of Lake Forest's neighborhoods, and assists the City in improving the housing stock, which is one of the goals of the City's Housing Element and Five-Year CDBG Consolidated Plan.

The City currently has an Agreement with AmeriNat to service existing and future Housing Rehabilitation Program loans. Services provided under the contract include loan document preparation, loan servicing for amortized and deferred loans, lender placed insurance, account inquiries, non-sufficient funds checks, additional portfolio management services, loan transfer, loan reconstruction, reports, loss mitigation, and forbearance plans. The current Agreement has a not-to-exceed compensation of \$45,000 and expires on June 30, 2025, with two term extension options.

DISCUSSION:

The proposed First Amendment would increase the not-to-exceed compensation to \$70,000 and exercise the first one-year extension option, extending the contract through June 30, 2026. To date, AmeriNat has submitted billing for approximately \$40,962.92, which leaves a balance of roughly \$4,037.08 remaining compensation under the Agreement.

As shown in Table 1, total service fees from AmeriNat have averaged \$18,364.16/year over the prior two full Fiscal Years ("FY") of the current Agreement.

Table 1: AmeriNat Contract Expenditures

Current Contract Budget: \$45,000	Expenditures	Average
FY 22/23	\$20,100	\$18,364.16
FY 23/24	\$16,628.32	
FY 24/25 (to date)	\$4,234.60	
TOTAL	\$40,962.92	

AmeriNat requested an increase in certain fees for the proposed First Amendment due to increasing costs for the provision of its services. Table 2 compares AmeriNat’s fees in the current Agreement to the requested fees for the proposed amendment.

Table 2 – AmeriNat Fee Schedule

Fee Type	Original Agreement Fees	First Amendment Fees
Flow Loan Set-Up Fee	\$45.00	\$55.00
Monthly Service Fee for Amortized Loans	\$16.58/loan/mo.	\$16.58/loan/mo.
Credit Reporting	\$0	\$0
Warehouse	\$2.25	\$2.35
Warehouse and monitor of taxes and/or insurance	\$5.85/loan/mo.	\$6.05/loan/mo.
Warehouse and escrow of taxes and/or insurance	\$16.58/loan/mo.	\$16.58/loan/mo.
Flat fee for receiving occasional payments on deferred loans	\$16.58/payment	\$16.58/payment
One-time tax service fee	\$72.50	\$80.00
Tickler Notifications	\$12.50	\$15.00
Loan Transfer Fee	\$75.00	\$75.00
Check by Phone Service	N/A	\$10.00

As demonstrated by Table 2, AmeriNat’s fees in the proposed First Amendment are higher compared to the current Agreement, leading to an anticipated higher than average expenditure per fiscal year. Given this rise in fees and the anticipated growth in applications for Housing Rehabilitation Loans, staff recommend increasing the compensation under the Agreement by an additional \$25,000. This adjustment would raise the total compensation to a not-to-exceed amount of \$70,000 for the proposed First Amendment. This increase will not only accommodate the higher service fees but also ensure sufficient funding to support the proposed one-year extension.

Vendor Performance Assessment

Pursuant to the Purchasing and Contracting Guidelines, staff is required to complete a vendor performance assessment in conjunction with a proposed contract amendment. To date, staff has determined the professional services of AmeriNat to be very satisfactory, as indicated in the Performance Review table below.

Table 3 – AmeriNat Performance Review

AmeriNat – JULY 1, 2022 – November 30, 2024	
Rating Category	Unsatisfied – Very Satisfied
Performance of Scope of Services:	<input type="checkbox"/> Unsatisfied <input type="checkbox"/> Satisfied <input checked="" type="checkbox"/> Very Satisfied <input type="checkbox"/> N/A
Timeliness:	<input type="checkbox"/> Unsatisfied <input type="checkbox"/> Satisfied <input checked="" type="checkbox"/> Very Satisfied <input type="checkbox"/> N/A
Budget Performance:	<input type="checkbox"/> Unsatisfied <input type="checkbox"/> Satisfied <input checked="" type="checkbox"/> Very Satisfied <input type="checkbox"/> N/A
Customer Service:	<input type="checkbox"/> Unsatisfied <input type="checkbox"/> Satisfied <input checked="" type="checkbox"/> Very Satisfied <input type="checkbox"/> N/A

AmeriNat has consistently delivered satisfactory services in administering the Housing Rehabilitation Loan Program. To ensure the continued servicing of both current and future loans, as well as the budget capacity to issue new loans, staff recommend the City Council approve the proposed First Amendment to the Agreement with AmeriNat. The proposed First Amendment was prepared by the Finance Department and approved as to form by the City Attorney.

FISCAL IMPACT:

Consulting services provided under this Agreement are paid for with Federal CDBG funds, and the Low/Moderate Income Housing Asset Fund. The First Amendment to the Agreement would increase the total compensation amount by \$25,000, which would result in a total not-to-exceed compensation amount of \$70,000. Sufficient budget exists for the recommended action.

ATTACHMENTS:

1. Original Agreement with AmeriNat
2. Proposed First Amendment to Agreement with AmeriNat

Initiated By: Hope Hairrell, Management Assistant
Submitted By: Keith Neves, Assistant City Manager
Approved By: Debra Rose, City Manager