



Home Equity Lending

The servicing and escrow components of Fidelity National Information Services' (FIS) Advanced Lending Solutions (ALS) suite were designed to fully support and facilitate the specific needs of the home equity lending business.

For servicing, FIS' ALS Servicing Manager software supports variable-rate processing and both open-ended and closed-ended home equity lines of credit. The software also supports home equity products that have varying periods for the borrower to take draws against the line, followed by a repayment period specified by the lender. These structures are very flexible in their support for home equity loans and lines of credit. ALS Servicing Manager also provides full Financial Accounting Standards Board (FASB) support.

A natural compliment to ALS-Servicing Manager, ALS-Advanced Escrow provides lenders with a comprehensive solution for supporting the tracking, managing and accounting for items that relate to property securing a loan. Whether there are taxes, property insurance or other related items that need managing, ALS-AE provides integration with ALS-Servicing Manager to accommodate all the needs of the escrowed loan portfolio.

Home Equity Loan Servicing Flexibility

FIS' ALS Servicing Manager is a highly sophisticated, scalable retail lending software package that is particularly well-suited for the home equity business. The system provides automated account management and proactive customer care for the life of a loan. ALS Servicing Manager's modular construction supports a wholly integrated accounting system that streamlines billing, interest accruals, fee calculations and assessment, payment processing, delinquency management and myriad customer service functions. Because all attributes of a loan product are assigned to independent but interconnected modules, lenders can change selected product parameters (e.g. interest rate or insurance premium) without having to reprogram the software.

Plastic card access for lines of credit is fully supported in ALS Servicing Manager, including card cross referencing, card reordering, full card information availability, and card pre-authorization – allowing vendors to check available credit amounts online. ALS Servicing Manager offers full stop-hold processing to support home equity lines of credit and card access. Check access is also available, as well as restricting access to automated teller machines (ATMs) or over the counter.



FIDELITY NATIONAL
INFORMATION SERVICES



ALS Servicing Manager offers a credit line with an installment option, which allows the lender to set up a credit line amount based on the equity in the home. The borrower can use this for a variety of purposes, with repayment terms dependent upon the use of the funds. For example, if a borrower purchases an automobile with part of the proceeds from a home equity line of credit, the repayment terms for the automobile can resemble those of an installment plan, while the entire loan amount still retains the convenience of a single account.

Other ALS Servicing Manager Features

Extensive Back Dating – Improves customer service and ensures data integrity by automatically reconstructing a loan and generating appropriate adjustments with no need for time-consuming, error-prone manual changes.

Revenue Drivers – Optimizes fee revenue through unlimited fee definitions for any specific service linked to a loan product and supports multiple insurance offerings.

Customer Relationship Management – Provides a customer view of all loans associated with a customer (directly and indirectly liable) and includes built-in reporting features to analyze loan products.

Home Equity Operational Efficiencies

The account management capabilities of ALS Servicing Manager provide the following operational efficiencies that streamline home equity operations and improve profitability:

Reduced Customer Service Research Time –

Effective-dated inquiry capabilities facilitate rapid researching of transactions on accounts and viewing of transaction effects. Inquiries can be effective-dated back to loan funding, and accounts can be viewed online, at any point in time, for improved customer service and online, real-time research.

Improved Back-Office Adjustment Efficiency –

Robust online processing includes unlimited back-dating over any transaction and updating of all online fields. Back-office staff can easily reverse transactions online and the system automatically reconstructs the account with recalculations from the point of reversal forward. This feature eliminates multiple transactions and manual calculations during the adjustment process, eliminates overnight adjustment delays and reduces data entry errors.

Automated Variable Rate Process – Processing is centrally controlled and variable-rate changes can be future- or back-dated. The system automatically adjusts each account tied to the changed index. Manual intervention and human error is eliminated as accounts are reconstructed online, accruals are adjusted,

payment splits recalculated, transactions performed after rate changes are reversed, and adjustments are sent to the general ledger on a current-day basis.

Improved Customer Relationship

Management – Key customer information is tracked and provides a complete customer view of all direct and indirect liabilities. It also presents combined statements without hard-coded programming or manual intervention.

Increased Insurance Processing Accuracy and Efficiency – Insurance data is stored and tracked online for billing insurance. Multiple insurance types can be tracked or billed separately from note amounts. Online payoff quotes automatically identify insurance portions and calculate rebate amounts. Back-dating and effective-dating features facilitate force-placed insurance and insurance cancellation with automatic financial adjustments.

Home Equity Revenue-Producing Opportunities

ALS Servicing Manager's feature functions provide a variety of opportunities for generating additional revenue:

Prepayment Penalties – The system can charge an early payoff penalty to recoup origination expenses on accounts that pay off within a defined period after contract date.

Penalty Interest – Automatically increases interest income based on an individual's account payment habits.

Automated Line-of-Credit Fees – Line-of-credit processing includes automatic fee generation based on specific advance, unused balance and over-line scenarios. These fees can vary by product, state or line-access type.

Property-related Items Supported by ALS-AE Taxes – Taxes levied on real property by city, township, school district, county, or any governmental unit.

Special Assessments – Assessment for government projects for local improvements, the cost of which is divided among property owners.

Property Insurance – Fire and hazard insurance, as well as extended coverage policies, or additional coverage for unusual hazards such as floods.

Personal Insurance – Life, accident, health or disability types of insurance to protect the borrower in case of sickness, injury or death.

Default Insurance - Either private or governmental insurance to protect the lender against loss due to borrower default on the loan.



In addition to these property and loan-related items, escrow accounts may be used to account for funds where loan-level accounting is required. The lender has an accounting of the funds by loan although they may prefer not to report these items to the borrower. These could include funds for loss drafts, reserves, contingent interest, lender-placed coverage or interim type fees.

Advanced Escrow has five escrow balances available to account for different types of escrow funds. The contents of each balance depends on the institutional needs. The determination of the number of escrow balances needed depends on the various requirements of the escrows. These requirements are:

- Overdraft Limits by Escrow Types
- Escrow Balance Payment (required for full payment processing tolerances)
- Escrow Analysis by Balance (allowing for certain escrows to be excluded or included during analysis)
- Interest on Escrow Paid on Selective Balances
- Balances Reported to the Borrower
- Separate General Ledger Totals for Tax and Insurance Disbursements

Unlimited escrow bills can be tied to each escrow balance. Advanced Escrow classifies escrow bills into three general types for reporting and processing purposes – insurance, taxes, and miscellaneous insurance.

Setting New Standards with ALS

The FIS ALS suite is cut from the quality mold of FIS' market-driven products for the financial services industry. The depth and breadth of the integrated ALS package is unmatched by any vendor and extends beyond lending automation to include training, consulting, application support, customer relationship management and professional business services. After 40 years of developing, updating and customizing lending software, FIS continues to vigorously meet the challenge of managing technology in a volatile, increasingly competitive business environment. FIS ALS sets the standard for next-generation lending solutions for the financial services industry.



**FIDELITY NATIONAL
INFORMATION SERVICES**

November 2007
B048

