



Mortgage Finance Division
Single Family Office
3930 Knowles Avenue, #304
Kensington, Maryland 20895-2484

240-773-9200 Phone
(301) 942-3817 Fax

**REQUEST FOR PROPOSALS
OPEN RFP**

FOR

LENDER SOLICITATION

**RESPONSE DUE DATE:
OPEN**

**FOR THE HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY, MARYLAND**

October 25, 2007

**HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY, MARYLAND**

10400 Detrick Avenue
Kensington, Maryland 20895

REQUEST FOR PROPOSALS

RESPONSE DUE DATE: OPEN

Offerors are invited to submit proposals in conformance with the requirements described below.

PART 1 - PROPOSAL INFORMATION

1.1 Purpose:

The Housing Opportunities Commission of Montgomery County is a housing finance/public housing agency. HOC runs a tax-exempt bond program for first time buyers in Montgomery County, Maryland. HOC is accepting applications on a continuing basis from lenders to participate in its Mortgage Purchase Program. HOC intends to contract with lenders who agree to **originate the single family first trust mortgages** made in this program. Lenders have an option to retain or release servicing.

Available by email is a sample copy of the agreement between the lender (Participant) and the Commission, the "**OFFER TO ORIGINATE AND SERVICE or ORIGINATE AND NOT SERVICE SINGLE FAMILY MORTGAGE LOANS**". The Financing Agreement and servicing policies and procedures are in a separate document and is available for your review upon your request. If you wish to receive a copy please contact via email the contract administrator for this RFP shown below.

FEATURES of the 2007 Mortgage Purchase Program:

- Maximum Income limits: 1 person household \$ 66,150
2 persons \$ 94,500
3 or more \$108,675
- Maximum Sales Price: \$ 429,619 Existing and New Construction.
- Premium pricing program for closing cost assistance.
- Servicing retained or released option.
- Up to 100% conventional financing to qualified borrowers.
- FHA financing available.

1.2 Contract Administrator:

For any questions about this RFP, please contact:

Paulette Kee-Dudley
Mortgage Finance Specialist
Paulette.dudley@hocmc.org
Phone: 240-773-9196, FAX: 301-942-3817

1.3 Closing Date/Deadline: OPEN, contact Ms. Dudley.

Submit under separate cover letter an original and two (2) copies of your proposal signed by an authorized officer of your company and **complete and attach to each proposal copy, the enclosed LENDER INFORMATION FORM**. Send to:

Mortgage Finance Division
Single Family Office
3930 Knowles Avenue, #304
Kensington, Maryland 20895-2484

The proposal **must be** submitted in a sealed envelope and captioned, "Proposals - Single Family Mortgage Purchase Program".

HOC also desires responding lenders to describe affordable lending programs they have that may work in conjunction with or as a supplement to the lending programs at HOC.

The deadline for receipt of the proposal is **OPEN**. Any proposals received after this deadline will not be considered.

1.4 Incurred Expenses:

The Commission is not responsible for any expenses which offerors incur in preparing and submitting proposals.

1.5 Acceptance of Terms and Conditions:

By submitting a proposal in response to this RFP, the offeror accepts all of the terms and conditions set forth in this RFP.

1.6 Length of Contract:

The Commission intends to contract with the selected lenders for the Mortgage Purchase Program. Lenders selected will be able to participate continuously without special approval from program to program.

PART II - LENDER'S MINIMUM QUALIFICATIONS

- 2.1 Lenders **MUST** be able to fund and close the loan in their own company's name.
- 2.2 A lender is preferred to be a FHLMC/FNMA approved seller/servicer, but if not, other compensating factors will be considered.
- 2.3 A lender is preferred to be FHA approved seller/servicer and have FHA direct endorsement approval, but if not, other compensating factors will be considered.

PART III – PROGRAM OVERVIEW/SCOPE OF SERVICE

3.1 General:

The Commission provides first trust financing to low and moderate income first time homebuyers in Montgomery County by means of Mortgage Revenue Bonds. The lenders originate, close and sell to the Commission the first trusts made to eligible and qualified first time buyers. The Commission sets the interest rate, point structure, income limits of the buyers, and sales price limit for the program. The Commission underwrites all loans prior to closing in addition to the FHA direct endorser or the private mortgage insurance company. HOC is the investor; we do not securitize or sell the loans to anyone.

The Commission seeks lenders who understand the low and moderate income buyer, are willing to devote the necessary time with these buyers, and who have or will commit to outreach efforts to assist non-English speaking customers, hearing impaired and the disabled in the loan process. A lender must have a policy of face-to-face interviews at application. In addition, the Commission desires lenders who will be active in marketing the Mortgage Purchase Program along with its own mortgage products.

The mortgages to be originated will be conventional or FHA. The Commission cannot make VA loans. All loans will be 30-year terms at either a fixed rate or a step rate. The step loan is a predetermined rate structure with a 1% increment for two years and remains fixed for years 3-30. It is not tied to an index. The majority of loans will not involve rehabilitation; however, HOC does allow conventional or FHA 203K rehab loans. The Commission contracts with a Mortgage Insurer to provide pool insurance for conventional loans. Loans above an 80% loan to value are required to have private mortgage insurance. Loan to values will be the maximum allowed by FHA and the MI Company, up to 100% for qualified borrowers. Properties may be any type except co-ops and all must be in Montgomery County.

Funds will be available to all lenders on a first come, first serve basis. All loans are underwritten by HOC prior to closing. HOC does not use the automated underwriting system. The Commission purchases loans from the participating lenders at the original loan amount, without netting points or interest. The lender receives interest due between the settlement date and purchase date. **We seek lenders who can submit complete loan packages promptly after settlement.**

The Commission will conduct a lender meeting for all participating lenders, at which necessary forms will be provided, underwriting will be reviewed and the procedures explained.

SERVICING RETAINED OPTION

The originating lender will retain the servicing for the loans it originates. The Commission will pay one point per loan as income. The Commission pays to the originating lender 25 basis points (1/4%) of remaining balance annually for servicing the loans it originates. 25 basis points (1/4%) Servicing covers the activities from the receipt of monthly mortgage payments through the foreclosure process. HOC monitors the servicing activities and maintains a decision role in foreclosures.

SERVICING RELEASED OPTION

The originating lender will receive an origination fee of 1.5% with servicing released to an HOC designated servicer. No extra service release fee will be paid.

INCOME AND SALES PRICE LIMITS

INCOME:	<u>Household Size</u>	<u>Maximum Income</u>
	1	\$ 66,150
	2	\$ 94,500
	3 or more	\$108,675

SALES PRICE LIMIT: \$429,619 Existing and New Construction.

100% CONVENTIONAL FINANCING (qualified borrowers)

We currently and will continue to offer up to 97% conventional financing. (The FHA financing maximum is established by FHA and not within HOC control.) We offer the 100% conventional loan product as an option to qualified borrowers.

PURCHASE ASSISTANCE

Currently, HOC has generated a pool of funds from each bond sale to provide closing cost and/or down payment assistance for Mortgage Purchase Program borrowers.

REVOLVING COUNTY CLOSING COST ASSISTANCE LOAN

Available through HOC for closing cost and down payment assistance, a secured second mortgage, 5% of the sales price up to \$10,000, with a 5% interest rate for 10 years. This assistance must be used in conjunction with an HOC first mortgage.

PART IV - SELECTION CRITERIA

PLEASE RESPONSE IN WRITING TO THESE CRITERIA.

4.1 Criteria:

The Housing Opportunities Commission will select participants on the basis of the following criteria. The weight given to each criterion is in the left margin. **PLEASE EXPOUND ON THESE CRITERIA. Include any other information that you would like HOC to know about your company.**

35 Origination experience in single family tax exempt bond programs.

Identify what tax exempt bond programs your company or branch has participated in. Example, VHDA, CDA, HOC, District of Columbia, or any other state or local bond programs elsewhere in the country. State the number of loans made in these programs and the length of time of your participation. Also please include an origination reference for the various bond programs, which HOC might contact. You do not need to provide a reference for more than two programs.

25 Commitment to lending for low and moderate income home ownership.

What percent of your loan activity for purchases (exclude refinancing) during 2004 has been made to median income levels or below for the 2004 Washington D.C. SMSA? This is for all of your loan activity, not only for bond related loans. Does your company offer any special lending programs for low to moderate-income homebuyers independent of bond issue financing? Are you willing to market these programs in conjunction with the HOC Mortgage Purchase Program? You may provide any other information that you feel will demonstrate your company's efforts that promote lending to moderate and lower-income borrowers.

25 Accommodation for non-English speaking, hearing impaired and disabled applicants in the office or offices that would be originating HOC loans.

Do you have forms that are translated in any other language? Do you employ loan officers or processors who are fluent in any other language than English? Please describe the language capabilities of your staff and special accommodations to serve the above mentioned disabilities or other means of serving this clientele.

- 15 **Company Fees.** As requested on the enclosed **Lender Information Form.** HOC is not looking to regulate fees, but seeking lenders who would provide lower fees for HOC loans.

PART V - EVALUATION PROCEDURE

5.1 Evaluation Committee:

An Evaluation Committee will recommend the selection of lenders to the seven Commission members of HOC. The Commissioners will make the final decision.

5.2 Discretion in Determining Deviations and Compliance:

The Evaluation Committee shall determine which of the offerors have met the minimum qualifications of Part II of this RFP. The Evaluation Committee shall have the sole right to determine whether any deviation from the requirements of this RFP is substantial in nature, and the Evaluation Committee may reject unacceptable proposals. In addition, the Evaluation Committee may reject in whole or in part any and all proposals; may waive minor irregularities in proposals; may allow an offeror to correct minor irregularities; and may negotiate with responsible offerors in any manner deemed necessary to serve the best interest of the Housing Opportunities Commission.