



Mortgage Finance Division
Single Family Office
10400 Detrick Avenue
Kensington, Maryland 20895-2484

(240) 627-9798 Phone

APPLICATION

FOR

LENDER PARTICIPATION

IN THE

SINGLE FAMILY

MORTGAGE REVENUE BOND PROGRAM

FOR THE HOUSING OPPORTUNITIES COMMISSION

OF MONTGOMERY COUNTY, MARYLAND

RESPONSE DUE DATE:
OPEN

JULY 2025
REVISED

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

10400 Detrick Avenue
Kensington, Maryland 20895

APPLICATION FOR LENDER PARTICIPATION

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 Single Family Mortgage 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. **All lenders MUST be approved by both U.S. Bank (Master Servicer) and HOC to participate in the program.**

FEATURES of the Mortgage Purchase Program: Effective 4/2023, Subject to change

Household Size	Maximum Income Limits
One Person	\$119,532
Two Persons	\$170,760
Three or More Persons	\$199,220

MPP Maximum Sales Price \$806,598

Maximum Loan Amount may not exceed the lesser of **\$726,200** or the insurer/guarantor's maximum mortgage amount.

Maximum loan amount may only be exceeded by the FHA UFMIP.

FINANCING OPTIONS:

- FHA
- HFA Preferred Mortgage Conventional – FNMA
- HFA Advantage Mortgage Conventional – Freddie Mac (FHLMC)
- Servicing released

Visit the HOC Homeownership Webpage for more information:

www.hocmc.org click Homeownership

1.2 **Contract Administrator:**

For any questions about this RFP, please contact:

Michael Somerville
Single Family Mortgage Finance
Michael.somerville@hocmc.org
Phone: 240-627-9798

1.3 **Closing Date/Deadline: OPEN, contact Mr. Somerville.**

- ✓ Submit a letter via email on company letterhead with your proposal signed by an authorized officer of your company; providing the responses to **PART IV - SELECTION CRITERIA**, and **any additional information** HOC will need to approve your application.
- ✓ **Complete and attach to Proposal copy, LENDER INFORMATION FORM, attached.**
- ✓ **Email to Contract Administrator:**
Michael.Somerville@hocmc.org
Mortgage Finance Division Single
Family Office
10400 Detrick Avenue
Kensington, Maryland 20895-2484

The deadline for receipt of the proposal is **OPEN**.

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.

However, continued participation in the program requires mortgage loan production. If the lender does not submit a mortgage loan within any twelve (12) month period, the lender may be subject to suspension from the 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 **MUST** be an FHA approved seller/servicer and have FHA direct endorsement approval.
- 2.3 A lender **should** be a FHLMC/FNMA approved seller/servicer to use the conventional product.
- 2.4 A lender not currently approved as a Mortgage Revenue Bond Program (MRBP)/ correspondent lender with U.S. Bank and wants to participate in our programs, must apply directly to U.S. Bank. For assistance, lenders may contact U.S. Bank's Lender Help Desk at 800-562-5165 or at mrpb.helpdesk@usbank.com reference the HOC-MBS Single Family Mortgage Program.

PART III – PROGRAM OVERVIEW/SCOPE OF SERVICE

3.1 General:

The Housing Opportunities Commission (HOC), Single Family Mortgage Purchase Program has shifted from a whole loan arrangement to a Mortgage Backed Securities program. HOC has selected U.S. Bank as its Master Servicer to purchase, securitize and service all MPP loans made through the MBS program. HOC will then purchase the securities from U.S. Bank instead of whole loans. Only MPP Loans meeting all GNMA, FNMA and FHLMC requirements will be eligible for purchase and securitization.

All lenders MUST be approved by both U.S. Bank and HOC to participate in the program.

Any potential lenders not currently approved to sell loans to U.S. Bank, but desiring to originate MPP Loans under this MBS program, must receive approval from, and enter into a contract with U.S. Bank by completing U.S. Bank's application.

The Commission provides first trust financing and secondary financing to eligible first time homebuyers in Montgomery County by means of the Mortgage Backed Securities and Mortgage Revenue Bonds. The lenders originate, close and sell to the Master Servicer the first trusts and purchase assistance loans, if applicable, made to eligible and qualified first time buyers. The Commission currently sets the interest rate, point structure, income limits of the buyers, and sales price limit for the program. The Commission underwrites all loans for program compliance prior to closing in addition to the FHA, FNMA and FHLMC direct endorser.

The Commission seeks lenders who understand all buyers with emphasis on the moderate income buyer, who 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 should make every effort to provide 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.

FHA, Fannie Mae HFA Preferred and Freddie Mac HFA Advantage Conventional financing available. No VA financing at this time. All loans will be 30-year terms fixed rate.

HOC does not allow FHA 203K rehab loans. Loan to values will be the maximum allowed by FHA, Fannie Mae, FHLMC or specifically set by U.S. Bank. Overlays may apply. Properties may be any type except co-ops and must be located 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 for compliance. A loan is not considered approved until HOC has reviewed and issued an approval memorandum.

Training by all entities will be conducted for all participating lenders.

3.2 MASTER SERVICER:

All loans will be service released. HOC has selected U.S. Bank as its Master Servicer to purchase, securitize and service all MPP loans from all participating lenders who are approved to originate in the program. Only MPP Loans meeting all GNMA, FNMA and FHLMC requirements will be eligible for purchase and securitization. As Master Servicer, U.S. Bank must approve lenders who wish to participate in HOC's MPP going forward.

All lenders MUST be approved by both U.S. Bank and HOC to participate in the program. A lender not currently approved as a MRBP/correspondent lender with U.S. Bank and wants to participate in our programs, must apply directly to U.S. Bank. For assistance contact U.S. Bank's Lender Help Desk at 800-562-5165 or mrbp.helpdesk@usbank.com reference the HOC-MBS Single Family Mortgage Program.

Loans must meet HOC compliance requirements, as well as specific loan product (*FHA*) underwriting guidelines or Fannie Mae and Freddie Mac HFA Preferred guidelines.

U.S. Bank will fund the loan at an amortized balance net of escrow funds (no checks).
We seek lenders who can submit complete loan packages promptly after settlement.

The originating lender can receive up to 2.0% compensation with servicing released.

3.3 INCOME AND SALES PRICE LIMITS:

See above in Features

3.4 CONVENTIONAL FINANCING:

Fannie Mae "HFA Preferred"

The Housing Opportunities Commission, Single Family Mortgage Purchase Program has been approved to participate in the Fannie Mae "HFA Preferred" mortgage loan product that was available exclusively to state agencies. Fannie Mae's conventional HFA Preferred product allows a 97% loan-to-value ratio and 105% CLTV (with Community Seconds™) with low mortgage insurance coverage requirements.

Freddie Mac “HFA Advantage”

Freddie Mac HFA Advantage[®] mortgages offer outstanding flexibility for maximum financing. This offering adopts the responsible and affordable requirements of Freddie Mac Home Possible Advantage[®] but with added flexibilities for Housing Finance Agencies (HFAs).

This conventional mortgage products will provide an option for homebuyers looking to take advantage of the low rates and significant down payment and closing cost assistance already provided under the current Single Family Mortgage Purchase Program.

3.5 CLOSING COST AND DOWNPAYMENT ASSISTANCE

PURCHASE ASSISTANCE: (Table Funded by HOC)

HOC is offering Purchase Assistance of 3% of the sales price for qualified first time homebuyers using the HOC First Trust Mortgage Program. The Purchase Assistance is provided in the form of a secured loan which may be used to cover points, down payment, closing costs, escrows, or other prepaid expenses.

The amount of such assistance is not included in the principal balance of the Mortgage Loan; however, the Mortgagor pays a higher rate of interest on the Mortgage Loan than is paid by Mortgagors not receiving such assistance. HOC sets the first mortgage rate specifically to be used with the Purchase Assistance. All terms and conditions of the HOC First Trust Mortgage Program apply.

There is no preset limit on the amount of assistance except a flat 3% of the sales price.

Only the HOC participating first trust lenders may offer this Purchase Assistance Program.

This assistance may also be combined with other permissible closing cost and/or down payment assistance programs (i.e. County Closing Cost “5 for 5”; FHLBB).

HOC’s Purchase Assistance program is separate from the County’s Revolving Closing Cost Assistance Program (“5 for 5”) which HOC administers.

REVOLVING COUNTY CLOSING COST ASSISTANCE LOAN: (Table Funded by HOC)

Available through HOC for closing cost and down payment assistance, a secured 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 and the 3% Purchase Assistance option.

The purchaser MUST work in Montgomery County for this closing cost product.

PART IV - SELECTION CRITERIA – YOU MUST RESPONSE IN WRITING TO 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 two (2) origination references for the various bond programs, which HOC might contact.

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

- What percent of your loan activity for purchases (exclude refinancing) during the previous year has been made to median income levels or below for the previous year's 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?
- HOC 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.
- 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 **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 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.