



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

(240)773-9196 Phone  
(301) 942-3817 Fax

**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**

**OCTOBER 2011**

**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 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.

Upon request we will provide a sample copy of the agreement between the lender (Participant) and the Commission (**Offer To Originate And Service Or Originate And Not Service Single Family Mortgage Loans**), the Financing Agreement and Servicing Policies for lenders retaining or releasing servicing. Contact Contract Administrator [paulette.dudley@hocmc.org](mailto:paulette.dudley@hocmc.org) for additional information and requests.

**FEATURES of the Mortgage Purchase Program effective 10-2011**

- Maximum Income limits: 

1 person household	\$ 89,160
2 persons	\$127,320
3 or more	\$148,540
  
- Maximum Sales Price: \$ 429,619 Existing and New Construction.
  
- Premium pricing program for closing cost assistance.
  
- Servicing retained or released option.
  
- Currently FHA financing available only.

**1.2 Contract Administrator:**

For any questions about this RFP, please contact:

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

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

Submit a cover letter with 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 LENDER INFORMATION FORM (last two pages of this RFP)**. Send to:

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

**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**.

**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. 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.

Currently the mortgages to be originated will be 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 FHA 203K rehab loans. Loan to values will be the maximum allowed by FHA. 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 for compliance. A loan is not considered approved until HOC has reviewed and issued an approval memorandum.

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 lender will net 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. 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**

<b>INCOME:</b>	<b><u>Household Size</u></b>	<b><u>Maximum Income</u></b>
	1	\$ 86,268
	2	\$123,240
	3 or more	\$143,780

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

**CONVENTIONAL FINANCING**

NOT AVAILABLE AT THIS TIME.

**PURCHASE ASSISTANCE**

When feasible, HOC will generate 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 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.

HOUSING OPPORTUNITIES COMMISSION  
OF MONTGOMERY COUNTY, MARYLAND  
SINGLE FAMILY MORTGAGE PROGRAM

**REQUEST FOR PROPOSAL – Open Solicitation  
LENDER INFORMATION**

Mortgagee FHA #: \_\_\_\_\_

FNMA approval/Date and Number: \_\_\_\_\_

FHLMC approval/Date and Number: \_\_\_\_\_

Member of MERS: Yes \_\_\_\_\_ No \_\_\_\_\_

1. Name of Institution: \_\_\_\_\_

2. Address: \_\_\_\_\_

\_\_\_\_\_

3. Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

4. Date company established: \_\_\_\_\_

5. Location(s) where applications will be taken:

6. Location of processing: (city & state)

7. Location of underwriting: (city & state)

8. Location of loan shipping: (city & state)

9. Servicing Capability (if you plan to retain our loans)

- State the size of your company's servicing portfolio in dollars and number of loans.
- Provide the name of a housing finance agency you service for and one other investor we may contact as a reference.
- If you do not service for any housing finance agencies, please provide the names of two other investors.

- 10. Does your company service ARMs, Step Loans? Yes \_\_\_\_\_ No \_\_\_\_\_
- 11. Does your company process assumptions and/or release of liability?
- 12. Does your company administer its foreclosures and REO, or does it hire an outside firm?
- 13. Does your company have experience in originating FHA 203K or conventional rehabilitation loans? The number of loans originated and the length of time your company has been originating them. Does your company still originate these?
- 14. What are your company charges for the following fees:

	Fee Amount
Application Fee	_____
Appraisal Fee	_____
Courier/Messenger Fee	_____
Credit Report Fee	_____
Document Preparation Fee	_____
Document Review Fee	_____
Lifetime Flood Certification Fee	_____
Prequalification Fee	_____
Preapproval Fee	_____
Processing Fee	_____
Tax Service Fee	_____
Underwriting Fee	_____
Up Front/Basic Flood Certification Fee	_____

- 20. If applicable, what is your Community Reinvestment Act (CRA) Rating, if applicable?
- 21. Please provide Racial and Income Profile statistics of customers served and loans made in Montgomery County or Washington Metro Area for previous 2 years (HMDA report acceptable).

I hereby certify that the foregoing information is true and accurate to the best of my knowledge and belief.

\_\_\_\_\_  
Authorized Officer (Signature)

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)