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REQUEST FOR PROPOSALS (RFP) #2344
FOR
SINGLE FAMILY MORTGAGE LOAN SUBSERVICER

September 19, 2022

PROPOSAL DUE DATE: October 17, 2022 at 2:00 pm

ELECTRONIC SUBMITTAL: PURCHASING@HOCMC.ORG

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HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (MARYLAND)

**10400 Detrick Avenue
Kensington, Maryland 20895**

REQUEST FOR PROPOSALS #2344

The Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is soliciting proposals from respondents experienced in the field of single family mortgage loan subservicing to submit proposals outlining in detail their ability to serve as servicer for HOC’s single family mortgage loans, including subordinate loans, funded in connection with the issuance of revenue bonds. It is the Commission’s intention to award one (1) contract to the Offeror that is determined, based upon the Offeror’s proposal, to be the most advantageous to the Commission.

SECTION 1: INTRODUCTION AND BACKGROUND

In 1939, the Housing Authority of Montgomery County, a public body corporate and politic, was established pursuant to the Housing Authority Laws. In 1974, the General Assembly of the State of Maryland reconstituted the Authority, changing its name to the Housing Opportunities Commission of Montgomery County, and granted it additional powers for the purpose of providing housing for persons and families, who lack sufficient income or assets, as determined by the Montgomery County Executive, to enable them, without financial assistance, to live in decent, safe and sanitary dwellings without overcrowding. The additional powers included the making of mortgage loans to persons of eligible income and the purchasing of mortgage loans secured by housing for persons of eligible income. With these additional powers, the Commission became the Housing Finance Agency (HFA) of Montgomery County, authorized to issue bonds to finance single family homes and multifamily developments.

As the HFA for Montgomery County, the Commission’s Mortgage Finance Division raises funds in the capital markets through the issuance of Mortgage Revenue Bonds or Housing Revenue Bonds or the sale of Mortgage Backed Securities (MBS) to fund the Single Family Mortgage Purchase Program (“MPP”). Through this effort, the MPP provides below market interest rate mortgages, and down payment and closing cost assistance loans to qualified homebuyers. Since April 1979, the Commission has applied \$937,370,820 to the financing of 11,162 mortgage loans, excluding those purchased with MBS.

Mortgage loans that are retained in HOC’s portfolio make up the Whole Loan Program and are serviced by third-party subservicers.

SECTION 2: PROPOSAL INFORMATION

2.1 Purpose

The purpose of the Request for Proposal (RFP) is to invite respondents experienced in the field of single family mortgage loan subservicing to submit proposals to HOC, outlining in detail their ability to serve as servicer for single family mortgage loans, including subordinate loans, funded in connection with the issuance of revenue bonds.

As servicer, the successful Offeror shall maintain records, collect and remit payments, collect and manage escrows (including the payment of insurance and taxes), respond to borrowers' inquiries, perform loss mitigation, recommend and participate in foreclosures, Short Sales, Deed-In Lieu, marketing of convention REO's, process claims, process payoffs, service blended loans, and engage in other activities as defined by contract.

The majority of the single family mortgage loans that are the primary subject of this RFP are existing loans in HOC's Whole Loan Program, which were originated by participating lenders and purchased by HOC from the proceeds made available in connection with the issuance of bonds by HOC. There may also be some newly originated loans that will become part of the same program.

HOC also makes subordinate loans ("Subordinate Loans") made in connection with the first mortgage. Depending on the program, the Subordinate Loans may have: (a) deferred payments; (b) amortizing payments; (c) deferred payments with forgiveness; or (d) other payment arrangements. There will also be some newly originated Subordinate Loans that the Contractor will also be responsible for servicing.

As of May 31, 2022, the HOC portfolio subject to this RFP consisted of approximately 286 whole loans with a principal balance of \$31,233,809, and approximately 283 Subordinate Loans with a principal balance of \$1,380,831. The Subordinate Loans mainly consist of five percent (5%) amortized payment loans over a 10-year period, which are due upon sale or refinance. Any Subordinate Loans with deferred payment grant riders are forgiven after several years.

Upon award, the schedule and timing of the transfers of loans to the selected Contractor will begin in earnest. The Contractor should be prepared to begin the transition process upon receipt of notice to proceed.

2.2 Contract Administrator

The sole point of contact at HOC (the "Contract Administrator") for the purpose of the RFP is:

Jennifer Hines Washington
Acting Director of Mortgage Finance
Jennifer.Washington@hocmc.org
(240) 627-9760

2.3 Closing Date

Highly qualified firms are invited to submit proposals (including the Proposal Submittal and Non-Collusive Affidavit attached hereto) in accordance with the terms, conditions and specifications of this RFP to HOC by 2:00 p.m. on October 17, 2022 via email addressed to Purchasing@hocmc.org. Your email subject should read "Submission for RFP #2344 – Single Family Mortgage Loan Subservicer." Proposals submitted after the due date and time will not be considered. Proposals should only be submitted to the email address referenced above. Faxed or mailed transmission of an offer is not acceptable method of delivery of response to this RFP.

Proposals must be valid for a minimum of 120 days.

2.4 Questions:

Questions related to this RFP must be submitted in writing to the Procurement Office at Purchasing@hocmc.org by 12:00 p.m. on September 30, 2022. Responses to questions received in writing will be posted on HOC's website in the form of an addendum. Your email subject line should read "Questions for RFP #2344 – Single Family Mortgage Loan Subservicer."

2.5 Addendum:

If this solicitation is amended with any addendums, then all terms and conditions, which are not modified by said addendum, shall remain unchanged. Respondents shall acknowledge receipt of any addendum to this solicitation by signing and returning the addendum with their proposal. Proposals, which fail to acknowledge receipt of any addendum, may result in the rejection of the proposal if the addendum contained information which substantively changes HOC's requirements, in HOC's sole discretion.

2.6 Minority Participation Policy

HOC is committed to providing minority/female/disabled ("MFD") firms or individuals an opportunity to compete in its purchasing environment and encourages all MFD firms to respond to this solicitation directly or through subcontracting opportunities. HOC promotes the use of MFD firms in all of its bid opportunities and encourages all vendors to subcontract with firms with an MFD designation. Furthermore, HOC seeks responses from non-MFD firms with a record of employing minority persons in positions of responsibility. All responses must include a summary of the firm's affirmative action policy with respect to all levels of employment including professionals and partners, and a summary of the firm or individual's the MFD status, including certification. Non-MFD respondents should incorporate a plan to include MFD firms as subcontractors. Joint responses may be submitted but must include a plan for team management and efficiency such that the cost to the Commission of Single Family Mortgage Loan Subservicer is competitive with that provided by single firms.

2.7 Section 3 Policy and HOC Work Policy

All contracts and Purchase Orders executed between HOC and Contractors are subject to either Section 3 or HOC Works, based on the funding source of the contract.

If the firm or individual meets the criteria of a Section 3 business (as described in Section 3 of the Housing and Urban Development Act of 1968), a statement identifying the firm or individual as such must be provided with the response to the RFP.

The work to be performed under this contract is subject to the requirements of HOC Works as set forth in Exhibit A. Offerors must complete an HOC Works Opportunities Plan, for this RFP and submit as part of its response to this RFP.

HOC Works covered contracts are those that are funded by money connected to any source other than HUD.

Any questions relating to HOC Works can be directed to Elliot Rule in HOC's Compliance Office at Elliot.Rule@hocmc.org or HOCWorks@hocmc.org.

2.8 Background Checks

The Contractor is required to comply with HOC's security procedures and the HOC Contractor Background Screening Requirements (See Exhibit B), and as follows:

1. At the conclusion of the Contract Award Meeting, prior to any work beginning as well as upon any changes, the Contractor shall submit a list of its employees who will be working on this project to the Contract Administrator.
2. Copies of the completed Background Checks shall be made available to HOC upon request. Employees of the Contractor with criminal backgrounds (as described within Exhibit B) are prohibited from working on this, or any other, HOC project.
3. After work begins, any new employee of the Contractor added to the payroll must also comply with HOC's security background requirements as stated above.

2.9 Maryland Local Government Torts Claims Act:

HOC's liability under any contract in connection with this work will be subject to the limitations contained in the Maryland Local Government Torts Claims Act, Maryland code, Courts, and Judicial Proceedings II, § 5-301 et.seq.

2.10 Disclosure:

HOC is subject to the Public Information Act, Md. Code Ann., Gen. Prov. §§ 4-101 – 4-601 (the "Act"). This RFP, Offeror's response to this RFP, any resulting contract, and any and all other communications with HOC shall be subject to disclosure, unless an exception prevents disclosure of such information.

2.11 Incurred Expenses

HOC is not responsible for any expenses which Offerors incur in preparing and submitting responses.

2.12 Acceptance of Terms and Conditions

By submitting a response to this RFP, Offeror acknowledges and accepts (1) all of the terms and conditions set forth in this RFP; and (2) that HOC's standard Agreement for Services (attached hereto as Exhibit C), and the terms and conditions listed therein, will be used as the contract for the work under this RFP. In the event HOC agrees, in its sole discretion, to use Offeror's form contract, Offeror understands and agrees that the terms and conditions in HOC's Agreement for Services shall be added to Offeror's contract.

2.13 Conflicts of Interest

The Offeror shall identify any conflicts of interest which may arise if the Offeror serves as a Single Family Mortgage Loan Subservicer to HOC and shall describe how it proposes to resolve such conflicts.

2.14 Length of Contract

HOC will contract with the selected firm or individual for an initial period of one (1) year. The contract may be extended for four additional one – year terms for maximum contract term totaling five (5) years. HOC reserves the right to terminate such contract, with or without cause, at any time, with the appropriate notice provisions of the contract.

2.15 USE OF CONTRACT BY MONTGOMERY COUNTY, MARYLAND

Extension to Montgomery County, Maryland and City of Gaithersburg:

The Housing Opportunities Commission of Montgomery County, Maryland ("Commission") extends the resultant contract(s), including pricing, terms and conditions to Montgomery County, Maryland ("County"), a body Corporate and Politic, and the City of Gaithersburg ("City").

Contract Agreement:

Should the County or City choose to use the resultant contract(s), the County or City shall enter into its own contract(s) with the successful contractor(s), which may contain general terms and conditions unique to the County's or City's needs or requirements. The Commission shall not be a party to any such contract(s) entered into by the County or City with the successful contractor(s), nor shall the Commission be liable for any costs or damages incurred by the County or City or the successful contractor(s) as a result, or arising out, of any contract(s) entered into by the County or City with the successful contractor.

SECTION 3: OFFEROR'S MINIMUM QUALIFICATIONS

- 3.1** Be Federal Housing Administration (FHA) approved, at minimum, and not be currently subject to any investor/insurer/guarantor imposed probation, penalty, or limitation.
- 3.2** Be a servicer or subservicer that has for the past five (5) years serviced a single-family portfolio of at least 5,000 loans. The portfolio serviced by the Offeror must include FHA, the United States Department of Veterans Affairs (VA), conventional private mortgage insurance companies and privately insured loans.
- 3.3** Have in effect at the time of proposal submission an errors and omissions policy providing coverage in an amount acceptable to FHA or mortgage insurer.
- 3.4** Have in effect at the time of proposal submission a fidelity bond providing coverage in an amount acceptable to FHA or mortgage insurer.
- 3.5** Be licensed with the Maryland Department of Labor, Licensing and Regulations (DLLR) to conduct mortgage servicing operations in the State of Maryland, unless a subsidiary of a federally regulated mortgage company.
- 3.6** The Offeror agrees to procure and maintain in force at its own expense, during the entire period of the Contract in which work is being performed, insurance coverage that meets or exceeds the standard requirements listed here.
- 3.7** Offeror must demonstrate its knowledge and experience working within a Housing Financing Agency (HFA) that is governed by procurement policy, guidelines, and practices.
- 3.8** Offeror must demonstrate ability to produce reports relating to remittances, delinquencies, exceptional matters and other reports necessary to analyze the status of loans and the portfolio as a whole.

SECTION 4: SCOPE OF SERVICES

The Contractor shall be responsible, but not limited to, providing the following services.

- 4.1** Provide all services described in Section 4 herein of this RFP in a manner consistent with standard industry practice, applicable State and Federal laws (including the CFPB 2013 Mortgage Rules under the Equal Credit Opportunity Act (Regulation B), Real Estate Settlement Procedures Act (Regulation X), Truth in Lending Act (Regulation Z), and any current or future amendments to these rules (including, but not limited to, any regulations relating to Coronavirus pandemic and the Coronavirus Relief, and Economic Security Act ("CARES Act")), insurer/guarantor guidelines, and the MPP.
- 4.2** Comply with other industry requirements (such as, but not limited to, Fannie Mae requirements) should HOC initiate a new bond funded program.

- 4.3** Produce and mail a monthly statement indicating the status of the borrower's loan to each borrower. The Contractor shall be able to provide this service for each borrower both manually and electronically.
- 4.4** Apply industry standards of proper collection and application of payments.
- 4.5** Perform the depositing of all Commission funds in insured custodial accounts identified and invested in a manner acceptable to the Commission.
- 4.6** Apply industry standards to the maintenance of and making of all applicable payments from mortgagor escrow accounts.
- 4.7** Remit actual loan payments and prepayments in the form and manner required by the Commission.
- 4.8** Produce and submit reports relating to remittances, delinquencies, exceptional matters and other reports as required by the Commission in the form and manner required by the Commission including electronic submissions.
- 4.9** Apply industry standards to the maintenance and enforcement of applicable hazard insurance.
- 4.10** Provide the necessary maintenance, availability and delivery of required records and data in accordance with this Contract and the MPP.
- 4.11** Apply industry standards to the sending of late notices, collections of late fees and notices of default.
- 4.12** Perform loss mitigation efforts in accordance with the requirements of the mortgage insurer or guarantor and/or the Commission, as appropriate. Further, the Contractor must comply and provide all services in accordance with the CARES Act and all current or future regulations implemented by State or Federal law in response to the Coronavirus pandemic or future events of similar magnitude, including educating borrowers of available loss mitigation options.
- 4.13** Perform the processing of defaulted loans in accordance with the requirements of the mortgagor insurer or guarantor and/or the Commission as appropriate.
- 4.14** Discharge or release of Deeds of Trust per industry standards.
- 4.15** Comply with all applicable requirements of primary and pool mortgage insurers/guarantors.
- 4.16** Apply industry standards to the processing of assignments and assumptions.

4.17 Additional Services

- A. Servicing Loans with Multiple Loans on One Property, Type of Loans
1. HOC's Whole Loan Program consists of FHA, conventional and privately insured fixed rate 30-year amortizing mortgage loans and Subordinate Loans that provide 5% of the sales price, up to \$10,000, with a 10-year term at 5% interest and/or 3% of the sales price at 0% interest deferred unless the mortgage loan is retired within the first 5 years of the mortgage. In cases where HOC extends or has extended to a borrower multiple loans (including but not limited to first lien with payments, second lien interest bearing or interest free deferred loans, loans with multiple sources of payments and multiple loans with one source of payment or multiple loans with multiple sources of payment), fixed rate or step rate loans with interest-only periods followed by amortization periods, the Contractor shall service all such loans collectively for the fee established for servicing HOC's current portfolio, i.e. one fee per property regardless of number of loans, types of loans and sources of payment. If the HOC first mortgage becomes decoupled from the property, the remaining loan(s) may be transferred to another servicer at the direction of HOC. HOC may start new loan programs (primary and secondary loan products) with various types of loan structures. The Contractor is expected to ensure its capabilities are adequate to carry out the successful servicing of all existing and new loan products for the agreed upon one fee per property.
 2. HOC may also originate loans which will be sold to other investors where HOC will retain the servicing rights. The Contractor will service these loans for HOC under the terms of this Contract.
- B. Loans Covered Under This Contract.
1. HOC may at its discretion transfer approximately 286 existing loans within HOC's Whole Loan Portfolio with a principal balance of \$31,233,809, and approximately 283 Subordinate Loans with a principal balance of \$1,380,831, to the awardee. The Contractor will have 90 calendar days from the date of notification by HOC that loans are to be transferred to the Contractor to set up the loans in the Contractor's database for payment billing and processing. Time allowance for transfer may be extended, as necessary. This applies to the initial and any subsequent transfers of loans that HOC may require to be transferred to the Contractor during the term of the Contract. **The Contractor will be required to accept and service all single-family housing loans transferred to the Contractor by HOC regardless of status, including payment or delinquency status.** The Contractor will not be required to pay a servicing transfer fee to any previous servicer for any loans transferred to the Contractor at the direction of

HOC. Loans that are foreclosed prior to the transfer date will not be transferred to Contractor, unless the foreclosure is voided at a later date.

C. Transfer of Newly Originated Loans.

- 1.** The Contractor will follow MPP's guidelines for new loan setup. Any new loans for which HOC designates the Contractor as the servicer are expected to be transferred by the originating lenders to the Contractor within fifteen (15) business days of purchase by HOC. The Contractor will review the setup package for each newly originated loan transferred to determine that documentation and funding required by HOC have been delivered. The Contractor shall work with the originating lender to rectify any deficiencies in the loan set up package and report monthly to HOC all loans on which issues with the loan packages are unresolved.

D. Data Maintenance.

- 1.** The Contractor shall maintain a loan servicing system/database that contains fields and processes to include daily electronic interfaces to perform all of the services outlined in this RFP and the MPP. The Contractor shall comply with all FHA or mortgage insurer reporting requirements, if applicable. The report format requirement will be more fully described in HOC's Servicing Manual and final Contract. It is possible that HOC's data maintenance and reporting needs may require additional changes over the term of this Contract. It will be the responsibility of the Contractor to comply with the requested changes by the specified deadline and at no cost to HOC.

E. Software Applications.

- 1.** Additional changes or enhancements to HOC's software applications during the life of the contract may necessitate, with appropriate notice, changes to the loan portfolio reporting and data transmission requirements. The Contractor will be expected to make reasonable changes to software applications by the specified deadline and at no cost to HOC.
- 2.** HOC is currently running Microsoft Office 2010. Any word processing or spreadsheet files created and transmitted to HOC by the Contractor must be in a compatible format. The current single family software system is The Mortgage Office®. It is the Contractor's responsibility to remain compatible with HOC software throughout the term of the contract and at no cost to HOC.

F. Reporting and Data Transmissions.

- 1.** The Contractor shall provide reports or data as required by HOC during the Contract term. The format, medium, delivery method, and timing for all

required reports and data transmissions will be at the discretion of HOC. HOC, within its sole discretion and with appropriate notice, may change the form, substance, medium, and/or timing of any existing reports and data transmissions or may require new reports or data that it deems necessary.

2. It is the Contractor's responsibility to submit all required reports and data through the form of communication established by HOC and at no cost to HOC. The standard methods used by HOC currently include hardcopy reports or electronic files sent as an e-mail attachment or other portable media. Future methods of communication could include, but are not limited to, secure FTP or alternative Internet access. It is the Contractor's responsibility to remain compatible with the Commission's communication methods, which may change from time-to-time, throughout the term of the contract.
3. When electronically transmitting required reports or data, the Contractor must comply with HOC's established remote communication security and privacy policies as outlined in the Manual. When applicable, the Contractor may be required by HOC to secure files transmitted via the Internet. If encryption software is necessary to ensure protection of sensitive data, the Contractor will be required to supply such software at no cost to HOC.

G. Access to Data.

1. The Contractor shall provide a secure Internet website for all HOC borrowers to access their mortgage account information. The website must provide means to authenticate users and to protect and ensure privacy of personal information. The web site shall not incur any fees associated with its use over and above the normal cost to the borrower of their ISP provider and normal telephone/cable connection costs. Information accessible on the site should include, but not be limited to:
 - a. Payment history;
 - b. Outstanding current principal balance;
 - c. Escrow account balance and disbursements;
 - d. Form 1098 information; and
 - e. On-line mortgage payment capability.
2. The Contractor also is required to provide a secure Internet website for HOC to access mortgage account information on all HOC loans. The website must provide means to authenticate users and to protect and ensure privacy of personal information. The web site should not have any fees associated with its use over and above the normal cost to HOC of its ISP provider and normal telephone/cable connection costs. Information accessible on the site should include, but not be limited to:

- a. Transaction history, including last payment posted, interest paid to date, and next payment due dates;
 - b. Collections activity and notes to include loan modification or refinancing history;
 - c. Reporting (with flexible sorts) of delinquent loans at any point after the previous month closeout, including history of late fee billing and collection;
 - d. Payoff amount with per diem;
 - e. Outstanding principal balance; and
 - f. Escrow account balance and transactions.
- B. Telephone Access.**
- 1. The Contractor shall provide toll free telephone service for HOC borrowers so that borrowers may access servicing staff, obtain loan data, and make payments.
- C. Payment Processing and Remittances.**
- 1. The Contractor shall be responsible for remitting principal and interest payments, prepayments, and other funds as may be specified by HOC for all loans in the Contractor's assigned portfolio. These remittances will be submitted in the form, within timeframes and to the trustee identified by HOC and described in the Manual.
 - 2. The Contractor shall use the services of a professional lock box company operating according to mortgage servicing industry standards.
- D. Loss Mitigation and Mortgage Insurance Claims.**
- 1. Loss Mitigation. The Contractor shall pursue a wide range of loss mitigation efforts that are consistent with HOC's goal of providing its customers with a successful home ownership experience. The loss mitigation process shall also include options that, under specific circumstances, may be offered to delinquent borrowers. HOC's Servicing Manual and/or Contract will describe more fully. The Contractor is expected to perform loss mitigation functions at consistently high quality and to meet all loss mitigation requirements of the insurer/guarantor, investor and also state and federal laws. Further, the Contractor must comply and provide all services in accordance with the CARES Act and all current or future regulations implemented by state or federal law in response to the Coronavirus pandemic or future events of similar magnitude, including educating borrowers of available loss mitigation options

2. Claims/Property Management. The Contractor shall be responsible for the filing and following up of all claims on Foreclosure/Short Sale and Deed-in-Lieu cases and meet all the claims processing and submission requirements of the insurer/guarantor. Monthly reports shall be provided to HOC detailing all claims filing and follow-up actions. The Contractor shall also be responsible for all post-foreclosure property preservation activity until a claim is paid and property conveyed to Real Estate Owner or the FHA/VA/mortgage insurer.
- E. Operating Hours.
1. The Contractor, at a minimum, shall have customer service and collection staff available by telephone to borrowers and HOC staff between the hours of 8:00 AM and 4:30 PM Eastern Time, Monday through Friday. The Contractor shall have an automated banking system available 24 hours a day, 7 days a week.
- F. Timely Response.
1. The Contractor shall respond within two business days to all telephone and written inquiries from HOC representatives.
- G. Annual Audit.
1. Within 120 days after the end of the Contractor's fiscal year, the Contractor, at its expense, shall cause a firm of independent certified public accountants to furnish a statement to the Commission for the preceding fiscal year to the effect that such firm has examined certain documents and records relating to the servicing of the Mortgage Loans and that, on the basis of such examination conducted substantially in compliance with the audit program for mortgages serviced for the United States Department of Housing and Urban Development Mortgagee Audit Standards or the Uniform Single Attestation Program for Mortgage Bankers, such firm is of the opinion that such servicing has been conducted in compliance with the final contract.

SECTION 5: PROPOSAL FORMAT

- 5.1 All responses shall be prepared with a concise description of the Offeror's capabilities to satisfy the requirements of this RFP including the requirements of Sections 3 and 4. Offerors should organize their responses as noted below.

A. Cover Letter

The proposal must include a cover letter signed by an individual authorize to execute binding legal documents on behalf of your firm and identify all parties to the proposal.

Include the name, title, address, and telephone number of the person(s) authorize to make representations on behalf of the proposer.

B. Table of Contents

The proposal must include a table of contents identified the tabs and sections listed herein.

C. Tab 1 – Corporate Description & Key Personnel

1. Provide an overall description of the corporation.
2. Include an organizational chart that includes details of specific units performing work under the Contract.
3. Provide resumes of Key Personnel to be assigned by the Contractor to service HOC loans. Resumes should include industry experience, tenure with the company and time in current position.

D. Tab 2 – Minority, Female, and Disabled (MFD) Participation

The HOC is committed to providing MFD firms an opportunity to compete in its purchasing environment and encourages all MFD firms to response to this solicitation directly or through subcontracting opportunities. The HOC promotes the use of MFD firms in all of its procurement opportunities and encourages all respondents to subcontract with an organization with an MFD designation. Respondents should:

1. Include a summary of the organization’s MFD status.
2. Include a summary of the firm’s commitment to subcontract to firms and/or individuals with MFD designations as certified by a Federal or locally recognized certification program and submit written goals for each subcontractor.
3. Provide any additional information pertinent to your commitment for MFD participation.

E. Tab 3 – Subservicing Experience and Approach

Describe in a concise manner the organization’s subservices experiences and methodology your organization proposes to perform the services described in this RFP. This should include:

1. The Offeror shall provide a detailed description of its most recent three (3) year history servicing single family residential mortgage loans.
2. The Offeror shall describe its approach to services including, but not limited to, discussion of:
 - a. How the Offeror will maintain consistency with standard industry practice, state and federal laws, insurer/guarantor requirements, client requirements and compliance with FHA or mortgage insurer servicing guidelines;
 - b. How the Offeror will ensure successful servicing of all existing and new loan products, including servicing loans with riders and multiple

loans on one property, while maintaining a flat fee;

- c. The Offeror's capacity to accept/service additional loans, including detailed discussion of the integration of single family loans into the Offerors's portfolio in the past five years and the hiring and training of additional staff and system and data conversion issues;
- d. How the Offeror proposes to handle the routine transfer of loans;
- e. How the Offeror would handle the transfer of loans on an emergency basis;
- f. The Offeror's approach to loss mitigation, including:
 - A discussion of how this is consistent with the Commission's philosophy of desiring a successful homeownership experience for borrowers;
 - A discussion of any changes to servicing during the Coronavirus pandemic, and how the Offeror deployed and managed enhanced loss mitigation services, highlighting those activities that ensured borrowers have a meaningful opportunity to bring mortgage current;
 - A list of any awards, bonuses, and/or recognition received for loss mitigation activities;
 - Monthly delinquency and foreclosure rates for the Offeror's single family portfolio for the past five years, including a breakdown of loss mitigation activities successfully completed (including forbearances, deeds-in-lieu, partial claims, loan modifications, short sales, etc.) for each year;
- g. Routine reports including providing (1) a descriptive list and sample of routine reports currently provided by the Offeror to investors and other designated outside parties upon which the Offeror services single family residential loans, and (2) a description of the methods by which these reports are transmitted (sample reports should not contain sensitive data, but must make clear the type and nature of data reported by the Offeror); and,
- h. The Offeror's software currently in use in the servicing of its single family residential loan portfolio.

F. Tab 4 – Borrower Data Accessibility

1. The Offeror shall address the accessibility of its staff and data to borrowers and the Commission, including a discussion of:
 - a. Its use of technology, including access to staff and data over the Internet and telephone, and the availability of a toll-free telephone service for borrowers;

- b. Borrower method of payment options (e.g., payment by telephone, online, overnight mail, etc.); and
- c. Hours of operation when customer service and collection staff can be reached directly.

G. Tab 5 – Subservicing History Profile

- 1. Provide a chart that provides the following information:
 - a. A description of the size (number and dollar volume of loans) of the Offeror’s single family residential loan portfolio as of 12/31 for each of the last three (3) years;
 - b. A breakdown of loans serviced by mortgage insurer/guarantor as of 12/31 for each of the last three (3) years; and,
 - c. A breakdown of FHA/mortgage insurer loans for each of the last three (3) years.

H. Tab 6 – Evidence of Approvals and Licensure

- 1. Provide evidence that the Offeror is FHA approved, is not currently subject to any investor/insurer/guarantor imposed probation, penalty, or limitation, and has FHA approval for direct endorsement underwriting for qualifying assumptions;
- 2. Provide a copy of current errors and omissions insurance certificate of coverage for its existing portfolio acceptable to FHA;
- 3. Provide a copy of its current fidelity bond providing coverage in an amount acceptable to FHA; and
- 4. Provide evidence it is licensed with the Maryland Department of Labor, Licensing and Regulations (DLLR) to conduct mortgage servicing operations in the State of Maryland, if required. If not required, provide evidence that it is a subsidiary of a federally regulated mortgage company.
- 5. Provide copy of professional liability insurance policy per Section 3.6.

I. Tab 7 – Audited Financial Statements. The Offeror shall provide evidence of financial soundness to carry out this Contract in the form of audited financial statements for the last five (5) years, including a certification by the Chief Financial Officer, or equivalent officer, that the statements are accurate and reliable

J. Tab 8 – References. The Offeror shall provide the names, addresses, and telephone numbers of at least three current or recent (within three (3) years) clients of the Offeror that may be contacted as references. HOC reserves the right to contact any known client of an Offeror and other entities (Dunn & Bradstreet, investment rating agencies, etc.) to ascertain the performance and general reputation of the Offeror.

K. Tab 9 – Cost to Borrower (borrower paid services)

L. Tab 10 – Price Proposal. Offeror shall provide a price proposal based upon a flat fee per loan or flat rate per principal balance of portfolio, assuming no additional charges.

Offeror shall also include it's a la cart Schedule of Fees, if applicable.

M. Tab.11 – Acknowledgement of Addendum (if applicable)

SECTION 6: EVALUATION PROCEDURE

6.1 Evaluation Committee

HOC will establish an evaluation committee (the "Committee") composed of at least three staff members. The Evaluation Committee will recommend the selection of the most qualified Offeror to the Executive Director and the seven-member Board of Commissioners. The Commissioners will make the final decision.

6.2 Discretion in Determining Deviations and Compliance

The Committee shall determine which of the Offerors have met the minimum qualifications of Section 3 of this RFP. The Committee shall have the sole right to determine whether any deviation from the requirements of this RFP is substantial in nature, and the Committee may reject unacceptable responses. In addition, the Committee may reject in whole or in part any and all responses, may waive minor irregularities in responses, may allow an Offeror to correct minor irregularities, and may negotiate with responsive Offerors in any manner deemed necessary to serve the best interests of HOC.

6.3 Competitive Negotiations

If the Committee determines that further negotiation with two or more Offerors is in the best interest of HOC, the Evaluation Committee will advise the responsive Offerors how such negotiations will be conducted. Upon completion of all negotiations, and upon receipt of "best and final offers" submitted as a result of such negotiations, the Evaluation Committee, after considering the factors listed in paragraph 6.4 below, shall make its recommendation to the Commission.

6.4 Evaluation Considerations

The Committee will evaluate the proposals on the basis of the following factors which are listed in order of relative importance. The Committee and the Commission will give such weight to each item as they deem appropriate.

- A. Offeror's Experience (25%)**
- B. Financial Soundness/Rating/References (20%)**
- C. Price (20%)**
- D. Offeror's Approach/Borrower's Accessibility (30%)**
- E. Minority/Female/Disabled Participation (5%)**

SECTION 7: PROJECTED SCHEDULE OF EVENTS

The following projected schedule of events should be used as a working guide for planning purposes. HOC reserves the right to adjust this timetable as required during the course of the RFP process.

RFP Issued	September 19, 2022
Deadline for submittal questions	September 30, 2022
Due Date of Proposal Submission	October 17, 2022
Commission Approval and Selections	TBD
Execution of Engagement Letters	TBD

SECTION 8: INSURANCE REQUIREMENTS

Prior to commencement of work under this Contract, the Contractor shall obtain and keep in force at its own expense during the entire period in which work is being performed under the term of this Contract, including all extensions, the insurance specified with an insurance company licensed and qualified to do business within the state of Maryland; liability insurance as protection from claims, under Workmen's Compensation and other employee benefit laws, for bodily injury and death, and for property damage that may arise out of work performed under the Contract, whether directly or indirectly by the Contractor and its employees, agents, representatives or Subcontractors. The contractor must submit to HOC a certificate of insurance prior to award of this contract as evidence of compliance for this provision.

All liability insurance required herein shall be Comprehensive General and Automobile Bodily Injury and Property Damage policy or policies. The insurance required by the above shall be written for not less than the following limits of liability:

TYPE	LIMIT NOT BE LESS THAN
Commercial General Liability	\$1,000,000 per occurrence and \$2,000,000 in the aggregate for bodily injury, personal injury, and broad form property damage, including the following coverages: Contractual Liability, Premises and Operations; Products & Completed Operations; Independent Contractors & Subcontractors; Sexual Molestation and Abuse. Coverage shall be endorsed to apply on a per project or per contract basis.
Umbrella Liability	Umbrella/Excess Liability insurance coverage with a limit of liability of at least \$5,000,000.

Professional / Management Liability	\$1,000,000 per claim and \$2,000,000 in the aggregate that covers professional errors and omissions, negligent acts, and misconduct or lack of ordinary skill during the term of the Agreement.
Automobile Liability	\$1,000,000 combined single limit for bodily injury and property damage coverage per occurrence including the following: owned automobiles, hired automobiles, non-owned automobiles.
Fidelity Bond or Crime Insurance	A fidelity bond (also known as an employee dishonesty bond or an honest bond) in the amount of at least \$2,000,000. The bond must cover all employees performing within the scope of the Agreement. The bond shall cover loss due to dishonest acts of employees and/or failure to faithfully perform duties. Employee theft coverage evidenced under a crime policy will be accepted in lieu of the bond requirement.
Worker's Compensation	Meeting all the statutory requirements of the State of Maryland and with the following minimum Employer's Liability limits: Bodily Injury by Accident - \$500,000 each accident Bodily Injury by Disease - \$500,000 policy limits Bodily Injury by Disease - \$500,000 each employee
Cyber Insurance	<p>\$1,000,000 per claim covering all acts, errors, omissions, negligence, infringement of intellectual property, network/cyber and privacy risks (including coverage for unauthorized access, failure of security, virus transmission, data damage/destruction/corruption, breach of privacy perils, unintentional or wrongful disclosure of information, as well as notification costs and regulatory defense). The policy shall contain affirmative coverage for contingent bodily injury and property damage emanating from the failure of the technology services or an error or omission in the content/information provided.</p> <p>\$2,000,000 Privacy and Network Security covering (i) the unauthorized use/access of a computer system; (ii) the defense of any regulatory action involving a breach of privacy; (iii) failure to protect confidential information (personal and commercial information) from disclosure; (iv) notification costs, whether or</p>

	not required by statute; (v) network security liability; (vi) defense costs; and, (vii) privacy liability.
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Proof of such insurance shall be filed by the Contractor with HOC prior to commencement of work. **The Certificate of Insurance will name HOC as an additional insured on the Commercial General Liability, Umbrella/Excess Liability and Employer’s Liability;** provide Forty-Five (45) days written notice of cancellation or change and show HOC as the certificate holder, as follows:

Housing Opportunities Commission of Montgomery County, MD
Procurement Office – RFP #2344
10400 Detrick Avenue
Kensington, MD 20895

HOC reserves the right to modify its insurance coverage prior to execution of an Agreement and to self-insure.

**REQUEST FOR PROPOSAL #2344
SINGLE FAMILY MORTGAGE LOAN SUBSERVICER**

PROPOSAL SUBMITTAL

Proposal of _____ Firm ("hereinafter called "Respondent") a corporation/partnership/individual licensed and insured to conduct business in the State of Maryland to the Housing Opportunities Commission of Montgomery County, Maryland (hereinafter called "HOC").

Respectfully Submitted;

By:

(Authorized Signature)

(Typed or Printed Name)

Title: _____

Company Name: _____

Address: _____

Federal ID #: _____

Phone: _____

Contact Person: _____

Email Address: _____

SEAL (if Proposal is by a corporation)

I hereby represent that my/our firm is ___ not ___ a Minority Business Firm as

Certified by _____, Certification No. _____.

1. Circle MFD Type:

BLACK AMERICAN

NATIVE AMERICAN

HISPANIC AMERICAN

HASIDIC JEWS

FEMALE

DISABLED PERSON

ASIAN/PACIFIC AMERICAN

I hereby represent that my/our firm is ___ is not ___ a Section 3 Business Firm per Paragraph 40 of Form HUD 5370.

**REQUEST FOR PROPOSAL #2344
SINGLE FAMILY MOTGAGE LOAN SUBSERVICER**

NON-COLLUSIVE AFFIDAVIT

State of _____

County of _____

_____,
being first duly sworn, deposes and says:

That he/she is _____
(Individual, partner, or officer of the firm)

the party making the foregoing proposal or bid. That such proposal or bid is genuine and not collusive or sham. That said offeror/bidder has not colluded, conspired, connived or agreed, directly or indirectly, with any offeror/bidder or person to put in a sham proposal/bid or to refrain from bidding. Has not, in any manner, directly or indirectly, sought by agreement or collusion, or communication of conference, with any person, to fix the bid prices of affiant or of any other offeror/bidder, or to fix any overhead, profit, or cost element of said bid price, or of that or any other offeror/bidder, or to secure any advantage against the LHA or any person interested in the proposed Contract; and that all statements in said proposal or bid are true.

By _____

Title _____

Subscribed and sworn to before me

this _____ day of _____, 20__.



EXHIBIT D

**HOC Mortgage Purchase Program
Single Family Whole Loan Portfolio**

Principal Balance as of 5-31-22:	\$31,233,809
Loan Count:	286
Interest Rate Range:	Average – 5.20% High – 7.25% Low – 2.85%
Weighted Interest Rate:	4.66%
Property Type:	8% Detached, 28% Condo, 64% Townhouse
Property Location:	All properties are located in Montgomery County, Maryland.
Weighted Average Remaining Term:	234.1 months
Loan Type:	175 FHA, 88 Conventional, 23 Uninsured
Delinquencies:	
30 days	12
60 days	3
90 days	1
120+ days	10
Foreclosures / REO Loans	5 / 0
Forbearances	11
P&I Constant:	\$289,790
T&I Escrow:	All loans escrow for taxes and insurance.
Tax Service Currently Used:	Pinnacle Tax Service
Loan Terms:	All loans are 30 year terms; due date is 1 st of month, late after the 15 th
Remittance Method:	Actual/Actual
Custodial Account:	The P&I Custodial account must be either collateralized or remittances scheduled to insure account does not exceed FDIC coverage.
	Monthly remittance due no later than the 20 th ; loan activity report due on the 25 th .
	Remittances wired to the Trustee



EXHIBIT E

**HOC Mortgage Purchase Program
Single Family Closing Cost Assistance Loan Portfolio**

Principal Balance as of 5-31-22:	\$1,380,831
Loan Count:	283
Interest Rate Range:	Average – 5%
Weighted Interest Rate:	4.997%
Property Type:	N/A
Property Location:	All properties are located in Montgomery County, Maryland.
Weighted Average Remaining Term:	90.9 months
Loan Type:	Secondary Loan
Delinquencies:	
30 days	4
60 days	4
90 days	1
120+ days	16
Foreclosures	2
P&I Constant:	\$24,940
T&I Escrow:	N/A
Tax Service Currently Used:	N/A
Loan Terms:	All loans are 10 year terms; due date is 1st of month, late after the 15th
Remittance Method:	Actual/Actual
Custodial Account:	Remittances wired to the Trustee