

Delaware State Housing Authority

Request for Proposals

Master Servicing Agreement
Single Family Mortgage Revenue Bond Issue



Delaware State Housing Authority
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SECTION 1 - INSTRUCTIONS TO PROPOSERS

GENERAL

Delaware State Housing Authority (DSHA) is seeking proposals for servicing of mortgage loans issued under its Home Ownership Loan Program for a period of three (3) years, beginning with the execution of a formal contract. It is within the discretion of DSHA to shorten or extend such time period. The contract will provide for a maximum of two (2) one (1) year extensions after the initial three (3) year period, at the same terms and conditions. The agreement will be subject to the satisfactory performance of the servicer, and could be terminated at the sole discretion of DSHA at any time with 15 days written notice. Anticipated mortgage loan characteristics based on DSHA's 2014 Calendar year to date statistics are presented in Appendix A to this Request for Proposals (RFP). Proposals must be complete and contain at least the information requested in the attached Master Servicer Proposal Requirements (Appendix B).

SUBMISSION OF PROPOSALS

All proposals must be delivered to the offices of Delaware State Housing Authority, Carvel State Office Building, 820 North French Street, 10th Floor, Wilmington, DE 19801. For consideration, one (1) copy along with one (1) electronic version of the proposal must be submitted.

All proposals must give the price proposal in both words and figures, and must be signed by the proposer with full name and address, together with the proposer's form of entity and its place of organization.

Proposals must be received by Monday, December 29, 2014, at 3:00 p.m. EST.

Proposals, once submitted, may not be withdrawn without the written consent of DSHA.

DSHA reserves the right to request that some or all of the applicants visit DSHA for an interview as part of the selection process.

ACCEPTANCE OF PROPOSALS

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between DSHA and the firm selected.

DSHA reserves the right to reject any and all proposals, to accept and reject any part of any proposal, or to waive informalities and minor irregularities in the proposals.

Proposals which contain erasures, alterations, conditional bids, omissions or irregularities may be rejected.

All proposals submitted will become the property of DSHA regardless of whether or not the proposal is selected.

Proposals will be opened publicly at the offices of DSHA, 820 North French Street, 10th Floor, Wilmington, Delaware 19801, at 10:00 a.m. E.S.T. on December 29, 2014.

PROPOSER SELECTION

DSHA reserves the right to award a contract based solely on the proposals or to negotiate further with one or more vendors. The proposer selected for the Master Servicing Agreement will be chosen on the basis of the greatest benefit to DSHA, not necessarily on the basis of price.

CRITERIA FOR SELECTION

Proposals will be evaluated first to see that they meet all mandatory requirements. Proposals that fail to meet ALL of these requirements will receive no further consideration. DSHA may request additional information or clarification from proposers during the evaluation process.

The major criteria for selection are listed below:

Criteria	Weight
Experience and reputation	20%
Expertise	20%
Capacity to meet requirements (size, financial conditions, etc.)	20%
Demonstrated ability	20%
Price	20%
Total	

AWARD AND EXECUTION OF MASTER SERVICING AGREEMENT

The proposer agrees, if successful, to execute a Master Servicing Agreement provided by DSHA within ten (10) days after Notice of Award. No Master Servicing Agreement may be assigned, either in whole or in part, without the prior approval of DSHA.

The Master Servicer will assign experienced staff immediately upon acceptance of the proposal to review program terms and suggest revisions as necessary. In addition, the Master Servicer will attend one or more lender meetings at which time underwriting guidelines and program procedures will be explained to participating lenders.

Prior to execution of a Master Servicing Agreement, the proposer will be required to provide proof of a State License, Worker's Compensation Insurance as required by law, and public Liability Insurance in a reasonable amount. The vendor shall also cause DSHA to be designated and maintained as an additional insured under vendor's liability insurance during the term of any Master Servicing Agreement and for one year thereafter.

SPECIFICATIONS

The specifications contained in this RFP shall be considered as clear and complete unless written attention is called to any apparent discrepancy or omission thereof before opening of proposals.

The specifications within this RFP may only be modified in writing by DSHA. No verbal modification or alteration of these specifications will be recognized by DSHA.

PROPOSAL PREPARATION COSTS

There is no expressed or implied obligation for DSHA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

PAYMENT SCHEDULE AND ACCEPTANCE

Payment should be made on a monthly basis as loans are transferred to the Master Servicer. Proposers may submit other price proposals for consideration.

DEBARRED, SUSPENDED AND INELIGIBLE CONTRACTORS

The proposer certifies by submission of a proposal that it is not a debarred, suspended, or ineligible contractor by any Agency of Federal or State government. (No proposal received from a debarred, suspended, or ineligible contractor will qualify for award.)

SECTION II - MINIMUM PROPOSAL REQUIREMENTS

REQUIRED CHARACTERISTICS

The Firms submitting proposals must have the following characteristics:

- Be a financial institution engaged in the business of servicing residential mortgage loans and qualified to do business in the State of Delaware.
- Be an FHA/VA/RD/FNMA/FHLMC approved seller/servicer.
- Have a CRA rating of “satisfactory” or better, if applicable.

CONTRACT PRICE

The price quoted in the proposals must be firm and not subject to change by the vendor for a period of ninety (90) days from the date of proposal opening. The price shall represent all costs to DSHA including direct, indirect, and out of pocket expenses.

RESPONSIBILITIES

The Master Servicer will enter into Mortgage Servicing Master Agreement and related supplemental agreements in relation to DSHA’s Home Ownership Loan Program.

The Master Servicer will be expected to purchase loans from lenders approved by and participating in DSHA’s Home Ownership Loan Program on a timely basis determined by DSHA.

The Master Servicer will be expected to create, deliver and complete the issuance of Mortgage Backed Securities (MBS), the Master Servicer will be required to issue or cause the issuance of GNMA and Fannie Mae MBS, and Freddie Mac PC’s.

The Master Servicer will be required to discuss its performance at least once annually as requested by DSHA.

The Master Servicer will be required to respond to questions and requests within 24 hours or one business day.

The Master Servicer will enter into Mortgage Servicing Master Agreement and related supplemental agreements provided by DSHA.

NOTE: If a proposer has experience with similar programs and/or suggestions for alternate or improved methods of servicing, please provide details.

MINIMUM PROPOSAL REQUIREMENTS

- Appendix B must be answered and completed in its entirety.
- Appendix C, Proposer Warranties, is properly executed.

**DELAWARE STATE HOUSING AUTHORITY
Home Ownership Loan Program**

PORTFOLIO SIZE: Anticipated to be approximately \$150 Million Annually

Loan pool will include FHA, VA, RD and Conventional loans. Loans will be converted into Mortgage Backed Securities (MBS).

**ANTICIPATED PRIMARY MORTGAGE INSURANCE LEVELS FOR THE PROGRAM
BASED ON 2014 PROGRAM ACTIVITY (**

DSHA makes no representation or warranty concerning its MBS Loan Pool for future periods to be covered by a new Service Agreement.) :

Characteristics of DSHA’s 2014 MBS Loan Pool as of 11/19/14

AVERAGE BORROWER INCOME: \$53,857
 AVERAGE LOAN SIZE: \$149,672
 AVERAGE HOME PRICE: \$153,889
 NEW CONSTRUCTION SHARE: 6%
 AVERAGE BORROWER AGE: 36

Type of Primary Mortgage Insurance		Loan To Value Total Portfolio		
FNMA - FHLMC	11%	0-80%	10	2%
FHA	73%	80.01-90%	18	3%
VA	3%	90.01-95%	45	11%
RD	11%	95.01-97%	26	6%
Uninsured	2%	97.01-Above	321	78%
		Total	413	100%

DELAWARE STATE HOUSING AUTHORITY

Master Servicer Proposal Requirements

1. Full legal name of institution.
2. The date the Master Servicer began mortgage servicing operations.
3. The address and telephone/facsimile number of principal office.
4. Identify the specific individuals who would be assigned to work with DSHA and specify which person would be the primary contact person (name, address, phone number, facsimile number, and email address). Describe the nature of the work that each person would perform and their Housing Finance Agency experience, and their related professional experience.
5. Please specify how your firm proposes to provide the level of service required by DSHA and the Originating Lenders in the DSHA Home Ownership Loan Program.
6. Identify which of the following apply to your firm:
 - (i) Originated and/or serviced mortgage loans for single family residence in the State of Delaware for the previous 3-year period
 - (ii) FHA-approved mortgagee
 - (iii) VA-approved mortgagee
 - (iv) RD-approved mortgagee
 - (v) GNMA-approved Seller/Servicer
 - (vi) FNMA-approved Seller/Servicer
 - (vii) FHMLC-approved Seller/Servicer
 - (viii) FDIC-insured
 - (ix) Direct endorser under FHA Program
 - (x) LAPP Approved under VA Program

- (xi) Maintain Errors and Omissions Insurance in amount required by FNMA.
 - (xii) Maintain Fidelity Bond Coverage in amount required by FNMA.
7. Provide the basic information listed below:
 - Total Assets as of most recent fiscal year-end
 - Net Worth as of most recent fiscal year-end
 - Total Amount of Single Family Loans originated and/or purchased in calendar year 2013
 - Total Amount of Single Family Loans serviced on 11/30/14
 8. For 6/30/12, 6/30/13, and 6/30/14 supply the following information (see below), relating to all single family residential mortgage loans being serviced by you for your own account or for the account of others: Please break out between HFA and Non-HFA business if applicable.
 - % of Loans 30-60 days delinquent
 - % of Loans 61-90 days delinquent
 - % of Loans more than 90 days delinquent (except for loans in process of foreclosure)
 - % of Loans in process of foreclosure
 9. If the Master Servicer's regular service area includes areas which would require a toll call, does your firm provide a toll-free number?
 10. Describe and discuss your servicing procedures; (i.e. what location would DSHA loans be serviced, what communication options are provided to the customer etc.)
 11. Describe and discuss any early intervention programs (efforts) your company has to keep loans current and to prevent default.
 12. Describe and discuss ways in which your firm may assist DSHA in expanding the network of originating lenders, particularly those in Kent and Sussex Counties.
 13. Describe and discuss your firm's program development procedures and ways that you can assist Housing Finance Agencies who are attempting to develop new programs and services.
 14. Provide a list of other Housing Finance Agencies for which you are currently serving as Master Servicer/administrator and provide references, along with the amount serviced for each as of 6/30/14.
 15. Provide your proposed payment for servicing rights (in basis points*) for all loans to be serviced, regardless of the type of mortgage insurance (if any). Please provide two prices: one assume you will receive a 50 basis point servicing fee and one assuming a

scaled servicing fee from 19.5 basis points to 56.5 basis points. DSHA intends to use the MBS structure, but does reserve the right to use the whole loan structure in the future.

*Amount expressed as basis points of original principal amount of loans to be serviced.

16. Include a copy of your most recent annual report.
17. Would your firm be willing to offer limited forbearance to borrowers in financial difficulty if the cost of such forbearance is paid by DSHA?
18. Please describe your lender approval requirements and process along with how you monitor performance and any effects performance may have on participation.
19. Please describe your loan file review process and timelines. Please describe any benchmarks, lender reports, correspondence, etc.

DELAWARE STATE HOUSING AUTHORITY

PROPOSER WARRANTIES

The proposer certifies that it will provide all services as set forth in this Request For Proposals, and that it will not delegate or subcontract its responsibilities without the prior written permission of the Delaware State Housing Authority.

The proposer warrants that it is licensed to do business in the State of Delaware.

The proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:

Name (typed):

Title:

Firm:

Address:

Date:

December 10, 2014

Dear Servicers,

The Delaware State Housing Authority (DSHA) is seeking proposals for servicing mortgage loans issued under DSHA's Homeownership Loan Program(s).

Attached you will find the specifics and criteria for selection. Proposals must be received in our office by Monday, December 29, 2014, at 3:00 p.m. E.S.T.

Should you have any questions or comments please contact me at (302) 577-5001.

Thank you.

Sincerely,

BRIAN K. ROSSELLO
Housing Finance Manager

Attachments