



LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

KENNETH C. HOLT
Secretary

Questions and Answers, No. 2

Request for Proposals (RFP) No. S00R7400001
Sub-Service for State-Funded Single Family, Multifamily, & Small Business Loans

September 2, 2016

The following Q&A is provided for informational purposes only. It is *not* an amendment to the RFP.

QUESTION: Regarding “Exhibit G – Loan Summary by Program – Total Number of Loans and Total Outstanding Principal,” which programs, as listed in the first two columns, correlate to the single family loan portfolio?

ANSWER: *Single Family Programs:*

- 19 ARRA: unsecured
- 23 REMF: second
- 24 HEMAP: junior mortgage
- 23 EMA: junior mortgage
- 30 HOME: secured by first or junior – federal funds – payments usually escrow only
- 34 LICORP: rehab loan usually first or junior mortgage
- 35 RELAP: rehab loan usually junior mortgage
- 36 ACCESS
- 37 IPP: Indoor plumbing loan – usually junior mortgage
- 40 Series 93: All first mortgages
- 46 MHRP: Current rehab program, first, junior mortgages, and a few promissory notes
- 48 MHFP: first or second mortgages
- 49 HMFP: Very old first mortgages
- 51 DSELP: second mortgage or promissory note
- 52 DSELP: second mortgage or promissory note

Small Business:

61 NBDP

The remaining categories are multi-family loans.

QUESTION: Regarding Exhibit G, what is the total, single-family loan portfolio, including the number of delinquent loans and the delinquency rate? **ANSWER:** From Exhibit G, there are 3,238 single-family loans, with 503 single-family loans 30 days or more past due, resulting in a 15.5% delinquency rate.

QUESTION: Regarding Section 2.1.2, we are properly licensed in West Virginia, but we are neither licensed as a business nor as a mortgage lender in Maryland. Given our license status, are we able to submit our proposal? **ANSWER:** DHCD confirms the minimum requirements in Section 2 established under Amendment No. 2 to the RFP at this time.

QUESTION: Please provide a breakdown of loans that do or do not require escrow administration, as the RFP refers to some loans in second-lien position that may require escrow administration if this is not being performed by the first-lien holder. **ANSWER:** For single-family loans, there are 1,163 loans that require escrow administration, 967 that have payments of principal only payments or principal and interest only, and 783 deferred loans with no monthly payments. All the deferred loans have 0% interest. For the multifamily loans, there are 52 accounts that have escrow administration that require monthly escrow accounts. There are not any small business loans that require escrow administration.

QUESTION: Regarding Section 3.2.1.21, will all loan files be provided in paper form, and is the contractor required to scan all files to create electronic images? What is the average volume of pages per file, and is the scanning required to be done in any particular stacking order or other special requirements? **ANSWER:** All files will be in paper format and contractor will be required to convert to digitized files. The files consist of approximately six loans per Bankers box. There is no stacking order.



QUESTION: Do all loans that require escrow administration have life-of-loan freely transferable tax service contracts? If so, please provide the name of the tax service company. **ANSWER:** Some of the older loans do not have a tax service. Most of the loans do not have life of loan escrow administration.

QUESTION: Regarding Section 3.2.2.1, is the sixty-day conversion timetable is flexible based on the level of cooperation and quality of data and files to be provided by the current contractor? Would DHCD consider a 90 or 120-day conversion schedule to ensure full compliance with CFPB and other applicable regulatory requirements. **ANSWER:** DHCD would like the servicing transfer for the multifamily, small business (small business and multifamily loans are not subject to CFPB), and deferred single-family loans to be transferred in 60 days. The amortizing, single-family loans, which are the ones subject to CFPB and more of a concern, may be transferred in 90 days from transfer, if there are compelling factors. There are only 2,130 loans with monthly payments; however, 350 of these are unsecured promissory notes (therefore, not subject to CFPB), which leaves only 1,780 single family loans with monthly payments. The rest are deferred at 0%.

QUESTION: What are the exact file auditing requirements for the bulk and flow file deliveries? Is the contractor auditing just to confirm all required documents are in the file, and/or auditing the loan servicing data for each loan against the documents to validate the accuracy of the incumbent contractor's servicing data? **ANSWER:** Bulk servicing transfer is for documents. Flow file deliveries would require both document and loan term confirmations.

QUESTION: For new loan originations, will all data and documents be delivered to the contractor by DHCD and not by the individual mortgage loan originators? **ANSWER:** New loan files will be delivered by DHCD for multifamily and small business loans. Most of the new single family loans are set up by DHCD; however, 10 counties or non-profit companies set up loans directly to the servicer.

QUESTION: Regarding Sections 3.2.1.14 and 3.2.1.15, are the termination fees \$10.00 per loan plus "up-to" \$10,000.00 in expenses, are the total termination fees, including expenses, capped at \$10,000.00? For example, if the total portfolio was 5,000 loans would the overall termination fee be capped at \$2.00 per loan? Or does the \$10,000 maximum reimbursement apply only at contract "end" and the \$10.00 per loan applies only to loans terminated by DHCD for convenience prior to the conclusion of the contract? **ANSWER:** The \$10,000 maximum fee is for expenses incurred and is on top of the \$10 per loan.

QUESTION: Regarding Section 3.2.3.2.1, what is the exact list of documents to be stored by the contractor vs. DHCD. This paragraph indicates the contractor will store original deeds of trust, and then says that DHCD will retain the original deed of trust notes. **ANSWER:** The servicer will hold the original deed of trust and title insurance policy for the Department. The Department holds the original deed of trust note. The Department is looking for the Contractor to hold the original deed of trust and title insurance policies.

QUESTION: Regarding Section 3.2.3.2.15, please provide a listing of the law firms required to be used by the contractor and verify if any of these firms qualify as MBE or VSBE firms for the purposes of this contract. **ANSWER:** We have confirmed the three law firms are not qualified as MBEs or VSBEs.

- (1) Heise, Jorgensen, & Stefanelli; 18310 Montgomery Village Road; Gaithersburg, MD 20879
- (2) McCabe, Weisberg & Conway; 312 Marshall Ave., Ste. 800; Laurel, MD 20707
- (3) Rosenberg & Associates; 7910 Woodmont Ave., Suite 750; Bethesda, MD 20814

QUESTION: Regarding Section 3.2.4.2.1.1, can the requirement to "maintain account files" be satisfied by storing electronic images of the required documents in lieu of paper files? **ANSWER:** The contractor is to maintain account files in electronic format.

QUESTION: Regarding Section 3.3.3.3 (a), does the incident reporting requirement include failed or attempted attacks, which can number thousands of occurrences per day. **ANSWER:** The Contractor must notify within two (2) hours if there is a threat to the Contractor and/or subcontractor's systems as it pertains to the use, disclosure, and security of the Department's Sensitive Data. Otherwise, the Contractor shall notify the Contract Monitor within one (1) Business Day of the discovery of unintended access or attack by providing notice via written or electronic correspondence.

QUESTION: Regarding Section 3.9, please confirm if a SOC 1 Type II Report will be acceptable as a SOC 2 Report is not required under any other applicable requirement. **ANSWER:** The report requirement is SOC 2 Type II.