



Real Estate Charitable Foundation
OF **MARYLAND**

REQUEST FOR PROPOSALS

For

REvitalizing Neighborhoods EveryWhere in Howard County (“RENEW Howard”)

March 28, 2019

Pre-Proposal Conference: April 16, 2019

Responses Due: May 3, 2019

Revitalizing Neighborhoods EveryWhere in Howard County (“RENEW Howard”)

REQUEST FOR PROPOSALS

CONTENTS

- I. Overview.
 - A. Announcement.
 - B. Available Funds.
 - C. Eligible Applicants.
 - D. Application.
 - E. Dates.
- II. Opportunity Description and Program Parameters.
 - A. Purpose and Goals.
 - B. Loan Program Description.
- III. The Loan Loss Reserve Fund.
 - A. Establishment of the Loan Loss Reserve Fund.
 - B. Purpose of the Fund.
- IV. Eligibility and Selection Criteria.
 - A. Minimum Eligibility.
 - B. Application Format.
 - C. Selection Criteria
- V. Application Process.
 - A. Information Regarding Application.
 - B. Questions Regarding the RFP.
 - C. Pre-Application Conference.
 - D. Submission Information.
 - E. Award Administration Information.
 - F. Master Participation Agreement.

I. OVERVIEW.

- A. Announcement. The Real Estate Charitable Foundation of Maryland, Inc., a 501 (c)(3) non-profit corporation (the “Administrator”), a supporting organization of the Community Foundation of Howard County, also a 501(c)(3) nonprofit corporation (“Cfhoco”) announces that it is soliciting competitive applications from eligible mortgage lending institutions (“Lenders”) to participate in a neighborhood revitalization loan program, Revitalizing Neighborhoods EveryWhere in Howard County – “RENEW Howard” (referred to as the “Program” herein) whereby Lenders

will be incentivized to make low-interest loans to homebuyers to acquire and improve aging homes in Howard County, Maryland. The purpose of the Program is to encourage new investment in and revitalization of neighborhoods throughout the County.

- B. Available Funds. In order to incentivize Lenders, Howard County, Maryland (the “County”) has provided grant funds to the Administrator to be used as a Loan Loss Reserve Fund, as defined herein, for this proposed mortgage program in the amount of approximately \$2,000,000. It is anticipated that this level of funding will be sufficient to induce a private Lender or Lenders to contribute loan funds of as much as \$20 million to the Program.
- C. Eligible Applicants. As more particularly outlined herein, applications will be accepted from Lenders licensed by the State of Maryland or otherwise authorized to do business in Maryland, with the demonstrated capacity to participate in the proposed Program. *See Section IV. Eligibility and Selection Criteria.*
- D. Applications. Applications must be submitted to the Administrator in a form outlined in this RFP. *See Sections IV. Eligibility and Selection Criteria and V. Application Process.* Please be advised that not providing information in accordance with the instructions and requirements in this RFP may negatively impact the Administrator’s ability to determine if your application meets the selection criteria.
- E. Dates. Applications must be actually received by the Administrator, *see Section V. D. Submission Information*, by 4:00 p.m. EDT, May 3, 2019. Notification of the successful applicant should be made by late May.

II. OPPORTUNITY DESCRIPTION AND PROGRAM PARAMETERS.

- A. Purpose and Goals. The Administrator wishes to partner with a Lender or Lenders to administer the Program for prospective homebuyers that will help to revitalize the County’s older residential neighborhoods. While much of the housing stock in the County is relatively new and in good, marketable condition, many neighborhoods were originally built in the 1960s and 1970s. Some single-family homes and townhomes built in that era are showing signs of age and deterioration. Some homeowners do not have the resources to complete major renovations needed to improve and update homes. Potential homebuyers often bypass these older homes, despite their favorable location, because they do not have the resources or capacity to make the improvements they desire. Without new investment in these older homes, property values in these neighborhoods may decline and adversely impact the quality of life in the community.

The Program’s mission is to increase home values in neighborhoods, market communities, create high standards for property improvements, and forge strong connections among neighbors.

- B. Loan Program Description. The Administrator envisions that the Program will contain components and requirements outlined in this RFP and in Exhibit 1, *Proposed Parameters for*

First Mortgage Loan for RENEW Howard, attached hereto. However, the Applicant may propose different or additional terms and conditions if it would better achieve the purposes and goals of this RFP.

1. *The Loan Pool.* Funding for the Program will come from a Loan Pool (the “Loan Pool”) comprised of one or several Lenders which will make loans at favorable terms, including no private mortgage insurance and interest rates at least .50% below the prevailing Fannie Mae fixed mortgage rate. The total amount of the Loan Pool is expected to be approximately \$20,000,000. One Lender will act as originator and servicer for all loans through this Loan Pool. By this RFP, the Administrator is soliciting a qualified Lender, or Lenders, to participate in the Loan Pool.

2. *Loan Loss Reserve.* In order to induce a Lender or Lenders to participate in the Loan Pool, the County has provided grant funds to the Administrator to be used as a Loan Loss Reserve Fund in the amount of approximately 10% of the Loan Pool, or \$2,000,000. This Fund will be available to pay 50% of any actual losses after all collection and foreclosure efforts are exhausted pursuant to the parameters agreed to and outlined in a *Master Participation Agreement*, a sample of which is attached hereto as Exhibit 2, and any other related documentation pertaining to the Program.

3. *Pool Administration.* The Program will be administered by the Administrator in consultation with the County and such administration will include reviewing policies and procedures with Lender(s), insuring compliance with program guidelines, and reporting to the County.

4. *Eligible Uses/Qualifying Property.* Loans from the Loan Pool would be used to make first-mortgage loans to purchase and rehabilitate qualifying residential properties. A qualifying property must be:

- a. A single family attached or detached home;
- b. At least thirty (30) years old;
- c. Have a current assessed value below \$400,000; and
- d. The current list price is less than 110% of the current assessment.

5. *Eligible Borrowers.* Potential homebuyers can apply to the Program to finance the purchase price and rehabilitation to a qualifying property. There are maximum household income limits for participating borrowers. Household income limits cannot exceed moderate income limits as set by the regional HUD office each year. Borrowers must contribute at least 3% of the purchase price from their own funds. Borrowers must have a minimum 620 credit score and meet other Lender requirements.

6. *Maximum Loan Amounts.* Borrowers can borrow as much as 110% of the after-rehabilitation appraised value of the property after contributing 3% of the purchase price from their own funds. Loans to Borrowers will be limited to a maximum loan amount of \$475,000. Housing and debt ratios must meet the Lender’s guidelines.

7. *Loan Terms.* A loan will constitute a first mortgage on the property payable in fixed monthly payments over a 30-year term. Interest rate will be at least .50% below the prevailing Fannie Mae fixed mortgage rate. No private mortgage insurance will be required.

8. *Other Requirements.* Borrowers must agree to occupy the property as their primary residence. At no time can the property be used as a rental property. All borrowers must attend a homebuyer education workshop to be offered by the Howard County Department of Housing and Community Development or its designee.

9. *Rehabilitation Requirements.* Borrowers must agree to make repairs/improvements to the qualifying property in an amount equal to at least 10% of the acquisition price. Furthermore, at least \$5,000 of that amount must be spent on exterior improvements. Borrowers will hire a licensed, insured general contractor to undertake the improvements and the proposed improvement plan must be authorized by the Lender or its designee in accordance with the program guidelines prior to start of work. The rehabilitation portion of the loan funds will be disbursed upon satisfactory inspection of the work completed.

III. The Loan Loss Reserve.

A. Establishment of Loan Loss Reserve Fund. The County has provided the Loan Loss Reserve Fund (the “Fund”) for the Program. The Administrator will administer the Fund and hold the proceeds of the Fund in an interest-bearing account. Further, the Program will be managed by the Administrator in consultation with the County.

B. Purpose of the Fund. It is anticipated that the establishment of the Fund will be sufficient to induce a Lender or collectively multiple Lenders, to contribute up to \$20,000,000 to the Loan Pool. The Fund shall be available to pay 50% of any actual losses after all collection and foreclosure efforts are exhausted, as outlined fully in a *Master Participation Agreement (See Exhibit 2)*. The Master Participation Agreement shall set out the understandings between the Administrator and the Lender or Lenders as to the administration of the Program, the underwriting standards for loans to be made from the Program, and the coverage for losses on defaulted loans in the Program.

IV. Eligibility and Selection Criteria.

A. Minimum Eligibility. Mortgage lending institutions eligible to be an applicant under this RFP are banks, trust companies, savings institutions, savings and loan associations, national bank associations, or credit unions, incorporated or chartered under the laws of the State of Maryland or the United States or any other-state banks having a branch in Maryland, or any other State-licensed financial entities that have an office in Maryland and make or originate residential mortgage loans.

B. Application Format. Applicants must submit an application (the “Application”) which includes the following:

1. *Part I* – Applicant must submit a written narrative demonstrating their ability to meet the criteria outlined in this RFP. Specifically, the applicant must review and provide a narrative response to the eligibility and the selection criteria in Section IV. A & C.
2. *Part II* – Applicant may include any attachments which the applicant deems integral to show their ability to meet the eligibility and selection criteria. Each attachment should be clearly marked.

C. Selection Criteria. The Administrator in consultation with the County will evaluate the extent to which the application demonstrates the applicant’s ability to develop, implement and effectively participate in the Program.

1. *Timeliness.* The Administrator will evaluate the applicant’s ability to ensure that the Loan Pool for the Program will be set up in a timely manner, which includes a schedule of anticipated tasks and activities necessary to develop and implement the Loan Pool for the Program.
2. *Capacity to Participate in and/or Lead Loan Pool.* The Administrator will evaluate the applicant’s ability to participate in and/or administer the Loan Pool for the program. Lenders may apply to serve as the sole Lender under the Program; as a participating Lender; or as the Lender serving as the originator and servicer for all loans through this Loan Pool. The Administrator will evaluate all applications to ensure that the goals and conditions outlined in this RFP will be carried out. This will include:
 - a. Evidence that applicant has experience in working with individuals, entities and local groups (including but not limited to governmental agencies, local organizations and area community groups) which could be integral in the marketing and implementation of the Program.
 - b. Evidence that applicant has knowledge of the home buying process in the area and has a successful loan process in place.
 - c. Evidence that applicant will be able to assist borrowers through the home buying process.
 - d. Evidence that applicant is able to oversee and certify the rehabilitation process.
 - e. Evidence that applicant is willing to work with borrowers in an effort to avoid any mortgage or program defaults.
 - f. Evidence that applicant has the ability to provide required reports to the Administrator.

3. *Plan.* The Administrator will evaluate the quality and feasibility of the applicant's proposed plan and evaluate the applicant's proposed strategy to achieve the goals set forth in this RFP. This will include:
 - a. Evidence regarding the applicant's proposed activities and plans to address the goals of the Program.
 - b. Information regarding the applicant's proposed fee schedule for implementation and administration of the Loan Pool within the parameters of the Program.
 - c. Evidence that the applicant has the resources and personnel to participate in and/ or manage the Loan Pool.

V. Application Process.

A. Information Regarding Application. This published RFP is available on the Administrator's and the County's websites at www.RENEWhoco.org and <https://www.howardcountymd.gov/Departments/Housing-and-Community-Development/Publications>. The Administrator will be available to provide an applicant with general guidance and technical assistance about this RFP.

B. Questions Regarding the RFP. Questions concerning this RFP must be emailed to the Administrator's representative, Beverly White-Seals, at bwhiteseals@cfhoco.org. Questions must be received no later than **5:00 p.m. EPT on April 12, 2019**. Answers to questions and any addenda/amendments to the RFP will be posted by **April 22, 2019** on the Administrator's and County's websites.

C. Pre-Application Conference. A Pre-Application Conference will be held at 9820 Patuxent Woods Drive, Columbia, Maryland 21046, Room 212, at **11:00 a.m. EPT on April 16, 2019** to discuss objectives and answer questions relating to this RFP. Attendance is not required but is strongly encouraged. Please email an RSVP to lphillips@howardcountymd.gov no later than **5:00 p.m. EPT on April 15, 2019**.

D. Submission Information.

- Applicants should submit their application via electronic mail to bwhiteseals@cfhoco.org, with the original to follow by mail to the: Real Estate Charitable Foundation of Maryland, Inc., Attn.: Beverly White-Seals, 10440 Little Patuxent Parkway, Suite 230, Columbia, Maryland 21044.
- All applications must be received by the Administrator (at the address referenced above) by **May 3, 2019, 4:00 p.m. EPT**.

E. Award Administration Information. All applicants will be notified when decisions are finalized and notification should be made by late May. Until the applicant is officially notified, in writing, the Administrator may not discuss the standing of any pending application.

F. Master Participation Agreement. The selected applicant(s) will receive a Master Participation Agreement which will constitute a contract between the Administrator and the applicant to participate in and/or administer the Loan Pool for the Program pursuant to the terms of this RFP. The Master Participation Agreement and any required accompanying documentation will be required for each Lender. A form *Master Participation Agreement* is attached hereto as Exhibit 2 for the Applicant's reference. Further, any Lender serving as the originator and servicer for the entire Loan Pool may require further documentation from other participating Lenders. The Administrator may revise the final version of the Master Participation Agreement with the County's consent. Each applicant must completely satisfy the exact nature and conditions of the services to be performed. Failure to do so will not relieve the selected applicant of their obligation to carry out the provisions of the Master Participation Agreement.