

WASHINGTON STATE  
HOUSING FINANCE COMMISSION

1000 SECOND AVENUE, SUITE 2700  
SEATTLE, WASHINGTON 98104-1046



**REQUEST FOR PROPOSAL**

SINGLE FAMILY  
MASTER SERVICER(S)

**DEADLINE FOR SUBMISSION:**  
Friday, July 28, 2017, at 5:00 p.m. Prevailing Pacific Time

# **REQUEST FOR PROPOSAL**

## **SINGLE FAMILY MASTER SERVICER(S)**

### **ISSUING OFFICER**

Lisa DeBrock  
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### **INTRODUCTION**

The Washington State Housing Finance Commission (the “Commission”) is requesting proposals from highly professional, cooperative and responsive master loan servicers with a successful secondary market and efficient conduit operation to allow continued growth of the program to assist more low to moderate income families. The Commission reserves the right to determine how to divide its portfolio in the event we select multiple loan servicers. The Master Servicer(s) selected will be an active member of the finance team and a partner with the Commission and participating lenders to deliver creative and successful affordable housing products to meet the housing finance needs of the citizens of Washington State.

### **BACKGROUND INFORMATION**

In an effort to meet affordable housing needs across the state, the Commission has developed innovative lending programs, established strategic partnerships, and incorporated successful marketing programs to deliver targeted, goal-oriented homeownership assistance, including a statewide homebuyer education program.

The Commission’s main lending programs are known as the Home Advantage Program and the House Key Program. These programs are targeted to assist low- and moderate-income citizens of Washington purchase homes. The Home Advantage and House Key Programs are designed to support home buyers through a variety of means, including providing downpayment assistance to homebuyers that lack significant financial resources.

The Home Advantage Program financed over \$1.4 billion in loan purchases for 2016, and the Commission anticipates a high volume as well for 2017 with an average loan amount of \$220,000. Interest rates are set daily and fluctuate with the market on income eligible loans purchased by the Master Servicer(s) from a network of participating mortgage lenders.

The Commission also operates a House Key State Bond Program in accordance with IRS guidelines and anticipates approximately \$120 million in loans for the next program year with an average loan amount of \$180,000. To finance its lending activities, the Commission sells tax-exempt bonds and uses the proceeds to finance 30-year fixed rate mortgages to income eligible, first time homebuyers purchased by the Master Servicer(s) from a network of participating mortgage lenders. From time to time, the Commission also sells mortgage backed securities on the secondary market. Loans pooled for the House Key State Bond Program must meet all requirements necessary for purchase into Mortgage Revenue Bond program.

The successful bidders(s) may serve as the Commission's agent in either the Home Advantage Program or the House Key State Bond Program pursuant to a fully executed Program Administration and Servicing Agreement (the "Agreement") or both.

Under the Home Advantage and House Key Programs, the Master Servicer(s) purchases mortgage loans, with servicing released, from participating mortgage lenders throughout Washington. The Master Servicer(s) pools the mortgage loans and securitizes them into Ginnie Mae, Fannie Mae and/or Freddie Mac Certificates. For loans securitized as part of a bond issuance, a Trustee selected by the Commission acquires the Certificates from the Master Servicer(s) with bond proceeds and acts as a paying agent on behalf of the bondholders.

For the Home Advantage Program, the Master Servicer(s) will provide all the services necessary to acquire the loans, pool them into Ginnie Mae, Fannie Mae and Freddie Mac certificates and deliver them to the appropriate counterparty identified by the Commission. This will require the Master Servicer(s) to warehouse the mortgages from the time of purchase until certificate delivery. For loans securitized under the House Key Program (i.e., with the securities held in trust and financed by the sale of tax-exempt bonds), the Master Servicer(s) will be required to facilitate the purchase and certification of mortgage loans and the transfer of the resulting pools to the Trustee. (Note: The Master Servicer(s) may be or may apply to be a Mortgage Lender under the House Key Program, but may *not* act as Trustee. The current Trustee for the Commission's bond program is Wells Fargo Bank National Association. In all cases, the Master Servicer(s) will also serve all functions traditionally performed by a loan servicer, including the collection of payments, the payment of tax and insurance escrows, and the management of delinquent loans, including loan modifications as needed and foreclosures.

## **SERVICES TO BE PERFORMED**

We expect the Master Servicer(s) to participate in all the following activities:

### *General Activities*

1. Work with the Commission to purchase loans on a daily basis and service loans under both the Home Advantage Program and the House Key State Bond Program from

participating mortgage lenders throughout Washington in accordance with Commission and IRS guidelines on a servicing-released basis and create pools under Ginnie Mae, Fannie Mae, or Freddie Mac programs as soon as minimum pool sizes permitted by the above-named entities are reached based on pooling instructions provided by the Commission or its designee. FHA-insured loans will be pooled under either the Ginnie Mae I or II programs. Conventional loans will be originated under the HFA Preferred program (for Fannie Mae) or the HFA Advantage Program (for Freddie Mac) using standard Fannie Mae and/or Freddie Mac guidelines, with private mortgage insurance from a Commission-approved insurance provider.

2. When loans are funded with bond proceeds, the Master Servicer(s) will work with Commission and Trustee on a delivery schedule to deliver Ginnie Mae, Fannie Mae Certificates and/or Freddie Mac PCs to the Trustee according to a schedule agreed upon, which includes a minimum of two purchase dates per month. If other means are used, the Master Servicer(s) will provide all services necessary to support the sale of loans and/or securities to investors. The Master Servicer(s) will review sections of bond issue documents and the Commission's Acquisition and Operating Policy related to Program loan servicing.
3. Warehouse mortgage loans from purchase until pooling of mortgage loans without separate reimbursement for such cost.
4. Provide periodic reports acceptable to the Commission on pipeline status, turn times, lender report cards, and program performance including delinquency reports on Commission loans in an acceptable electronic format.
5. Support the Commission's Second Mortgage lending activities. Currently, the Second Mortgage Loan Program Addendum to the Agreement (See Exhibit A to this RFP) provides for the Master Servicer(s) to purchase second mortgages originated by participating lenders in conjunction with Home Advantage or House Key Program for downpayment assistance. The Master Servicer(s) submits for reimbursement for the second mortgages from the Commission. The Master Servicer(s) services the second mortgages without charging a servicing fee, forwarding the monthly payments (if applicable) and payoffs to the Commission. The borrower receives a single, combined coupon for the first and second mortgages. A fee of \$40.00 per loan is charged to the borrower and paid to the Commission for this service. In addition, the Master Servicer(s) will service deferred payment second mortgages. Approximately 5,000 deferred payment Second Mortgage Loans are anticipated to be originated this year.
6. Maintain agreed upon file review and purchase turn times.
7. Report information concerning the Home Advantage and House Key Program to the Commission as required in the Agreement and in a format approved by the Commission.

8. Keep the Commission informed of industry changes that will affect the Home Advantage and House Key Program operations.
9. Approve assumptions upon compliance with Home Advantage and House Key Program requirements.
10. Service loans, process foreclosures, remit monthly certificate payments, etc. according to industry standards and Commission requirements.
11. Work with the Commission to lower delinquency rates within the portfolio.
12. Work with the Commission to increase the number of Home Advantage and House Key Program Loans originated by the participating Mortgage Lenders.
13. Work with the Commission to increase the number of Home Advantage and House Key Program Loans originated by the retail side of your company, if applicable.
14. Render assistance to the Commission, Trustee, and Mortgage Lenders regarding technical questions and problems that might arise.
15. Meet with and advise the Commission on the feasibility of proposed new homeownership or rehabilitation programs.
16. Participate in Home Advantage and House Key Program Manual updates, training conference calls/webinars and attend lender meetings to explain compliance with loan purchase guidelines and procedures, as needed.
17. Take any other action deemed necessary or appropriate in order to facilitate the implementation of the Home Advantage and House Key Programs in accordance with the provisions of the Home Advantage and House Key Program documents.
18. Consult with the Commission before terminating the ability of any approved, participating mortgage lender and obtain the Commission's approval for termination based on mutually agreed upon guidelines.
19. Consult with the Commission before adding overlays to the program guidelines.
20. Respond to questions and requests from the Commission within 24 hours or one business day of receipt.

#### **TERMS OF AGREEMENT**

The Commission reserves the right to reject any or all proposals prior to the execution of the Agreement, with no penalty or cost to the Commission, and to negotiate final terms of the Agreement with the most qualified interested bidders(s). Additional terms include the following:

1. Mortgage loans may be originated in connection with multiple bond issues throughout the expected term of the Agreement, if applicable. These mortgage loans will be delivered in accordance with the Agreement.
2. The successful interested bidders(s) will be expected to negotiate appropriate master purchase and pooling agreements to meet the requirements expected in the Agreement.
3. For loans funded using the proceeds of tax-exempt bonds, the Commission intends that the obligations of the Master Servicer(s) under its Agreement will continue until the bonds are fully paid, though such obligations will be primarily loan servicing (as described above) following the scheduled origination period.
4. For loans originated and either sold in whole-loan form or sold to investors as Ginnie Mae, Fannie Mae, or Freddie Mac MBS, the Master Servicer(s) will provide the services normally associated with such activities. The Master Servicer(s) will also adjust its activities and services to support changes in the loan origination and funding practices of the Commission.
5. The terms of the contract will be for two years with the option to cancel at any time.

#### **COMMISSION SUPPORT FOR THE CONTRACTOR**

1. Commission staff will provide access to the materials of the Commission and will assist in coordinating the work of the Master Servicer(s) with Commission staff, the Trustee, the Mortgage Lenders and other persons as required for implementation of the Agreement.
2. The Commission will provide a toll-free telephone line for individual borrowers and general public inquiries and will produce brochures for the general public.

#### **MINIMUM QUALIFICATIONS AND REQUIREMENTS**

Only those interested bidders(s) who meet the following minimum criteria are eligible to submit a proposal in response to this RFP:

1. The successful bidders(s) must be an approved and active issuer of Ginnie Mae and Fannie Mae Mortgage Backed Securities (“MBS”) and Freddie Mac Participation Certificates (“PCs”) in good standing.
2. The successful bidders(s) will be required to demonstrate that they have an adequate warehouse line of credit of a minimum of \$250,000,000 dedicated to the purchase of Commission mortgage loans at any one time as applicable.
3. The successful bidders(s) will be required to demonstrate that they review and purchase loans from participating lenders in a timely manner and regularly provide outstanding customer service.

4. The successful bidders(s) will be expected to assign and identify experienced staff within two weeks of bid acceptance to assist in development and negotiation of final terms.
5. The successful bidders(s) will be required to demonstrate to the satisfaction of the Commission that it can perform the duties of the Master Servicer(s) with staff who have sufficient authority, training, and experience to perform the duties in an efficient and effective manner.
6. The successful bidders(s) will be required to demonstrate that it has computerized loan tracking and reporting systems that meet the Commission's requirements. Such systems must be compatible with the Commission's current loan reservation and management system, as described below.
7. The successful bidders(s) will be able to demonstrate to the Commission they have in place a program to identify and work with delinquent borrowers to consider and evaluate all necessary options to bring them current, reduce delinquencies and avoid foreclosure.
8. The successful bidders(s) will have prior experience administering a daily priced market-rate program.
9. The successful bidders(s) will have the ability to service community second mortgages with a variety of loan terms including shared appreciation.

### **EVALUATION FACTORS**

The Commission may award a contract to the interested bidders(s) whose proposal is most advantageous to the Commission and, in the Commission's opinion, to the originating lenders and prospective homebuyers under the Commission's homeownership programs. The Commission reserves the right to award a contract to the interested bidders(s) who will best meet the requirements of this RFP, and not necessarily to the interested bidders(s) with the highest bid. Principal considerations will be:

1. The amount of the bid, in the form of a percentage of outstanding principal amounts of each loan. The bid should also include proposed charges for non-performing loans, including various stages of non-performance up to and including foreclosure.
2. Prior experience with wholesale and retail mortgage loan origination, servicing and securitization (including experience with VA-guaranteed, FHA-insured, Native American section 184 insured loans and RHS-guaranteed mortgage loans, Ginnie Mae and Fannie Mae pools, and Freddie Mac PCs).
3. Evidence of prompt loan packaging and pooling of loans and the willingness to perform multiple pooling deliveries every month.

4. Evidence of prompt loan packaging and sale of certificates to bond trustee to meet bond issue requirements.
5. Evidence of prompt loan boarding to service loans after purchase from participating lenders.
6. Ability to warehouse mortgage loans.
7. Prior experience administering single-family programs including tax-exempt mortgage revenue housing bond programs or similar state or municipal housing finance agency programs, if available.
8. The experience and background of staff actually assigned to the Commission and previous successful experience with programs offered by the Commission.
9. Financial soundness of the interested bidders(s).
10. Prior experience with creating underwriting documents, manuals, training materials and conducting training sessions.
11. Ability to meet the Commission's second mortgage servicing needs and reporting requirements.
12. The brevity, clarity and responsiveness of the proposal to the identified needs of the Commission.
13. The acceptability and flexibility of the computer services and data sharing offered by the bidders(s). Currently, the Commission uses an Internet based integrated system from Emphasys Software to track the mortgage loan process from loan intake (i.e., fund reservation) to loan purchase for the bond portfolio. Please contact George Rodriquez, General Manager of HFA Emphasys Software, at 305-599-2531 ext. 6634 for more information about the system.
14. The ability to meet the electronic reporting requirements of the Commission in a timely and responsible manner.

The Commission will evaluate proposals using the evaluation factors listed above. The Commission may seek clarification from interested bidders(s) and may conduct interviews, discussions and negotiations with interested bidders(s) who submit proposals found to be reasonably likely to be selected for an award. If such negotiations are held, the Commission may establish a date for best and final offers.

#### **INCURRED EXPENSES**

The Commission shall not be responsible for any expenses incurred by an interested bidders(s) in responding to this RFP or participating in an interview, if required.

## **ONCE A PROPOSAL IS SUBMITTED**

The Commission reserves the right to retain all proposals submitted. Submission of a proposal indicates acceptance by the interested bidders(s) of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the Agreement between the Commission and the interested bidders(s) selected.

The Commission reserves the right without prejudice to reject any or all proposals and to negotiate a final acceptable proposal with the most qualified interested bidders(s) selected by the Commission.

## **PROTEST PROCEDURES**

All protests, either against the solicitation or the award, must be in writing or contain the original signature of the protesting party or authorized agent. Such protests must state all facts and arguments on which the protesting party is relying as the basis for its action. Copies of the protest must be mailed or hand-delivered to the office of the Commission.

Protests against the solicitation must be received by the Commission in writing no later than 5:00 PM Prevailing Pacific Time two (2) business days prior to the date proposals are due. Filing of a protest against the solicitation does not entitle the protesting party to an extension of time for submitting its proposal.

Protest involves the rejection of a proposal must be received by the Commission in writing no later than 5:00 PM Prevailing Pacific Time on the fifth (5th) business day following the interested bidders(s)'s receipt of the notice of rejection, whether oral or written, or the announcement of the apparent successful interested bidders(s), whichever occurs first. Only those who are eligible to submit a proposal under the criteria established by the Commission may protest the rejection of a proposal.

The Executive Director of the Commission will consider the record and all facts available and issue a decision within five (5) business days from receipt of the protest unless additional time is required, in which case the protesting party will be notified by the Commission. The decision of the Executive Director will be final.

## **AWARD NOTICE**

The Commission may award the Agreement to the interested bidders(s)s whose proposals are deemed to be most advantageous to the Commission taking into account the evaluation criteria listed above. The award shall be contingent upon successful negotiation of a final Agreement between the Commission and the interested bidders(s)s whose proposal is accepted by the Commission.

Until the award is made and notice given to all interested bidders(s)s, no employee, agent, or representative of an interested bidders(s) shall make available or discuss its proposal with any officer, member employee, agent, or representative of the Commission other than Lisa DeBrock, the designated RFP contact.

Until the award is made and notice given to all interested bidders(s), the Commission will not disclose the contents of any proposal or discuss the contents of any proposal with an interested bidders(s) or potential interested bidders(s), so as to make the contents of any offer available to competing or potential interested bidders(s)s.

## **QUESTIONS**

Questions regarding the information contained in the RFP must be submitted electronically to the designated RFP contact, Lisa DeBrock at [lisa.debrock@wshfc.org](mailto:lisa.debrock@wshfc.org), no later than 5:00 PM Prevailing Pacific Time, July 27, 2017. All questions will be answered and posted on the Commission's website at [www.wshfc.org](http://www.wshfc.org).

## **PROPOSAL INSTRUCTIONS**

### **Letter of Transmittal**

Attach a letter of transmittal, which includes the following information:

1. Contact name, business name, business address, telephone number, fax number and e-mail address of interested bidders(s);
2. Date of proposal;
3. A statement that the interested bidders(s)'s proposal is valid for 3 months after the deadline for submission of proposals; and,
4. A signature of the officer or employee who certifies that he or she has the authority to bind the interested bidders(s).

### **Proposal**

- The interested bidders(s)'s proposal should address all the "Minimum Qualifications and Requirements" and "Evaluation Factors" outlined in this RFP and answer the following:
  1. State full name and address of your firm and identify the parent company if you are a subsidiary. Specify the branch office or other subordinate organization which will perform, or assist in performing, the work to be performed. Indicate whether you operate as a partnership, corporation, or sole proprietorship. You must submit evidence of authorization to do business or operate in Washington.
  2. State full name and address of sub-servicer including a name and contact of individual who be responsible for our account as applicable.
  3. Please provide Ginnie Mae, Fannie Mae and Freddie Mac approval numbers and recent volume of pooling activity with each.

4. Please provide copy of your most recent audited financial statements. Please also provide your most recent Report on Controls at a Service Organization – Type 2 (SOC 2).
5. Please provide examples of your experience supporting a diverse Mortgage Lender clientele with wholesale operations statewide or nationwide. List single family tax-exempt bond issues since January 2014 for which you are the Master Servicer(s) for MBS funded by such issues.
6. Please provide a summary report for the past 12 months to show the number of loans you have purchased, your average time from initial file upload to initial review, your average review time from initial file upload to loan purchase.
7. Please include written references from five (5) client Mortgage Lenders and HFA clients outlining your performance, how you deal with loan file review issues, and addressing your company's customer service and turnaround times.
8. If using a subservicer, provide written references from three (3) clients outlining performance and their ability to work with borrowers.
9. Please provide a list of all TBA Providers with which your firm currently interfaces as Master Loan Servicer. Please include a reference from at least one of these organizations.
10. Location of office that will service loans and administer the program. Indicate whether there is a toll free telephone number that will be available to Borrowers.
11. What strategies will you employ to ensure loans are purchased quickly and with minimum extension fees to the lenders and negative arbitrage to the Commission?
12. What are your guidelines and processes for approving and deactivating lenders in the program? What is your timeframe for that process? How will you coordinate these processes with the Commission? Provide your lender approval requirements.
13. Describe your warehouse line of credit facility, including a representation that you have an adequate warehouse line of credit to fund up to \$250,000,000 of mortgage loans at any one time and the potential profit that may be realized by the Commission while loans are in the warehouse facility.
14. Describe your organizational and technological approach to performing in the capacity of Master Servicer(s). What is the current computer system you will use to operate the Home Advantage and House Key Programs? Estimate the amount of time it will take to provide the necessary services and reports required by the Commission. Can your organization download loan information to the Commission electronically? Who on your staff will be responsible for providing computer services? Describe the experience level of your computer staff.

15. All program manuals and forms are located and maintained on the Commission's website. Please review these documents at <http://www.wshfc.org/sf/downloads.html> by clicking on Program Manuals and Forms Download Areas and indicate how you would transition these documents into your operations for use by our lenders.
16. Describe the activities you would use to minimize the turnaround time between loan file review and mortgage loan purchase. If your staff is behind on file review, will you take responsibility for your portion of the extension fees?
17. Describe the activities you would use to market the Programs on behalf of the Commission.
18. If applicable, what incentives will you provide to loan officers within your organization to increase their usage of the Commission's programs in Washington State.
19. The Commission may develop new programs during the term of this Agreement. Please describe how the interested bidders(s) is best able to assist the Commission with development and implementation of new affordable housing programs geared toward increasing minority participation.
20. The Commission currently operates highly successful Downpayment Assistance (DPA) programs. Second Mortgages are originated according to specific criteria with the Home Advantage and House Key Programs first mortgages and the funds are used by borrowers for downpayment and/or closing costs. The Master Servicer(s) is required to purchase and service the second mortgages on behalf of the Commission along with the first lien mortgages. Please explain if you are able to service second mortgages with one payment coupon to the borrower for the first and second with no ongoing servicing fee and what type of reporting you can provide monthly on the performance of the Commission's second mortgage portfolio. Describe your experience with deferred payment second mortgages. Provide examples of your experience servicing second mortgages.
21. If your staff quotes incorrect short payoffs of first and second mortgages, will you make the Commission whole?
22. The Commission works with many nonprofit and government entity partners that provide funding for over 40 downpayment assistance subordinate mortgages. These mortgages will not be serviced by the Master Servicer(s), but it will be necessary for the Master Servicer(s) to approve the mortgages to make sure they meet community second guidelines. Please describe your experience approving downpayment assistance programs.

23. Please provide the names and background information of the primary personnel you propose to assign to the Agreement and the addresses of offices where they are located. If you do not plan to assign personnel that will be physically located in Washington State, please indicate what efforts you will make to provide a high level of service to participating lenders and the Commission during the term of the Agreement.
24. Please provide examples of how your Master Servicing staff has solved recent problems related to the purchasing and servicing of mortgages in your current programs.
25. Describe the dollar amount and delinquency history of your FHA/VA, Ginnie Mae, Fannie Mae and Freddie Mac servicing portfolio for the previous three years. What early delinquency intervention activities do you undertake? Will these activities be available for the mortgage loans serviced on behalf of the Commission?
26. Provide your current CRA evaluation and rating, if applicable.
27. Does your firm currently have an errors and omissions insurance policy or similar insurance that will cover the interested bidders(s)'s activities under the Agreement? Will the interested bidders(s) add the Commission as a named insured?
28. What fees, if any do you charge to borrowers or participating lenders for loan administration services including processing/underwriting, funding, tax service, flood cert transfers, document upload, second mortgage funding/servicing fee, etc.? (Any such fees will be considered in evaluating the value of your bid for servicing release.)
29. Please review the attached reporting spreadsheets and confirm that you can provide the requested information in an Excel format at the time a contract is executed. There are 3 tabs contained in the spreadsheet.
30. Please indicate whether you currently or in the past have been under a Cease and Desist order by a regulator. If yes, describe your situation and why you believe the order would not impact your ability to service loans.
31. What underwriting overlays would you require for Home Advantage and House Key loans in addition to what is already required by FHA, VA, USDA and conventional guidelines? Do you have overlays related to the FHA flipping policy, manual underwriting, credit score, back end ratio, or purchase of loans for manufactured homes? Do you have TRID overlays?
32. Will you purchase HUD Section 184 Tribal loans home loans?

- 33. Will you purchase manufactured homes?
- 34. Will you purchase Land Trust loans?
- 35. How would you administer the 203(k) Streamline program in conjunction with the Home Advantage and House Key Programs?
- 36. Do you have the ability and capacity to offer participating lenders a line of credit?
- 37. Do you have the ability to sponsor lenders in DO?
- 38. At times, participating lenders may be slow to respond to loan file deficiencies. Please describe your aged loan policy.

**Bid**

State the Servicing Release Fee you will pay, calculated as a percentage of the outstanding principal amount of each loan acquired by you under the Commission’s Homeownership Programs and payable upon acquisition of each loan, assuming approximately 60% of the mortgage loans are pooled into Ginnie Mae certificates and 40% are pooled into Fannie Mae or Freddie Mac certificates. The annual net servicing fee (excluding any guarantee fees) will be based on the type of loan. Please indicate your bid under the following:

- |  | Net Servicing Fee: | Servicing Release Fee: |
|--|--------------------|------------------------|
| 1.   | Ginnie Mae: .19%   | _____ %                |
|  | .315%              | _____ %                |
|  | .44%               | _____ %                |
|  | .565%              | _____ %                |
|  | Fannie Mae: .25%   | _____ %                |
|  | Freddie Mac: .25%  | _____ %                |
| 2. How much are you willing to pay the Commission for Excess Servicing on conventional loans? Is there a limit on how much Excess Servicing you are willing to purchase? |                    |                        |
|  |                    | _____ %                |
| 3. How much of the servicing release fee under 1 or 2 above would you be willing to pay at each bond closing:  |                    |                        |
|  |                    | _____ basis points     |
| 4. Will your pricing be different if the Commission decides to divide it’s portfolio among loan servicers?   |                    |                        |

**PROPOSAL SUBMISSION**

If your institution is interested in acting as Master Servicer(s) for the Home Advantage and House Key Programs, please submit proposal electronically to the Commission by **5:00 PM Prevailing Pacific Time, on or before Friday, July 28, 2017** to:

Lisa.debrock@wshfc.org

***NO FACSIMILE (FAX) TRANSMITTED PROPOSALS WILL BE ACCEPTED.***

Prior to the date and time designated for receipt of proposals, any proposal may be modified or withdrawn by email notice to [Lisa.debrock@wshfc.org](mailto:Lisa.debrock@wshfc.org) . Such notice shall be delivered on or before the date and time set for receipt of proposals.

**TIME SCHEDULE FOR COMPLETION OF THIS RFP**

Proposals Due:	July 28, 2017 5:00 PM Prevailing Pacific Time
Notify Candidates of Interview:	On or before August 8, 2017
Interview Candidates:	August 17, 2017
Commission Approval of Selection:	Monthly Commission Meeting after Interviews

The Commission reserves the right to modify the time schedule, including extending the proposal due date, with notice to all institutions that have submitted a letter of intent to submit.

**EXHIBIT A  
TO  
MORTGAGE ORIGINATION AGREEMENT  
SECOND MORTGAGE LOAN PROGRAM ADDENDUM**

**Introduction**

This Addendum describes the process by which Mortgage Lenders may originate Second Mortgage Loans in conjunction with Mortgage Loans finance through the Commission. The parties hereto agree to the terms and conditions hereof pursuant to which such Mortgage Loans and related Second Mortgage Loans will be originated and sold to the Servicer, as such terms and conditions may be modified pursuant to Program Announcements and such modifications are contained in the Program Manual.

Section 1. Origination of Mortgage Loans in Conjunction with Second Mortgage Loans. To the extent that funds are available under the First Serve Reservation System and in accordance with Program Announcements and the Program Manual, the Mortgage Lender agrees to originate Mortgage Loans in accordance with the Mortgage Origination Agreement and Second Mortgage Loan Program Manual.

A subordinate mortgage loan originated by the Mortgage Lender in conjunction with a Mortgage Loan shall be eligible for purchase by the Servicer as a Second Mortgage Loan only if such loan meets all of the following requirements:

- (a) made only if funds are required by the borrower to close the Mortgage Loan, as demonstrated in accordance with procedures set forth in the Second Mortgage Program Manual;
- (b) for a principal amount not to exceed Second Mortgage loan limits and to a borrower whose income is within limits set forth in the Program Announcements and the Second Mortgage Program Manual;
- (c) used for downpayment, closing costs and prepaids including reserves in an amount of need as established by the guidelines contained in the Second Mortgage Program Manual and as permitted by Fannie Mae, Freddie Mac, VA, RHS, HUD or FHA guidelines, as applicable;
- (d) amortizing, if applicable, in accordance with the terms set forth in the Second Mortgage Program Manual;
- (e) documented by execution of the Second Mortgage Loan documents;
- (f) for a principal amount reserved in accordance with procedures set forth in the Second Mortgage Program Manual;

(g) purchased by the Servicer at the same time that the related Mortgage Loan is sold to the Servicer upon submission to the Servicer of the required Second Mortgage Loan documents with the related mortgage loan file;

(h) made to a borrower who has successfully completed a homebuyer education seminar approved by the Commission and;

(i) noted on the title policy with respect to the corresponding Mortgage Loan as a subordinate lien.

Section 2. Availability of Second Mortgage Loan Funds. Various entities will provide funding for the acquisition of the Second Mortgage Loans originated by the Mortgage Lender. The Mortgage Lenders will be notified with respect to the availability of such funds pursuant to Program Announcements.

Section 3. Fees and Charges. A closing cost administration fee as set forth in the Second Mortgage Loan Program Manual shall be collected by the Mortgage Lender from the buyer/seller and netted out to the Servicer upon the Servicer's purchase of the Second Mortgage Loan. The Mortgage Lender may collect no additional fees for the origination of Second Mortgage Loans. The out-of-pocket costs incurred for the closing and recording of the Second Mortgage Loan Deed of Trust may be charged to the borrower and may be paid from the principal amount of the Second Mortgage Loan.

Section 4. RESPA. It shall be the responsibility of the Mortgage Lender to prepare a separate Truth in Lending Statement with respect to each Second Mortgage Loan, in accordance with RESPA.

Section 5. Servicing Second Mortgage. It shall be the responsibility of the Mortgage Lender to service the Second Mortgage Loan on behalf of the Commission until the Second Mortgage Loan is purchased by the Servicer.