

DETROIT LOCAL INITIATIVES SUPPORT CORPORATION

REQUEST FOR QUALIFICATIONS FOR CITY OF DETROIT OWNER-OCCUPIED HOME REPAIR LOAN ORIGINATING PARTNER ENTITY

INTRODUCTION:

Detroit LISC is currently providing technical assistance, capital fund development and financial management expertise to the City of Detroit as a sub-contractor under a Corporate FACTS's contract for services with the City of Detroit. An interdisciplinary team is currently working collaboratively to plan and design an owner-occupied home repair program designed to serve existing Detroit homeowners and strengthen neighborhoods throughout the city.

PROGRAM MODEL AND CONCEPT:

The City of Detroit's zero-interest home repair program is modeled after other successful home repair programs in cities across the country with some enhancements that are unique to Detroit.

While still under development, the City of Detroit Home Repair Loan Program is likely to include the following components:

- ✓ Zero-interest loans to qualified homeowner borrowers
- ✓ Eligible borrowers must meet HUD 80% AMI income guidelines (in the program's initial phase) and higher income households in designated neighborhoods under consideration
- ✓ Monthly principal payments will be required over a period of up to 10 years
- ✓ Home repair loan size between \$5,000 and \$25,000 per homeowner; up to \$50,000 in loan funds may be available to eligible households
- ✓ In its initial phase, the program will serve up to 300 homeowners annually
- ✓ Once fully funded, the program may serve up to 1,000 homeowners annually
- ✓ Initially the loans will be funded by a blend of 50% private capital and 50% Community Development Block Grant (CDBG) funds; CDBG funded loan loss reserves will be established to credit enhance the loan pool Eligible properties include owner-occupied one or two unit dwellings (single-family and duplex homes)
- ✓ The program is expected to launch in January 2015

The program will be offered city-wide to all eligible households at 80% or below AMI and for higher income families in targeted neighborhoods



City of Detroit 0% HOME-REPAIR LOAN PROGRAM FACT SHEET

The City of Detroit is pleased to announce its Home Repair Loan Program, which provides zero percent interest loans to qualified homeowners to address urgent repair needs, support safe housing conditions, and help preserve existing housing that will stabilize neighborhoods.

0% Loan Program Details:

- ✓ Zero percent interest loans available from \$5,000-\$25,000
- ✓ Estimated Costs: \$25,000 loan could equal \$208.00 monthly payment over 10 years
- ✓ Additional homeowner support services available:
 - Mortgage and Managing Debt Counseling
 - Home Inspections
 - Construction Oversight

Eligible applicants must meet the following minimum criteria to apply:

- ✓ Own and occupy a single family or duplex home in the City of Detroit
- ✓ Meet program income guidelines; must not exceed 80% HUD AMI (details on back)
- ✓ Complete application, program underwriting review and document approval process

Program Application Procedures:

- ✓ **Beginning _____**, applications will be available through the City of Detroit official website (www.Detroitmi.gov) under the “DEPARTMENTS” heading: Planning And Development Department, and then Home Repair Tab
 - Applications will also be available at the following locations:
 - TBD
 - TBD
- ✓ Applicants must complete a loan application and submit required documents as described in the application packet
- ✓ Return application with the requested documentation, **in person**, to:

Planning & Development Department
65 Cadillac Square, Suite 1700
Detroit, MI 48226
- ✓ Loan origination fees may be required (approx. \$200)

Eligible Home Repairs may include:

- ✓ Furnaces Replacement
- ✓ Plumbing Repair
- ✓ Roof Replacement
- ✓ Electrical Repairs
- ✓ Reduction/Elimination of Health and Safety Hazards

Eligible Property Criteria:

- ✓ The property must be located within City of Detroit
- ✓ The property must be a single or duplex family home
- ✓ Homeowner's insurance and City & County property taxes must be current or have an approved payment plan
- ✓ Property must meet program rehabilitation standards

Eligibility Income Requirements:

MAXIMUM GROSS INCOME LIMITS*	
Household Size	Low Income
1 Person	36,200.00
2	41,400.00
3	46,550.00
4	51,700.00
5	55,840.00
6	60,000.00
7	64,150.00
8 or more	68,250.00

**Gross annual income limit is defined as the TOTAL income received by all members of the household before deductions. This information was provided by HUD, effective as of 2014*

MONTHLY MORTGAGE PAYMENT COMPARISON TABLE*

This table compares the monthly payment on a loan with a 0% interest rate vs. a 5% interest rate

Loan Amount	0% Interest Loan	5% Interest Loan
\$ 5,000	41.67	53.03
\$10,000	83.33	106.07
\$15,000	125.00	159.10
\$20,000	166.67	212.13
\$25,000	208.33	265.16

**Calculated for a ten year repayment term; 5% interest listed for comparison information only*

PROGRAM PARTNERS:

The program is based on a collaborative partnership between multiple entities, each fulfilling specific and complementary roles. The entities include:

Entity:	Program Role:
Program Administrator: City of Detroit, Planning and Development Department, Housing Services	Manage program on behalf of City; coordinate program role out; Coordinate code enforcement; Maintain ongoing CDBG compliance; Create rehab specs and pool of builders; Oversee construction activities; Serve on loan approval committee; Monitor sub-recipient and program performance
Financial Intermediary and Sub-recipient to City of Detroit: Local Initiatives Support Corporation (LISC)	Manage CDBG funds and private funding; Coordinate with local originator/underwriter to approve homeowner financing package; Set standards for construction oversight; Serve on loan approval committee;
Originator/Underwriter: To Be Selected through RFQ	Serve as the point of contact with homeowners; Underwrite (and service) loans; Provide credit counseling;
Banks/Other Private Funding Sources: To Be Identified	Provide loan capital; Provide grants for credit enhancement

PROGRM PROCESS CHART:

See Process Chart/Map (draft) in Addendum A for specific responsibilities assigned to each entity.

PURPOSE OF THIS RFQ:

This Request for Qualifications (RFQ) is intended to identify experienced organizations to provide home repair origination and underwriting services in partnership with Detroit LISC and the City of Detroit beginning on or before January 1, 2015. Eligible organizations may include Community Development Financial Intermediaries (CDFIs), banks and credit unions or other experienced lenders. Respondents are also being asked to indicate their level of experience and capacity to perform **loan servicing services** for the home repair loans in connection with the City of Detroit program.

Detroit LISC reserves the option to contract for services with one or more loan originating/underwriting entities in support of the program.

TARGET AUDIENCE:

The target population intended to benefit from the initial phase of the City of Detroit Home Repair Program is comprised of low-and moderate income homeowners (under 80% AMI) city-wide and may incorporate home repair lending services for homeowners without household income restrictions in designated neighborhoods.

SELECTION CRITERIA:

This RFQ is being issued to nonprofit and for-profit loan origination organizations with expertise in affordable consumer lending to the aforementioned target population in the city of Detroit.

The ideal candidate organization(s) will have experience and demonstrated success in the following areas:

- ✓ Working with low- and moderate-income borrowers on homeownership or home repair programs in the city of Detroit
- ✓ Successfully utilizing development tools and public and private resources that promote affordability (Community Development Block Grants, Neighborhood Improvement Program, Neighborhood Stabilization Program, Affordable Housing Program, lead abatement grant programs, etc.)
- ✓ Working with construction companies and contractors on construction loan draws
- ✓ Familiarity with a variety of the community development field's concepts, practices and procedures
- ✓ Relying on extensive experience and judgment to plan and accomplish program goals
- ✓ Meeting compliance requirements with federal funds as appropriate

ADDITIONAL PREFERRED SERVICES AND/OR RESOURCES:

a. Loan Servicing:

In addition to loan originating and underwriting, respondents should indicate their current or planned capacity to service the loans they originate through the Detroit Home Repair Loan Program for the full terms of the loans (i.e., up to ten years.)

b. Additional Resources:

Secondly, respondents are encouraged to describe any additional resources their organization can bring to the program to augment the City's Home Repair Loan Program, in particular, additional loan pool dollars for lending to eligible Detroit homeowners.

TASKS TO BE ACCOMPLISHED:

The organization(s) selected for this contract will work for LISC and must be able to:

- ✓ Work in cooperation with LISC and the City of Detroit to develop and modify the home repair loan product parameters, underwriting criteria, and loan product delivery and reporting model
- ✓ Manage the loan intake process and complete the underwriting process on as many as 75 potential borrowers per month
- ✓ Meet with the Home Repair Loan Program Credit Committee to review credit decisions at least monthly
- ✓ Draft loan documents on a timely basis for up to 50 approved borrowers per month
- ✓ Work with the City of Detroit to review construction documents
- ✓ Review disbursement requests and manage the draw process
- ✓ Borrow and manage funds of \$2M to \$3M or more for the purpose of underwriting and holding home repair loans for up to ten year terms
- ✓ Prepare reports for LISC and the City of Detroit regarding the status of the loan portfolio
- ✓ Provide for loan servicing on an ongoing basis, either directly or indirectly (with the approval of the Program Credit Committee)

REQUIRED PROPOSAL FORMAT:

1) COVER/FACE SHEET

This section of the proposal should include the respondent's name, legal name of the organization, mailing and e-mail address, phone and fax number, and website if available. It should list the number of pages enclosed with the proposal and should also include how the respondent heard about the Detroit LISC RFQ (by invitation or other means).

2) STATEMENT OF QUALIFICATIONS

This section of the proposal should describe the general capacity of the respondent and should contain the following:

- a. An overview of the respondent's background, expertise with lending programs directly serving Detroit residents and indicate an understanding of trends in neighborhood property values and general issues and challenges that face Detroit homeowners.
- b. Specific information regarding the respondent's current and past loan product offerings; current loan volume and potential capacity to originate/underwrite home repair loans in the

city of Detroit. Please include a statement showing the organization's current portfolio performance including number of loans, outstandings, delinquencies and default rates, etc.

- c. A description of the respondent's current capacity to service the loans it originates – either directly or indirectly – and how it would meet the increased demand for servicing (including delinquencies and defaults as necessary),
- d. Identification of key individuals who will be providing direct and indirect loan origination and documentation services, including a description of their proposed assignments and the skills they bring that are appropriate to the assignments. Please attach resumes if available.
- e. The proposed structure of the loan origination services, particularly the management and capability of staff that will be carrying out the assignments. Include methodology to ensure transparency and fiscal accountability.
- f. Availability – Organizational capacity and ability to initiate the work within a 30 day timeframe from the time of selection and complete the program scope of work on a timely basis.
- g. The name, addresses, and phone numbers of three references for the respondent who can comment on the respondent's qualifications for the loan origination services based on previous experience as clients or partners for the respondent performing similar tasks.

3) COST PROPOSAL:

In this section, the respondent should provide a cost breakdown for the proposed per unit costs (loans closed) with appropriate explanatory detail and justifying costs and calculations.

SELECTION PROCESS:

All proposals will be reviewed by LISC staff and will be acknowledged within 48 hours of the receipt of all of the required copies (see details below).

BIDDERS' CONFERENCE:

Qualified respondents will be invited to participate in a mandatory Bidders' Conference at 3pm on Monday, December 8, 2014 at the offices of Detroit LISC.

CONDITIONS AND LIMITATIONS:

1. This RFQ is a request for the submittal of qualifications and proposals, but it is not an offer and under no circumstances will be construed as an offer of a contract.
2. Detroit LISC reserves the right to modify or withdraw this RFQ at any time, regardless of whether proposals have been submitted.
3. Detroit LISC is not under any obligation to select any of the proposals it receives in response to this RFQ and may reject any or all proposals prior to entering into a written contract.
4. There are no enforceable obligations of any kind against LISC or its program partners as a result of this RFQ, and until a written contract is executed, there will be no enforceable obligations against LISC or its program partners.
5. Neither Detroit LISC nor its program partners will reimburse the respondents for any costs associated with the preparation and submission of responses to this RFQ or during contract negotiations.
6. Respondents waive all rights to protest or seek remedies regarding any aspect of this RFQ, the selection of respondents for negotiations, and the rejection of any or all proposals.
7. All responses to this RFQ become the property of LISC.
8. Detroit LISC will not share with anyone the texts of the proposals from any respondent(s) not selected, except with any external reviewers involved in the selection process.

RESPONSES:

Responses to this RFQ are due on Monday, December 1, 2014 by 4:00 p.m. and delivered to the following address:

Mr. Victor Abla
Director, Lending and Portfolio Management
Detroit Local Initiatives Support Corporation
660 Woodward Ave., Suite 1600
Detroit, Michigan 48226
Email: vabla@lisc.org

Respondents must submit one electronic copy plus two hard copies of their proposal, including any supplementary attachments. The electronic copy must answer all questions in the RFQ. All copies must be submitted by the due date and will not be considered complete until all copies are submitted.

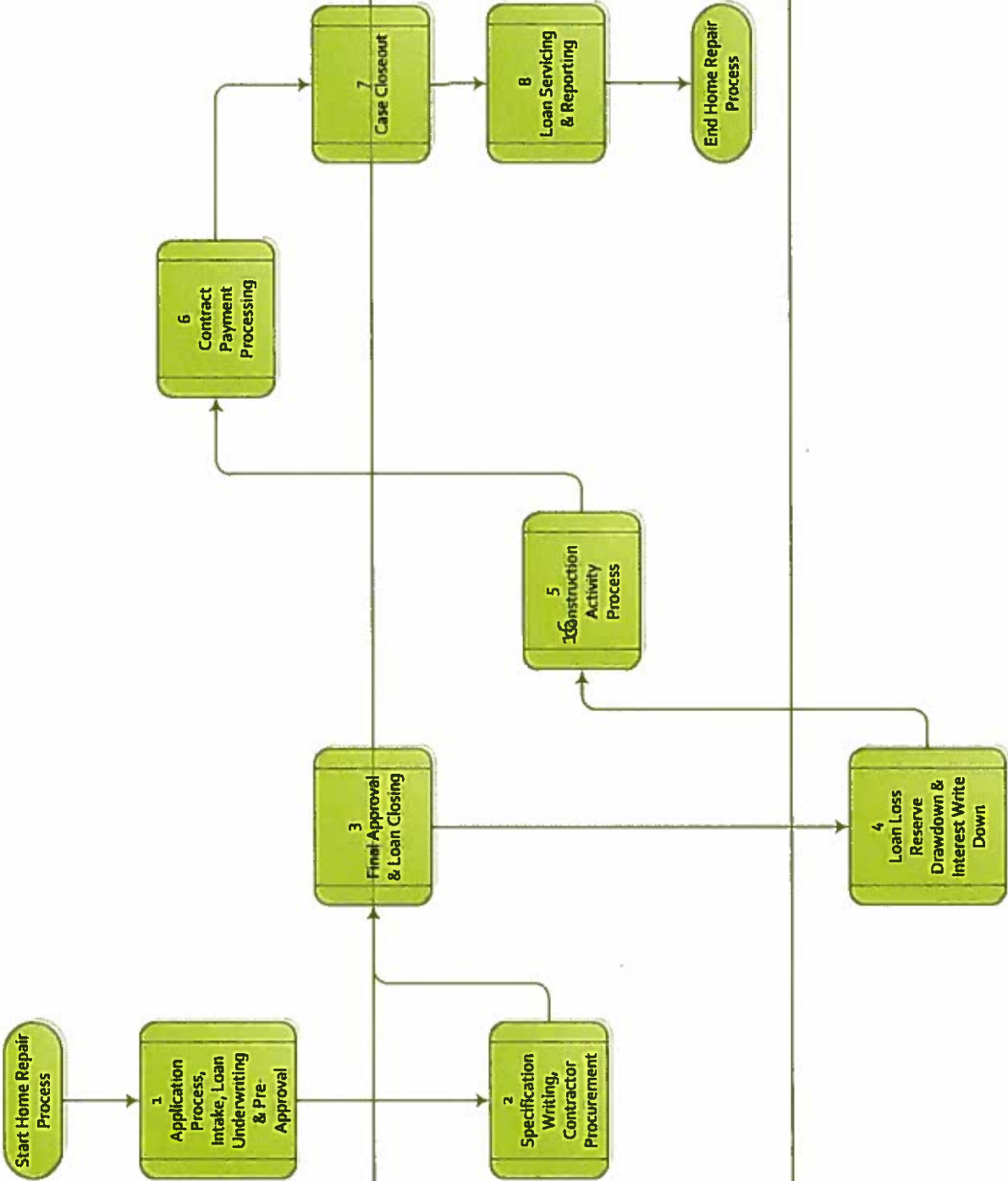
ADDENDUM A: Home Repair Loan Program Process Chart

ABOUT LISC:

The Local Initiatives Support Corporation (LISC) is dedicated to helping nonprofit community development organizations transform distressed neighborhoods into healthy and sustainable communities. LISC mobilizes corporate, government and philanthropic support to provide local community development corporations, nonprofit and for-profit organizations with loans, grants and equity investments; local, statewide and national policy support; and technical and management assistance. LISC is a national organization with a community focus and has offices in 31 cities with numerous national programs.

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HOME REPAIR PROCESS

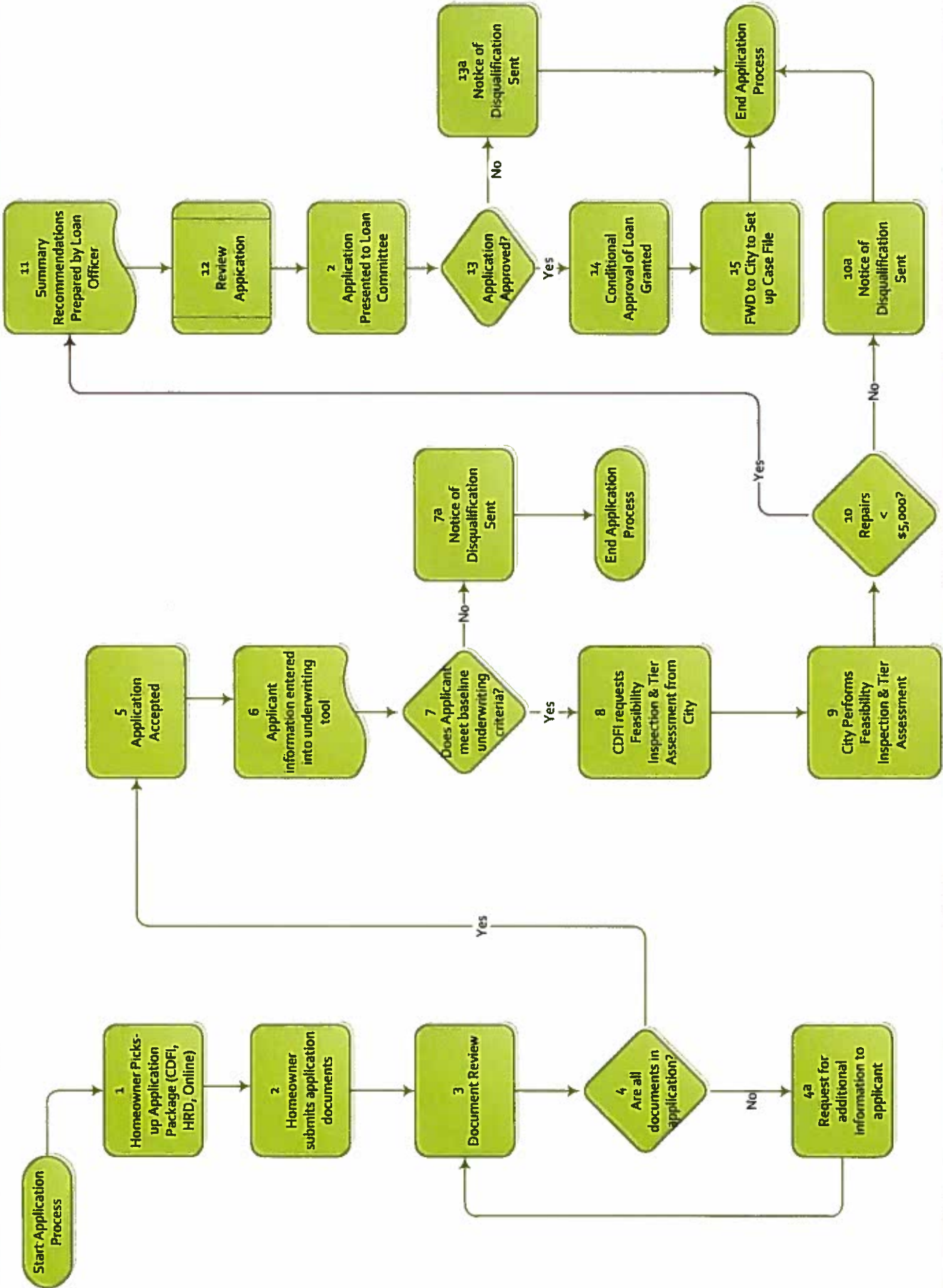


CDFI

City of Detroit - HRD

LISC

Application Process - CDFI



Application Review Process

