

Questions and Answers as of July 1, 2024, CHFA 271-Request for Proposals (“RFP”) Loan Servicer (Single Family):

---

***Question: Does the RFP include all Downpayment Assistance Program loans, regardless of the current servicers?***

Answer: The RFP does not include servicing existing portfolios of DAP loans. It is for servicing new loans over the next 5+/- year period.

---

***Question: If someone currently subservices a portfolio of loans for CHFA, are these loans included in the population of Portfolio Loans described in the RFP?***

Answer: Only if CHFA elects to transfer those loans to another servicer.

---

***Question: Are all 10,405 Portfolio Loans in scope for this RFP? What initial and subsequent volume of bulk portfolio transfers, if any, are expected and during what timeframe?***

Answer: CHFA currently utilizes 19 servicers servicing approximately 41 loan portfolios. From time to time, decisions are made to consolidate certain portfolios, or to transfer servicing responsibilities due to poor performance of a given servicer, or the desire of a given servicer to exit the loan servicing business. It is CHFA’s practice to have pre-approved servicers available to accept the transfer of such loans. The only planned transfer at this time is the transfer of a DAP portfolio consisting of 6,300+/- DAP loans with a UPB of approximately \$78 million.

---

***Question: Please provide a list of servicers/subservicers and servicing systems being used currently to service or subservice the 10,405 Portfolio Loans.***

Answer: Not relevant to this RFP.

---

***Question: Please provide the number of investors (e.g. Fannie Mae, Freddie Mac, Ginnie Mae, other) in scope for the 10,405 Portfolio Loans.***

Answer: All 10,405 are whole loans owned by CHFA.

---

**Question:** *What is the Loan Origination System(s) (LOS) being used for: 1) Flow Loans and 2) DAP loans?*

Answer: It is a proprietary system, built and maintained by CHFA.

---

**Question:** *Who is the investor/guarantor for the 244 Flow Loans that are not eligible for GNMA, FHLMC and FNMA securitizations?*

Answer: These are whole loans owned by CHFA.

---

**Question:** *Please confirm if the Portfolio Loans and new loan originations to be converted to the new Subservicer have freely-transferable life-of-loan real estate tax service contracts, and please provide the name of the vendor(s) who provided these contracts.*

Answer: Portfolio Loans may have a transferable tax service contract; it depends on the servicer. Flow Loans will not have a tax service contract.

---

**Question:** *For CHFA's Time To Own ("TTO") forgivable loans:*

- a. Are these seasoned loans or flow loans (new origination) in scope?*
- b. Are the TTO loans in addition to the DAP flow loans that are in scope?*
- c. Do these loans require separate monthly billing statements to be sent to these borrowers?*
- d. Do these loans have any escrow administration or tracking requirements?*
- e. Limited responsibilities were described for the TTO loans. Please confirm the following services are NOT needed and as such, the subservicer will not be responsible for them as it relates to the TTO loans:*
  - i. Monthly billing*
  - ii. Payment collection*
  - iii. Customer service*
  - iv. Collections, loss mitigation and default management*
  - v. Borrower year-end (1098, 1099) and IRS reporting.*

Answer:

- a. Flow Loans.
- b. Currently, a loan may have one or the other, but not both.
- c. TTO loans are interest free. There is no monthly statement required.
- d. No escrow. Tracking to the extent that 10% is forgiven on each one-year anniversary over a 10-year period.
- e. No billing; Payment collection when a TTO loan is paid off prior to the 10<sup>th</sup> anniversary; Customer service – payoff quotes as requested and mortgage releases; Default management – to be handled by CHFA; Currently, no year-end tax reporting.

---

***Question: What date is being proposed for the in-person meeting?***

Answer: CHFA may or may not require in-person meetings.

---

***Question: Please confirm the exact requirements for the servicer under the following, i.e. what are the exact file audit and/or reporting requirements for the servicer to “ensure compliance”:***

***“For Flow Loans, coordination with Participating Lenders to ensure compliance with CHFA requirements and maintenance of continued contact with Participating Lenders to ensure the timely delivery of properly documented files.”***

Answer: CHFA document requirements follow industry standards and are consistent with the requirements of FNMA, FHLMC and FHA.

---

***Question: For any potential immediate and/or future bulk portfolio conversions, will the new servicer be required to perform any audit on these loans to ensure prior compliance with CHFA requirements?***

Answer: CHFA expects the new servicer will follow all industry standards in performing due diligence on a portfolio being boarded onto their systems, from inventorying collateral documents, scrubbing data transfer files to portfolio reconciliations with the former servicer.

---

***Question: Does the servicer have any responsibility or liability for missing documents under “ensure the timely delivery of properly documented files”?***

Answer: In accepting a transfer of Portfolio Loans, the servicer only needs to identify the missing collateral documents and notify CHFA of those missing documents. The servicer selected to service CHFA’s Flow Loans is responsible for ensuring a complete file of collateral and loan file documents being provided from the lender.

---

***Question: Please confirm that no escrow administration or tracking is required for the DAP loans.***

Answer: No escrow administration is required for the DAP portfolio; however, the DAP servicer is required to also service TTO loans as described in the RFP.

---

***Question: For the DAP loans, are separate monthly billing statements required to be sent to these borrowers?***

Answer: DAP loans require a monthly billing statement which can be delivered via mail or electronically. If servicers allow borrowers an option to receive or access a monthly bill electronically, and they elect to do so, that is acceptable with CHFA.

---

***Question: Under the requirement for the subservicer to “follow all investor/guarantor guidelines” and to “perform all required servicing and reporting activities”, please confirm that the scope of these responsibilities is limited to subservicing activities only and does not include any of the requirements that CHFA has as the owner of the loans and the official servicer of record, e.g. origination indemnifications, loan buybacks or repurchases, funding delinquent P&I advances to investors, etc.***

Answer: The majority of CHFA’s portfolio is serviced by servicers versus subservicers, although CHFA has subservicing contracts as well. The delineation of responsibilities will be established by the subservicing contract between CHFA and the subservicer.

---