



## **Housing Preservation Loan Program Loan Origination and Servicing RFP – Q&A**

**Q1: How large do you expect the program to be (in dollars and borrowers)?**

A1: The Philadelphia Redevelopment Authority's ("PRA") Housing Preservation Loan Program ("HPLP") will be supported by proceeds generated from up to \$40M in bonds authorized by the City of Philadelphia ("City"). The PRA cannot specify how many loans are anticipated to be originated during this pilot program.

**Q2: Do you have reason to believe there is a market for the HPLP?**

A2: Yes, data support the need for accessible home repair loans. For example, according to Home Mortgage Disclosure Act (HMDA) data, approximately three out of every five Philadelphians who applied for repair loans between 2012 and 2014 were denied—twice the national average.

**Q3: When do you anticipate the start date of the HPLP?**

A3: Implementation is targeted for the summer of 2018.

**Q4: The evaluation section states that respondents who select the credit enhancement option get an extra five (5) points. Does that mean there are two separate scoring criteria?**

A4: No.

**Q5: Page 6 of the RFP states that borrowers must possess clear title to the subject property. Does that mean that potential borrowers may not have a first mortgage?**

A5: Borrowers may have a first mortgage on their property. Potential borrowers must show that they have record ownership of the property such that an insurable mortgage in the potential borrower's name can be recorded against the property. The potential borrower must also not have any other outstanding liens or judgments against the property (other than (i) superior, current mortgages, (ii) liens for which there is a current payment agreement with the City, and/or (iii) Licenses & Inspections violations relating to issues for which a potential borrower is seeking home repair loan proceeds).

**Q6: The RFP states that a borrower's credit score must be at or above 580. Considering that Program Intermediaries (PIs) will be taking steps to reduce the risk to lenders by providing technical assistance to borrowers, are there any circumstances where someone with a credit score below 580 may still be eligible for a home repair loan?**

A6: Financial institutions may not originate loans to individuals with credit scores below 580. As the program develops and we gather data on portfolio performance PRA and the City may decide to adjust the underwriting criteria, which may include the credit score floor.

**Q7: Do loans have to be secured?**

A7: Yes, but PRA may deem it appropriate to make occasional exceptions.

**Q8: Could borrowers take out a line of credit?**

A8: No, only home repair loans may be originated through this program as described in the RFP.

**Q9: Under the credit enhancement option, PRA has offered to buy down the interest rate so that borrowers pay 3% interest. How will this be disclosed to borrowers to ensure PRA and lenders are compliant with truth and lending regulations?**

A9: Lenders who are selected will be responsible for compliance with all Truth in Lending Act ("TILA") disclosures and all other applicable laws. The PRA will work with selected lenders on any compliance issues, but ultimate responsibility for compliance will rest with the selected lenders as they will be the originators and servicers of the HPLP loans.

**Q10: Since the pre-bid meeting was moved back, will the RFP response due date be moved back too?**

A10: No.

**Q11: If an organization has the capacity to respond to the financial services RFQ, the Program Intermediary RFP, and the Evaluator RFQ, would it be eligible?**

A11: Yes, but that organization would not be scored any differently than other respondents. There may additionally be concerns about a conflict of interest in that situation.

**Q12: Is PRA interested in including acquisition and rehabilitation loans in addition to home repair loans?**

A12: No. At this time only home repair loans will be originated through this program.

**Q13: Once Financial Institutions and Program Intermediaries are chosen, will there be room for third-party institutions to provide programmatic guidance?**

A13: We cannot commit to this possibility at the present time.

**Q14: Can institutions respond to the RFQ solely as a servicer without already having identified a partner to carry out origination?**

A14: No, servicers must bid in collaboration with an institution that will originate loans under the terms of this program.

**Q15: In the credit enhancement scenario, when will PRA wire the amount the interest is being written down to financial institutions? What happens if borrowers pre-pay their loan?**

A15: PRA will wire the payment to financial institutions within fifteen (15) days of loan closing. In the event that a borrower pre-pays their loan, financial institutions will not be expected to pay back the difference in interest to PRA.