

**REQUEST FOR PROPOSALS FROM
MASTER SERVICER
FOR
SINGLE FAMILY HOUSING CONTINUOUS
LENDING
MORTGAGE REVENUE BOND PROGRAM**

**SPECIAL NOTE: YOUR IMMEDIATE ATTENTION IS CALLED TO SECTION I.C.
YOU NEED TO SEND TO US AN E-MAIL ADDRESS FOR
TRANSMISSION OF NOTICES OR INQUIRIES.**

May 27, 2011



**Arkansas Development Finance Authority
900 West Capitol, Suite 310
Little Rock, AR 72201
(501) 682-5900**

SECTION I: INSTRUCTIONS TO PROPOSER/GENERAL INFORMATION

A. PROGRAM INFORMATION. The Arkansas Development Finance Authority (the “Authority” or “ADFA”) is seeking professional service proposals to serve as Master Servicer (“Master Servicer”) of mortgage loans originated under its continuous funding MRB Program for the Authority’s current open indentures.

ADFA initiated continuous loan funding in July 1998 for the purpose of purchasing mortgage-backed securities guaranteed by agencies of the United States government and secured by pools of mortgage loans which have been originated by participating lenders to qualified persons in Arkansas. The Authority currently has two open resolutions. The first is the 1995 General Resolution, and the second is the Home Ownership Revenue Bond General Resolution, adopted in 2009 (“2009 Resolution”). The 2009 Resolution was created in conjunction with the Authority’s participation in the U.S. Treasury’s New Issue Bond Program (“NIBP”). It is anticipated that the Master Servicer under this RFP will be pooling and servicing loans under both resolutions. Furthermore, the Authority expects this Master Servicer to provide the loan level information that meets the NIBP disclosure requirements.

All mortgage loans originated under the program must be in compliance with standard requirements of the United States government agency or government sponsored enterprise that issue the mortgage-backed securities and must be made to persons who qualify under ADFA program rules.

In conjunction with the mortgage revenue bonds, ADFA will also offer second mortgages continuously for the purpose of down payment and closing cost assistance. Second Mortgage loans will be amortized over a ten-year period to provide the down payment and closing cost assistance. **The selected Master Servicer will be required to service both loans and allow the borrower to make one payment to cover both the first and second mortgage loans.** The second mortgages must meet Federal Truth-in-Lending Disclosure requirements and any other applicable state and federal lending regulations.

Approximately 50 lenders could originate approximately 1,000 FHA-insured, VA-guaranteed, R.D.-guaranteed (Formerly FmHA) or conventionally insured loans (per year) and sell them to the Master Servicer at approximately 100% of the current mortgage balance. [Note: Currently the program is not accepting conventional loans, but this could change in the future.] The Master Servicer will pay an agreed upon servicing release premium to the originating lender. The Master Servicer will pool the loans into GNMA, Fannie Mae or Freddie Mac securities and will sell the securities to a Trustee or to another purchaser as directed by ADFA at a price of approximately 100% of their par amount plus accrued interest.

The Master Servicer will enter into a Program Administration and Servicing Agreement. The Master Servicer will be expected to purchase loans from Arkansas lenders on a daily basis. The Master Servicer will be expected to issue or cause the issuance of GNMA, Fannie Mae and Freddie

Mac mortgage-backed securities on a weekly basis if the aggregate amount of qualified mortgage loans on hand is enough to comprise a pool (preferably meeting the GNMA I minimum). [Note: Based on current program activity, it is expected that bi-monthly issuance will be adequate.]

The Master Servicer selected will be required to discuss its performance at least annually or more frequently as requested by ADFA.

The term of this engagement will be for one (1) year with the possibility of being extended for additional one (1) year terms, with a maximum of six (6) extensions.

B. SUBMISSION OF PROPOSALS. Written proposals responding to the questions and requests for information in the manner specified in this Request For Proposal (“RFP”) should be submitted to the following:

rfp@adfa.arkansas.gov

To be considered, one (1) copy of the proposal should be delivered to ADFA not later than June 17, 2011, by 12:00 p.m. (CST). Late proposals will not be accepted. ADFA reserves the right to reject any and all proposals.

C. ADDITIONAL INFORMATION. It is the responsibility of the proposer to inquire about and clarify any aspect of the RFP. Questions should be directed to Murray Harding (Murray.Harding@adfa.arkansas.gov), Single Family Manager, at (501) 682-5974 or Patrick Patton (Patrick.Patton@adfa.arkansas.gov), Vice President for Internal Audit, at (501) 682-5902. Substantive questions and answers will be documented in letter form and will be sent by electronic mail to those who provide us with an e-mail address. **IN ORDER TO BE ON THE DISTRIBUTION LIST FOR INTERNET TRANSMISSION OF ALL RESPONSES TO INQUIRIES, YOU MUST IMMEDIATELY ADVISE PATRICK PATTON OF ADFA THE INTERNET E-MAIL ADDRESS TO WHICH YOU WANT ALL SUCH TRANSMISSIONS SENT.**

D. PROPERTY OF ADFA. Any information or materials submitted as a response to this RFP shall become the property of ADFA and will not be returned. All submitted materials will be available for public review.

E. RESPONSE TO REQUEST FOR PROPOSAL. Master Servicers wishing to respond to this RFP may contact the Staff Chair of the Professional Selection Committee, Patrick Patton. **NO CONTACT WITH ADFA BOARD MEMBERS IS ALLOWED, AND ANY SUCH CONTACT WILL BE GROUNDS FOR IMMEDIATE REJECTION OF A COMPANY’S PROPOSAL.**

F. SELECTION TIMETABLE.

May 27, 2011

Request for Proposal Issued

June 17, 2011	Proposals Due @ 12:00 p.m.
TBD	Oral Interviews
July 21, 2011	Board Action (ADFA resolution appointing Master Servicer)
TBD	Submission to Legislative Committee for contract review (if required)

G. SELECTION PROCESS. The ADFA Staff Professional Selection Committee will review the submitted proposals. Proposals will be evaluated based on responses to specifics outlined in the Proposal Format section of this RFP and based upon the selection criteria. Proposals, which omit any of these items, may be rejected as non-responsive. From this review, a select group of firms could be chosen for interviews. All proposing firms will be advised of the firms selected. The Board of Directors Professional Selection Committee will make its decision on a recommendation for selection, which will be reported to the Board of Directors of the Authority. The final selection will be made by a vote of the full Board.

ADFA may at any time prior to the selection of Master Servicer reject any and all proposals and cancel this RFP, without liability therefor, upon finding that there is good cause for rejecting all proposals and that it would be in its interest to cancel the solicitation. Further, regardless of the number and quality of proposals submitted, ADFA shall under no circumstances be responsible for any proposer costs and expenses incurred in submitting a response to this RFP. Each proposer who submits a response does so solely at the proposer's cost, risk and expense. ADFA accepts no responsibility for the return of successful or unsuccessful proposals. This RFP in no way obligates ADFA to select a firm.

H. SELECTION CRITERIA. The Staff Professional Selection Committee, composed of selected members of ADFA, will review the proposals. The Committee generally will use the following criteria to evaluate all acceptable proposals and to develop recommendations to be presented to the ADFA Board Professional Selection Committee; however, the Committee reserves the right to evaluate proposals based upon factors beyond the listed criteria.

Criteria

1. Ability of Servicer to comply with the scheduling requirements of ADFA.
2. Ability of Servicer to meet the requirements of the Program as Servicer.
3. Prior experience with loan origination and servicing, including experience with FHA/VA-insured loans and GNMA/FNMA/FHLMC-guaranteed pools.
4. Prior experience with tax-exempt bond programs.

5. Current experience with the U.S. Treasury's New Issue Bond Program, including providing quarterly loan level disclosure reports.
6. The qualifications of the individual personnel assigned to the contract.
7. The responsiveness of the proposal to the questions and needs identified by ADFA.
8. The firm's presence within Arkansas and its relevance to this transaction.
9. Any prior experience of the proposer with ADFA.
10. The proposed Servicing Release Premium of the Servicer.

ADFA reserves the right to award the contract to the firm which will best meet the qualifications required by ADFA, which may or may not be the firm with the lowest bid. ADFA also reserves the right to reject any and all proposals prior to execution of the contract with no penalty or cost to ADFA. ADFA will pay special attention to responsive Servicers which are managed and owned within the State of Arkansas. ADFA will reference all potential Servicers with Fannie Mae, GNMA and Freddie Mac prior to approving the bidder as the Servicer for the Program.

SECTION II: SCOPE OF SERVICES AND REQUIREMENTS

The Master Servicer will be expected to perform all the normal duties associated with the pooling and servicing of the mortgages including, but not limited to:

1. Credit underwriting;
2. Accept mortgage payments for first mortgages as well as subordinate liens, where repayment is required, in one combined payment for each borrower;
3. Provide annual escrow analysis;
4. Pay taxes and insurance when due;
5. Issue all required IRS reporting;
6. Submit MIP and PMI premiums;
7. Submission of certain appropriate mortgage data via an internet interface to ADFA;
8. Provide loss mitigation services and assistance to borrowers whose loans become delinquent;
9. Work with approved Arkansas homebuyer counselors to help new first time homebuyers who may be delinquent;
10. Participate in meetings with lenders, when requested by ADFA, regarding the ADFA program;
11. Provide monthly reports to ADFA on lender performance;

12. Purchase first mortgage loans from participating lenders and pool into mortgage backed securities; ADFA shall be provided a copy of the Issuer Schedule of Pooled Mortgages Form (or other form detailing loans being pooled) and Notification of Delivery form for ADFA approval prior to pooling.
13. Track first mortgage pools by certain designations (i.e., ADFA warehouse or bond series designation).
14. Purchase second mortgage loans from participating lenders and pool the second mortgages for monthly purchase by ADFA;
15. Provide monthly reports to ADFA detailing delinquencies of both first and second mortgage loans;
16. Provide ADFA and trustee monthly reports detailing GNMA and FNMA monthly remittance amounts and pool balances (no later than the 10th of each month);
17. Provide a monthly single debit report package and remittance for the 2nd lien payments.

In addition, the selected Master Servicer will be expected to assist ADFA in meeting the NIBP loan level disclosure requirements, for all loans purchased by the 2009 Resolution.

SECTION III: STATEMENT OF QUALIFICATIONS

An updated statement of qualifications should be maintained on file at ADFA for all firms submitting proposals as Master Servicer.

SECTION IV: PROPOSAL FORMAT

A. TRANSMITTAL LETTER. A one-page transmittal letter prepared on proposer's business stationery should accompany the proposal.

B. PROPOSAL. The proposal should be labeled "Arkansas Development Finance Authority Single Family Housing Continuous Lending Mortgage Revenue Bond Program." The submission must contain sufficient information to enable the ADFA Staff and Board Professional Selection Committees to evaluate the proposal. It should be prepared in a clear and concise manner and should address each of the following items as well as those outlined in Exhibit B:

1. The total volume of mortgage loans originated and pooled for mortgage-backed securities during calendar years 2009 and 2010.
2. The total volume of mortgage loans presently serviced for GNMA, Fannie Mae, and Freddie Mac mortgage-backed securities.
3. The volume of all mortgage loans presently serviced for housing finance agencies and in total for your institution.

4. The GNMA, Fannie Mae and Freddie Mac delinquency and foreclosure ratio breakdown of loans serviced in Arkansas, for the past 2 years.
5. The number of full time employees engaged in mortgage loan pooling and servicing and any additional staff to be employed if you are selected to be the master pooler/servicer for this program.
6. List the individuals who will be working directly with the ADFA staff on this program. Give a brief summary of their qualifications and experience.
7. The Servicing Release Premium you will pay on the principal balance of each loan at the time of its purchase from the originating lender. (Note: Currently, ADFA allows a portion of this premium to be paid to the participating lenders and a portion is paid to ADFA.)
8. Please list all fees that would be charged to ADFA, the originating lender, the borrower or any other party involved in the transaction.
9. Describe the maximum time from receipt of all loan documents until tender of payment to the mortgage lender. Detail your loan tracking system (from origination to pooling) and typical timeframes for each category.
10. Please comment on your financial condition and any issues that might impact your ability to carry out this assignment.
11. Please give the location, address and telephone number of your headquarters along with the name of a contact person and that person's contact information, including email address.
12. Any specific requirements or concerns you have regarding the program or duties to be assumed by the master pooler/servicer.
13. Please indicate what type of mortgage system you use and some of its main capabilities.

C. Uniform Single Attestation Procedures for Mortgage Bankers (USAP). Please provide a copy of your company's latest USAP report along with any explanations that may need to be included.

D. Arkansas Presence. Please explain your firm's presence within Arkansas and describe how that presence is relevant to this proposed transaction.

E. **Equal Opportunity Statement.** Please submit your Equal Opportunity Policy to ADFA in accordance with Arkansas Act 2157 of 2005. This act requires any firm wishing to respond to an RFP or submit a proposal or statement of qualifications to provide ADFA with your Equal Opportunity Policy.

F. **Acceptance.** Submission of proposals, in response to this Request for Proposal, constitutes acceptance of all conditions, requirements and limitations described in this document.

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM
MASTER SERVICER REQUEST FOR PROPOSAL**

EXHIBIT A - Non-Participating Response

Please tell us why you are not interested in bidding to be the Servicer of our Programs for the June 2011 – June 2012 cycle. Please be as specific as possible so that we can use your input to structure future deals in which you may have an interest. We are interested in your input. Thank you for your attention to this matter.

Company: _____

Authorized Officer: _____

Date: _____

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM
MASTER SERVICER REQUEST FOR PROPOSAL**

EXHIBIT B - Servicing Bid Form

Please respond to the following:

1. Institution:
 - a. Company Name: _____
 - b. Address: _____

 - c. Contact Person: _____
 - d. Telephone Number: _____
 - e. Fax Number: _____
 - f. Email Address _____

2. Organization Type:
_____ Mortgage Company _____ commercial bank
_____ S&L _____ private mortgage insurance company
_____ Other _____

3. Types of mortgage loans you are approved to originate and service:
_____ FHA _____ VA
_____ USDA - RD _____ FHLMC
_____ FNMA _____ Other _____

4. How many years has your organization been in business? _____

5. Are you currently qualified to do business in Arkansas? _____

6. What is the geographic scope of your operation?
_____ part of state (which part or parts) _____
_____ state-wide _____ regional
_____ national _____ international

7. Arkansas operations:
 - a. How many offices and employees do you have in the State of Arkansas? _____

EXHIBIT B - Servicing Bid Form (continued)

- b. How many and what dollar amount of loans do you service in Arkansas? _____
- c. Where is your corporate head office/headquarters and/or parent located? _____

8. What is your organization’s volume of the following servicing in-house?
 Fannie Mae _____
 GNMA _____
 Freddie Mac _____

9. How many and what dollar amount of loans do you service for housing finance agencies? _____

10. What is your organization’s capital base? _____

11. Please include the most recent audited financial statements of your organization.

12. Please provide your proposed Servicing Release Premium (as a percentage of loans acquired):

	Government/GNMA	Conv/FreddieMac	Conv/FNMA*
SRP			

*Assume FNMA Affinity with 9.5 guaranty fee

13. Please provide any fees that will be charged for the services detailed in this proposal, stated on a per loan basis.

14. Please give the address, contact person and specific functions of all of the offices which will be involved in the Program. Use a separate sheet if necessary.

15. Describe your organization’s capabilities to act in the capacity of Master Servicer and how your institution will provide the required services.

**MASTER SERVICERS
TO RECEIVE RFP'S**

CONTACT	CONTACT
AmeriNational Community Services, Inc. Sue Vickers svickers@amerinational.net	CitiMortgage, Inc. Danny Gardener Danny.gardner@citigroup.com
Dennis Starcher dstarche@calfed.com	Graystone Mortgage Corporation David Miner dminer@gmc-mtg.com
Prudential Mortgage Amy Rubin Amy.rubin@prudential.com	Bank of America Carolyn Dawson Carolyn.dawson@bankofamerica.com
US Bank Sheryl Krocek sheryl.krocek@usbank.com Elmer.helbig@usbank.com	