

WAKE COUNTY AFFORDABLE HOMEOWNERSHIP PROGRAM (AHP) ADMINISTRATOR RFP QUESTIONS AND RESPONSES

1. Is the County looking to select one organization as the administrator for the entire program or might there be more than one?

The County is looking for one administrator to administer the entire program.

2. Would the County consider an administrator for the deferred mortgage part of the program and a different administrator for the foreclosure prevention program? Or would they prefer it be the same organization?

We prioritize having one administrator for both sections of the Program.

3. If the Affordable Homeownership Program is used in conjunction with other deferred second mortgage programs, is the County forgivable loan expected to reduce the first or the second mortgage?

The County loans should reduce first mortgage payments when being used in conjunction with other affordable homeownership lending programs (Habitat, NCHFA), as we believe that will confer the most savings to the borrower.

4. When are loan funds disbursed? When are administrative fees disbursed?

Loan funds will be disbursed on a reimbursement basis. We require the administrator to have enough cash on hand to initiate loans at the outset of the program. Administrative fee disbursement will be finalized in the contract between Wake County and the selected administrator. Wake County's preference is for monthly or quarterly invoices that include an administrative fee either as a percentage of transaction volume or a set fee agreed upon during contracting.

5. Are funds deposited with the administrator to fund closings or are funds wired directly from the County to the escrow agent for each closing?

The administrator is required to have cash on hand for initial closings and will be reimbursed.

6. Although our team ensures that our qualified homebuyers have good credit scores, and we address any questions during our homebuyer training sessions, we do not require a numerical credit score. Is this adequate for this program?

The RFP states that borrowers must have a minimum credit score of 640 to qualify. Wake County wants to serve borrowers with limited income but who are likely to remain current on their mortgage payments. However, the minimum credit score could be renegotiated with the

issuance of a new contract assuming adequate supporting data and approval from Wake County.

7. Is the \$500,000 intended to be used over a year and upon signature of the contract? Or does this only apply to CDBG funds? And does the annual renewal come with an additional pool of funds or is it an extension that allows the unused funds to be disbursed?

The intent is for the entire \$500,000 to be disbursed during the contract year, as it will be replenished and potentially increased in following contract years depending on the County budget. Unused funds will roll over to the next year but an inability to spend the full funding amount each year would be considered in the annual review of satisfactory administrator performance. The \$500,000 contains both CDBG and County funds but will be treated as one pool.

8. Will the County be required to review documents or affidavits prior to home closings?

No, but Wake County will review all documentation templates prior to program launch to ensure compliance with program and County standards. Additionally, Wake County will review processes and documents at least annually to ensure that the program is operated in accordance with Federal CDBG regulations.

9. Will Wake County take 3rd lien position?

Wake County desires the highest lien position available but may subordinate based on the funding amount or requirements of other sources. We recognize that the Affordable Homeownership Program may be used in conjunction with other programs.

10. Will all of the loan documents be created by your legal team or will the Administrator be responsible for creating the documents?

The Administrator will need to create documentation in accordance with CDBG regulations and program guidance, and Wake County will review and approve all documentation prior to the program launch.

11. Will the loan documents be in Wake County's name or the Administrator?

Loan documents will be in Wake County's name.

12. Please clarify – the program can be used for “principal reduction” in the form of second mortgages but not for “down payment assistance”.

Correct. CDBG funds cannot be used for down payment assistance but can otherwise be used for home purchase assistance. Our loans will reduce the overall principal amount of the first mortgage but are not to be used as a down payment.

13. Borrowers can have up to \$60,000 in liquid assets. Why would we want to provide \$20,000 to someone with \$60,000? Doesn't this pull from families who really have a need for the funds? Would they be expected to invest some of their own funds into the transaction?

The Program is meant to target individuals who are able to contribute some down payment to their home purchase. While unlikely, we do not want to exclude borrowers who have assets but are otherwise income-limited. In a pool of potential borrowers that includes households with liquid assets but others without, we would want the administrator to prioritize those without. Part of our administrator review considers proposed evaluation processes.

If an administrator wishes to propose a different asset limit or targeting priority, such a proposal can be submitted with their application and will be considered by Wake County.

14. Can the required 3 months of mortgage payment reserves come from gift funds or include funds in a retirement account?

Wake County will defer to the Administrator's recommendation.

15. Is a home inspection required for home purchases (regardless of the age of the home) and the foreclosure prevention program? Is the Administrator expected to do a site visit?

Yes, a home inspection is required for home purchases. The administrator is not necessarily expected to conduct the site visit/inspection but if they do not, must demonstrate that they have processes in place to review inspection work.

16. Is on-line education acceptable?

Yes.