



## **REQUEST FOR PROPOSAL MORTGAGE DEFAULT COUNSELING**

### **Purpose:**

DSHA, in partnership with the City of Wilmington and Discover Bank, is issuing a Request for Proposals (RFP) to identify HUD Approved housing counseling agencies in Delaware willing and able to expand their capacity for a 12-month period to offer timely assistance to homeowners facing mortgage default. Specifically, this funding is intended to ensure that Delaware Foreclosure Mediation Program applications are processed and submitted within the 2-week timeframe outlined in the Superior Court administrative directive creating the program.

The selected respondent(s) to the RFP will receive funding at the beginning of a twelve month performance contract. DSHA expects to fund approximately \$250,000 for mortgage default counseling in 2010 - \$120,000 for New Castle County including the City of Wilmington, \$65,000 for Kent County, and \$65,000 for Sussex County. The total amount of funding available and its distribution is subject to change but will be finalized before grant agreements are drafted. Selected program will have a one-year budget. New funds must increase the agency's capacity and not replace other sources of funding.

In order to realize funding efficiencies and best target the counseling capacity increases, DSHA is looking to fund the fewest grant agreements possible while still ensuring counseling capacity increases in each geographic area of the state.

This project was financed in part by the City of Wilmington through a FY2010 Community Development Block Grant from the Department of Housing and Urban Development under the provisions of the Housing and Community Development Act of 1974.

### **Context:**

Prior to 2007, Delaware averaged only about 2,000 foreclosure filings per year. 2008 saw a 125% increase to 4,500 foreclosure filings, and in 2009 the state saw another 37% increase to 6,157 foreclosure filings. Projecting forward with current figures both from Delaware filings records and the National Delinquency Survey's reports of foreclosure starts, an estimated 7,000 filings are expected in 2010.

Housing Counseling agencies reported seeing 2,175 mortgage default counseling clients in FY 2009 (July 2008 – June 2009). In this same time period, 5,435 foreclosure filings were reported in the state, meaning that the number of clients was 40% of the number of filings. We are projecting 7,000 filings in Delaware in 2010 and an increase in the number of households seeking counseling due to more marketing and the impact of the Court Foreclosure Mediation program. We project there may be as many as 3,500 households seeking mortgage default counseling in 2010.

There have been many national, state and local marketing initiatives, task forces, websites, and hotlines designed to inform people experiencing mortgage problems who they should contact. In virtually all cases, these initiatives point consumers to HUD-approved housing counseling agencies. A major goal of the media blitzes has been to encourage families to contact their lender or a housing counseling agency (make the call) as soon as they experience a problem, in order to have the best opportunity for success.

Governor Jack Markell's foreclosure prevention plan recognizes that mortgage default counseling is the best resource available to homeowners seeking to save their home from foreclosure. To implement this plan, DSHA, in cooperation with the Office of the State Banking Commissioner and the Attorney General, has undertaken a new marketing campaign designed to make sure that families facing foreclosure have access information, to their lenders and to programs such as Delaware Emergency Mortgage Assistance Program (DEMAP). The marketing message revolves around getting help early in the process and working with a mortgage default counselor. In addition, the state has hosted servicer events in all three counties and continues to support the mortgage default workshops taking place on – at least – a weekly timetable.

The new foreclosure mediation program launched by the Superior Court will dramatically change the homeowner-counselor relationship. Not only will an estimated 2,450 homeowners file a mediation program application through a housing counseling agency per year, but it will require an application turn-around time of less than 15-days. All of the mediation program participants must meet with a mortgage default counselor. If the counseling capacity is not sufficient to handle the number of cases within the deadlines, it is both the homeowner and the lender that are deprived of an opportunity to participate in the mediation session.

**Activities:**

This grant is intended to increase the capacity of housing counseling agencies to perform mortgage default counseling. The increased capacity should allow the agency to accept more homeowners as mortgage default clients— specifically, this grant is intended to ensure that all homeowners are given priority in order to meet the application deadlines associated with participation in the Delaware Foreclosure Mediation program.

This grant may be used to hire the necessary personnel to meet counseling goals but who must not necessarily be a certified housing counselor. We encourage counseling agencies

to leverage existing resources to increase their overall caseload. Grant funds may be used by the applicant to fund direct and indirect costs associated with increasing default counseling.

**Submission Requirements:**

1. All proposals shall be submitted on the organization's letterhead. The proposal must include the legal name of the organization and be signed by a person legally authorized to represent the organization.
2. All proposals must be received no later than February 16th, 2010 at 2:00 PM local time at Delaware State Housing Authority, 18 The Green, Dover, DE 19901.
3. No telephone, electronic, facsimile, or oral proposal will be accepted.
4. Once the proposal is submitted, it may not be modified without the consent of DSHA.
5. Responses must be limited to 10 pages, exclusive of a cover letter and exhibits.

**Proposal Information:**

1. Proposals, which contain erasures, alterations, conditions, omissions, or irregularities, may be rejected.
2. Proposals will be opened privately.
3. Submission of proposal indicates acceptance by the organization of the conditions contained in the RFP, unless clearly and specifically noted in the proposal submitted and approved by DSHA.
4. The proposer shall wholly absorb all costs incurred for the preparation of the proposal presentation. All supporting documentation submitted with the proposal will become the property of DSHA, unless otherwise requested by the proposer at the time of submission and agreed upon by DSHA.
5. DSHA reserves the right to use any ideas in a proposal regardless of whether that proposal is selected.
6. DSHA may request additional information or clarification from proposers during the evaluation process.
7. DSHA reserves the right to reject any and all proposals, to accept or reject any part of any proposal, or to waive informalities and minor irregularities in the proposals.

**Proposal Outline:**

**1. Organizational Capacity and Past Performance**

- a. Provide a brief description of your agency's foreclosure counseling performance for calendar year 2009. Include:
  - i. Number of phone inquiries
  - ii. Number of new client intakes
  - iii. Number of 1-on-1 counseling sessions

- iv. Number of Delaware Foreclosure Mediation Program applications your agency has filed.
  - v. Percent of clients reaching positive resolutions to the mortgage default
  - vi. Break-down of resolutions by type; please separate according to whether the resolution was reached as a result of the Making Home Affordable program, Delaware Foreclosure Mediation program, or other means.
    - 1. Short sale
    - 2. Deed-in-lieu
    - 3. Brought mortgage current with rescue funds
    - 4. Brought mortgage current without rescue funds
    - 5. Mortgage refinanced into FHA product
    - 6. Mortgage refinanced into non-HFA product
    - 7. Mortgage modified with PITI less than or equal to 38% with at least 5 year fixed rate
    - 8. Mortgage modified with PITI greater than 38% and/or rate fixed for less than 5 years and appears to be sustainable
    - 9. Other, please describe
  - vii. Number of FTE counselor positions on staff
  - viii. Number of hours spent by counselors on foreclosure clients, on average per week
  - ix. Number of non-counselor FTE positions allocated to mortgage default counseling work
- b. Describe the area of operation in which your agency performs mortgage default counseling.
  - c. Describe your agency's volunteer network and how that network is used in helping increase your agency's ability to serve mortgage default clients.

## 2. Implementation/Use of Grant Funds

- a. **Geographic Reach** – Describe the geographic area to be served by the counseling agency including office locations and strategies to make services available.
- b. **Partnerships/Innovation** – Describe potential partnerships and coordination strategies you will undertake with state and non-state entities, volunteer groups, etc.
- c. **New Capacity** – Describe how your agency will temporarily increase its mortgage default counseling capacity. Include information on the costs associated with increasing this capacity, specifically number of full time positions created, salaries, benefits, and short job descriptions. Also

include the anticipated timeline for your agency to increase capacity including hiring, training, etc.

- d. **Services** – Describe the services to be provided using the grant funds. How many new and unduplicated clients will your agency serve as a result of the increased capacity generated by these grant funds.
- e. **Client Flow and Intake (Assuming Grant Award)**
  - i. Describe your agency’s client flow and intake process.
  - ii. Describe your agency’s client flow and intake process for Delaware Foreclosure Mediation Program eligible homeowners.
  - iii. Describe your agency’s hours of operation and how foreclosure counseling services are offered outside of usual business hours.
  - iv. Describe your agency’s policies and expectations about reasonable response times after initial contact and when intake sessions are scheduled including how your agency specifically handles clients who may be eligible for the Delaware Foreclosure Mediation Program.

### **3. Measuring Accomplishments/Quantifiable Outcomes**

- a. Describe your agency’s ability to submit quarterly reports on all mortgage default clients served electronically using data fields similar to the National Foreclosure Mitigation Counseling program requirements.
- b. Describe agency’s current systems and procedures for tracking clients, measuring outcomes, and reporting.
- c. If applying for funds to serve the City of Wilmington, certify that you will be able to collect information on household income and demographics.

#### **Evaluation Criteria and Process:**

DSHA will convene a review panel and will grade responses to this RFP using the following selection criteria (weighted as indicated):

1. Capacity and past performance	40%
2. Implementation/use of grant funds	50%
3. Measuring accomplishments/quantifiable outcomes	10%

This RFP is designed to include information necessary for a funding decision. However, Delaware State Housing Authority reserves the right to ask for additional information during the review process.

### **Award and Execution of Agreement:**

The applicant agrees, if successful, to execute an agreement with DSHA within thirty (30) days after awards are announced.

### **Reporting and Monitoring:**

DSHA reserves the right to rescind its commitment if it is determined that funds are not being appropriately utilized or contractual obligations are not being met.

DSHA will require a quarterly report which accounts for the amount of the funds utilized, counseling data, and a performance measurement report. Reports will include data on all counseling activities performed by the grantee with a specific focus on the new clients served. Reports will be submitted electronically using a pre-determined form.

Counseling data will include but may not be limited to the following:

- a. Client demographic data
- b. Number of phone inquiries
- c. Number of new client intakes
- d. Number of 1-on-1 counseling sessions
- e. Loan type tracking
- f. Percent of positive resolutions
- g. Break-down of resolutions by type; please separate according to whether the resolution was reached as a result of the Making Home Affordable program, Delaware Foreclosure Mediation program, or other means.
  - i. Short sale
  - ii. Deed-in-lieu
  - iii. Brought mortgage current with rescue funds
  - iv. Brought mortgage current without rescue funds
  - v. Mortgage refinanced into FHA product
  - vi. Mortgage refinanced into non-HFA product
  - vii. Mortgage modified with PITI less than or equal to 38% with at least 5 year fixed rate
  - viii. Mortgage modified with PITI greater than 38% and/or rate fixed for less than 5 years and appears to be sustainable
  - ix. Other, please describe

Further detail of the reporting requirements will be included in the final grant agreements.

**Contact Information:**

An informational conference call will be scheduled for Friday February 5<sup>th</sup> at 10 AM. Please call 1-800-391-2548 and use the password 10725340# to access the call.

All questions concerning this RFP process or grant should be directed to:

Matthew Heckles  
Legislative and Policy Advisor  
Delaware State Housing Authority  
18 The Green  
Dover, DE 19901  
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