Alaska Housing Finance Corporation (AHFC) is an independent public corporation of the State of Alaska that administers a wide variety of federal and state housing programs. AHFC is seeking information from qualified Offerors to provide software solutions for managing AHFC's Mortgage functions.

Currently, AHFC's lending partners include organizations with both origination and servicing departments, organizations that have an arrangement to sell their servicing rights to another approved servicer, organizations that sell their servicing rights to AHFC (to be serviced by our sub-servicer), or some combination of the aforementioned. AHFC also originates certain multi-family loans in-house.

AHFC is exploring the option to replace existing software with software that would handle both origination and servicing functions for AHFC's single family and multi-family loan portfolio. The loans in this portfolio have been or will be originated by a variety of participating lenders and in some cases, AHFC directly.

The solution is to include all of the following mortgage functions:

    A. Mortgage Production
    B. Mortgage Servicing
    C. Mortgage Financing

AHFC currently uses a mix of legacy off-the-shelf and in-house developed software for managing Mortgage functions. A web-based solution is needed to replace applications that have reached beyond their intended life cycles and no longer integrate with current Microsoft platforms.

AHFC is seeking a single solution to meet the needs of this entire RFI, but recognizes that may not be possible. AHFC also recognizes there might be more than one Offeror that provides a solution for managing various AHFC Mortgage functions. Offerors may propose a software solution for any or for all AHFC mortgage functions. With that said, AHFC prefers a single solution and would welcome teaming to provide that single solution for managing AHFC's Mortgage functions.

AHFC has established minimum threshold requirements, functionality requirements, and application abilities that are included in the following:

1.   Attachment "A" includes minimum technical specifications for a customer hosted web application or a hosted web application. <u>This form is a mandatory submittal</u>.

2. Attachment "B" includes mortgage functions and function requirements. <u>This form is a mandatory submittal.</u>

Offerors interested in providing information to AHFC must submit Attachments "A", and "B." Offerors may submit any supplemental or additional information to demonstrate it meets the minimum threshold requirements as well as any information they wish AHFC to consider (no more than twenty (20) pages of supplemental or additional information). The page limit does not include Attachments "A" and "B," and additional explanations as may be required in response to the questions within Attachments "A" and "B."

If the information submitted to AHFC in response to this RFI is determined, in AHFC's sole discretion, to meet or exceed the minimum threshold requirements described in this RFI, AHFC may, in its sole discretion, invite one or more Offerors to demonstrate their respective software functionality in AHFC's network environment for either customer hosted or hosted web applications.

AHFC will not schedule demonstrations with any Offeror who is determined, in AHFC's sole discretion, unable to meet <u>all</u> of the minimum threshold requirements.

Software demonstrations, if any, will be evaluated by AHFC, and if it is determined, in AHFC's sole discretion, that one or more Offerors has demonstrated a solution that meets the needs of AHFC, a Limited Request for Proposals (RFP) will be issued to those Offerors. During the Limited RFP process, AHFC intends to evaluate a fully-functional time-limited trial of the proposed application inclusive of all relevant modules. If applicable, subsequent due diligence activities and contract negotiations will be conducted consistent with AHFC regulations.

Questions may be emailed to Tim Russell at submittals@ahfc.us no later than **3:00 p.m. (Anchorage time) January 25, 2019.**

Information may be submitted in printed copy, by facsimile, or by e-mail as follows:

1. Deadline for submittal: **4:00 pm (Anchorage time) February 6, 2019**. Late submittals will automatically be rejected and will not receive further consideration.

2. Submit documentation to the attention of:

    Andrew Morton, Administrative Manager, Procurement
    Alaska Housing Finance Corporation
    4300 Boniface Parkway
    Anchorage, Alaska 99504
    907-330-8217 fax
    submittals@ahfc.us

Enclosed: Attachment "A" – Minimum Technical Specifications
Attachment "B" – Objectives/Functional Requirements

ATTACHMENT "A"

<u>Customer Hosted Web Application Minimum Technical Specifications</u>

What deployment options does the Offeror provide/support? (On-premise, Private cloud, Public cloud, Hybrid)
- AHFC prefers on-premise deployment scenarios for core business applications.

General Questions, Regardless of Deployment Type

		Yes – The proposed solution is compliant as it exists today	No – The proposed solution is not compliant.
	The proposed solution is web based and adheres to a "zero-footprint" client model for the customer.		
	The application is compatible with Microsoft Internet Explorer version 11.		
	The application is compatible with Microsoft Edge.		
	The application is compatible with Google Chrome		
	The application uses SSL on TCP/443 for all data in transit between client and server. (example: logon credentials, account management, sensitive data, etc.)		
	The application is fully functional with client behind a transparent or SOCKS compliant proxy.		
	The application uses a AAA model for security (Authentication, Authorization & Accounting)		
	The application does not use any Java/Flash/ActiveX BHO components on the client side.		
	The solution is compatible with Microsoft Office Professional Plus 2016, 64-bit		
	Do your email/phone support hours cover the Alaska time zone? AHFC office hours are 8:00am – 5:00pm Monday – Friday.		

ATTACHMENT "A"

On-Premise Specific

		Yes – The proposed solution is compliant as it exists today	No – The proposed solution is not compliant.
	All customer data related to the system, at rest, will be retained on systems residing within the customer's facilities.		
	All application & database tier components are compliant with and fully featured running under operating systems hosted within a VMware ESXi server virtualization environment.		
	Are there any application tier components that are required to be installed on the SQL tier (SQL Server)?		
	Are all database tier components are fully compatible with Microsoft SQL Server?		
	Integration with Microsoft Active Directory via LDAP/LDAPS/ADFS or SAML		

Non-AHFC Private cloud, Public cloud, SaaS or Hybrid Specific

		Yes – The proposed solution is compliant as it exists today	No – The proposed solution is not compliant.
	Are all data centers that the customer's application will run within and where data will reside (including backup/DR) located within the physical and legal borders of the United States?		
	All customer data at rest is encrypted?		
	Offeror provides multiple environment to the customer (Debug, Test, Live, etc)		
	SOC / SSAE Compliant		
	Customer can access server via RDP in all hosted environments?		
	Customer can access database via T-SQL in all hosted environments?		
	Customer can access data via Web API in all hosted environments?		
	Customer can authenticate to application via ADFS or SAML		

Business Functions

This attachment describes the business functions of AHFC for a Mortgage Operations solution. It is divided into four sections: Functionality, Definitions, Programs, and Response. The Functionality section is further divided into six sub-sections: General Functionality, Loan Origination, Loan Portal, Loan Servicing, Loss Mitigation, and Finance and Accounting. The Response section parallels the Overview.

Overview

AHFC operates primarily as a secondary market investor for mortgage loans originated by approved Lenders. AHFC contracts the servicing of purchased loans with approved Servicers. For a small number of loans, however, AHFC operates as the underwriter, servicer, or both. AHFC has collaborated with FNMA, FHLMC, and other third party investors in the past, but does not do so currently. AHFC does not resell loans.

AHFC obtains funding through the issuance of bonds and utilizes the proceeds from those bond sales to purchase mortgages. The interest rate spread between AHFC's cost of funds (required debt service payments) and the payments made by borrowers on the loans purchased provides for additional cash flow to purchase mortgages. In addition, some funding is provided by federal or state grants.

AHFC's mortgage offerings consist of three categories of loans: Single-Family, Multi-Family, and Unconventional. Single-Family loans include loans for purchase or refinance, and second mortgages for owner and non-owner occupied one-to-four unit properties. Multi-Family loans include loans for properties with five or more units. Unconventional loans include loans that otherwise cannot find financing through traditional lenders and mixed-finance loans that receive partial funding from a grant program.

AHFC also facilitates a down payment assistance program, known as the Closing Cost Assistance Program (CCAP), in partnership with US Bank and Raymond James. CCAP loans are direct loans between Approved Lenders and US Bank where AHFC provides the down payment assistance and acts as facilitator.

Additional information about AHFC may be found at https://www.ahfc.us.

Organization

The Finance department is responsible for managing AHFC taxable and non-taxable bonds and the proceeds thereof. The Planning department is responsible for managing the grant programs that are used in conjunction with select Multi-Family loans. The Mortgage Operations department is responsible for managing AHFC's loan portfolio. They perform quality control monitoring of both the Lenders and Servicers and their activities done on behalf of AHFC. The department is organized into two groups: Mortgage Production and Mortgage Servicing.

The Mortgage Production group processes new loans from application to purchase. They are further organized into two sections: Single Family and Multi-Family. The Single Family section oversees AHFC's approved Single Family Lenders. The Multi-Family section oversees AHFC's approved Multi-family Lenders and originates direct loans

The Servicing group purchases approved loans, acts as a Master Servicer for single, multi-family, and sub-serviced loans, and services Unconventional loans.

Functionality

General Functionality

There are certain functions and features that AHFC believes any solution should inherently provide, be available system wide, and be independent of specific business functionality.

A. General Functionality

Tangible examples include the ability to organize and manage tasks using UI customization and personalization, dashboards, and workflows; add notes, comments, and documents to loans and other business objects; generate ad-hoc reports; and be able to exchange data with other systems. In addition, any solution should be intuitive and easy to use.

Loan Origination

AHFC's Single Family mortgage production consists of loans originated by approved lenders and then submitted to AHFC for purchase. The Multi-Family mortgage production consists of both loans originated by approved lenders and loans originated by AHFC. The Unconventional, or Direct Lending, mortgage production is originated by AHFC. This production includes multi-family loans for special needs populations, including senior housing, assisted living, congregate housing, and income eligible housing, which may or may not include the use of a project-operating subsidy.

Lenders are approved for one of three types of underwriting: Delegated, Program Compliance, and Full. The type of underwriting determines the amount of autonomy a Lender has and the documentation they must provide. Delegated Underwriting allows the Lender to perform all underwriting decisions and provide minimal documentation. Program Compliance Underwriting requires the Lender to submit supporting documentation as requested. Full Underwriting requires that the Lender submit the entire loan packet.

Single Family loan origination uses a three-step process. First, lenders submit a loan reservation request (a.k.a. Lock-In or Interest Rate Lock-In). This serves to lock-in the current interest rate for the borrower for a specified period. Second, in order to keep the reserved interest rate, the lender submits a Commitment request specifying the loan program, program options, etc. within the Lock-In period. The commitment period and number of extensions vary by loan program. Finally, the lender submits the closed loan package to AHFC for purchase prior to the expiration of the Commitment.

Multi-Family loan origination uses a somewhat similar process. Unlike Single-Family loan origination however, lenders submitting loans for Multi-Family programs do not submit a Lock In request. Instead, they submit a Loan Application file and request a Commitment. The commitment period and number of extensions vary by program. Like Single Family, the lender submits the closed loan package to AHFC for purchase prior to the expiration of the Commitment.

All loans submitted by approved lenders must be reviewed by AHFC to ensure they meet AHFC guidelines.

ATTACHMENT B

Loan Origination

B. Loan Origination

1. Interest Rates

   AHFC calculates interest rates for each loan program on a daily basis (or weekly for Multi-Family). AHFC then enters and publishes these rates to various stakeholders, both internally and externally, using multiple methods (e.g. web sites, e-mail lists, etc.). AHFC also maintains a history of interest rates.

2. Loan Numbers

   AHFC uses multiple loan number algorithms and ranges depending on the loan program. The most common loan number is six-digits, right justified, and zero filled (e.g. 001234). Other formats include multiple ranges of seven-digit auto-incremented values (e.g. 1234567 and 2501234) or fixed-position values (e.g. 2018001 for year and loan) and a small number of variable length alphanumeric values (e.g. 123456SS1).

3. Calendar

   The calculation of Lock In, Loan Reservation, Commitment, Commitment Extension expiration dates is dependent upon including or excluding non-business days such as weekends and holidays. For example, a CCAP Loan Reservation is for 15 calendar days, but cannot expire on a non-business day. Instead the expiration is advanced to the next business day.

4. Interest Rate Reductions

   AHFC currently has several loan interest rate reductions that may require the calculation of a Blended Interest Rate. Rate reductions may be based on one or more factors. These factors include, but are not limited to, the borrower's income, whether the property is new or existing, the energy rating of the property, property location, occupancy, and loan term.

   Rate reductions may be applied to the entire loan amount or a portion thereof. Typical rate reductions are between .125% and 1.5%. In some cases, the reductions may result in a higher rate. For example, the State Veteran's rate reduction is 1% up to $50,000; the Low-Income Borrower's rate reduction is either .5% or 1.0% up to $180,000; and the Buydown rate reduction is a reduction of between .125% and 1.0%. The Streamline Refinance rate reduction is an increase of either .25% or .5% on the entire loan amount.

5. Loan Pipeline

   AHFC tracks loans in the pipeline by status. A loan enters the pipeline via a Lock-In Request, an Application, or a Reservation, depending on the loan program. Once in the pipeline, a loan advances until it expires, is cancelled, or is purchased. In addition, different loan programs may use a different subset of statuses.

   Tracking statuses include, but are not limited to:

   a. lender initiated statuses such as Interest Rate Lock In, Commitment Request, and Cancelled

   b. AHFC approvals such as Loan Commitment and Loan Commitment Extended

    c. administrative statuses such as Incomplete Submission, Purchase Review, and Unexpired Cancellation.

    d. CCAP loan statuses such as Loan Reservation, Confirmation Requested, Assistance Disbursed, Loan Pooled, and Loan Delivered.

6. Interest Rate Lock-In Entry

The Lender initiates a Single-Family loan with a request for an Interest Rate Lock In. The Lock In does not imply or specify a loan program. Instead, it locks in the interest rates for all Single-Family loan programs effective on the day of the request. The Lock In is valid for 30 days and incurs a fee. The Lock In cannot be changed or cancelled if the rates go down, but protects the borrower if rates go up.

7. Loan Reservation Entry

The Lender initiates a CCAP loan with a request for a Loan Reservation. The reservation locks in the interest rate effective on the day the request is made, is valid for 15 days, does not incur a fee, and cannot be cancelled.

8. Lock-In and Reservation Eligibility

A borrower can only have one AHFC owner-occupied loan at a time, but they can have multiple non-owner occupied loans. In addition, a borrower is only eligible to have one interest rate lock-in, on an owner-occupied property, at a time. If a lender tries to lock a loan for a borrower who has a current, unexpired lock-in, the lender will receive a warning stating a lock-in is not allowed due to a current, existing rate lock, and the process is stopped.

When a lender submits a lock-in for a borrower that has a current AHFC loan, the lender will receive a warning stating another loan exists for the borrower. In this instance, the lender is allowed to proceed with the lock-in, and a condition added to the commitment stating the borrower must be released from liability or the loan paid off prior to purchase of the new loan.

When a borrower has an AHFC loan and the lender submits a loan reservation for a CCAP loan, the system will allow the submission since AHFC is not the investor on CCAP loans. However, if the borrower has an existing CCAP loan, the lender will receive a warning state the borrower must be release from liability or the loan paid off prior to purchase of the new loan.   Only one CCAP reservation can be made for a borrower at a time. If another reservation is requested while the current reservation is valid, a warning is given that a reservation already exists, and the lender will not be able to proceed.

9. Unexpired Commitment Cancellation

An unexpired commitment cancellation represents a special pipeline status for both Commitments for Owner Occupied loans and CCAP commitments. It represents a Commitment that has been cancelled by the Lender and has not yet passed the date it was due to expire prior to being cancelled. An Unexpired Cancellation for an Owner Occupied loan exists until the cancelled Commitment was due to expire; an unexpired cancellation for CCAP exists for 15 days from the date of the cancellation.

A borrower is not eligible to get a new interest rate lock-in for an owner-occupied loan or a new loan reservation for CCAP while they have an unexpired commitment cancellation. An unexpired

cancellation for an owner-occupied loan will not, however, prevent the borrower from getting a new loan reservation for CCAP and vice versa.

9. Multi-Family Application Entry

The Lender initiates certain multi-family loans by submitting a loan application file. A fee is required at submission.

10. Commitment Issuance

A commitment is issued by AHFC in response to a request from the Lender. AHFC performs a review prior to issuing the Commitment and may request additional information and documentation. The length of the Commitment is based on the loan program.

A fee is incurred when the commitment is issued based on the loan program, loan amount, and lender delegation type.

11. Commitment Extension Issuance

A commitment extension is issued by AHFC in response to a request from the Lender. The number and duration of extensions are based on the loan program. A fee is incurred based on the loan program and loan amount.

12. Purchase Approval Processing

The Lender submits a loan to AHFC for purchase once the loan has been closed. AHFC then reviews the loan and, if no defects are found, it is forwarded to Servicing for purchase. This is the final stage in the Loan Pipeline.

13. Fee Billing

a. Lock In Fees

A Lock In generally incurs a $250 fee. If the lender subsequently submits a Commitment, the Lock In fee is waived. Otherwise, the lender is billed for the Lock In fee after the Lock In has expired.

b. Multi-Family Application Fees

Lender-originated Multi-Family loans do not incur a Lock In fee. Instead, a fee is collected when the lender submits the loan application file and requests a Commitment.

c. Commitment Fees

When a Commitment is issued, a Commitment fee is incurred. In addition, a Commitment may be extended. Each time a Commitment is extended, a Commitment Extension fee is incurred. In both cases, the associated fee is calculated as a percentage of the loan amount. The percentage amount and number of extensions is determined by the loan program.

If AHFC subsequently purchases the loan, these fees are net-funded. If AHFC does not purchase the loan, the lender is billed once the Commitment has expired.

d. Other Fees

Other fees may be incurred during the Multi-Family loan origination process such as appraisal fees. These fees are collected before AHFC incurs the expense.

14. Quality Review and Assurance Monitoring

   AHFC monitors the Lenders for quality and assurance. One way AHFC does this is by periodically selecting a system-generated, random sample of loans and reviewing the origination actions as appropriate. Loans are selected to ensure that each Lender, loan program, and other criteria are fairly represented. On occasion, AHFC may manually flag loans for further review or may select additional loans by emphasizing some criteria to focus on specific concerns.

15. Homebuyer Education Tracking

   AHFC offers two homebuyer education classes: HomeChoice and HomeStudy. HomeChoice is an on-premises offering while HomeStudy is an option for those that are unable to attend in person. Upon completion, prospective homebuyers are eligible for a credit towards the Commitment fee.

Lender Portal

A key element of AHFC's Single-Family production is the ability of our lending community to interact electronically with our mortgage systems. Currently, this mechanism is a web-application referred to as the Lender Portal. This application allows approved lenders to view notices and interest rates, submit and manage requests for Lock Ins, Commitments, Extensions, and Cancellations, provide additional information and documentation, and perform other related tasks. In addition, this application generates and sends e-mail notifications to both AHFC and lenders in response to key events such as a Lender requesting a Commitment and AHFC issuing the Commitment.

The Lender Portal allows for a custom configuration for each lender. This begins with the option to restrict a given lender's access to the Lender Portal by IP range, business day, and time. In addition, menus and functions can be restricted by lender, user, and business day and time. Finally, the Lender Portal allows each lender to manage their own users and e-mail lists.

   C. Lender Portal

   1. View Notices

      AHFC periodically issues notices to the lenders via the Lender Portal. Generally, these are reminders of holidays or notices of system maintenance or other outages.

   2. View Interest Rates

      The Lender Portal allows lenders to view the current interest rate for each of AHFC's loan programs supported in the Lender Portal.

   3. View Dashboard

      The dashboard provides each lender an overview of all of the activity in their respective pipeline including the number of records by status, the number of Outstanding Conditions by record, and any expiring Lock Ins. The dashboard also allows the lender to drill-down and see the detail for each record.

   4. Interest Rate Lock In Request

      The Lender Portal allows a Lender to submit a request for an interest rate lock-in, also known simply as a lock-in. The request includes the loan amount and basic borrower information. On submission, the Portal reviews the borrower(s) eligibility and creates a new lock-in, a lock-In with

one or more conditions, declines the lock based on borrower and social security number cross-referencing, or returns an error, as appropriate.

Borrower eligibility includes cross-referencing name(s), social security number(s), and tax identification number(s) with the existing loan portfolio and borrower eligibility list.

5. Loan Reservation Request

   The Lender Portal allows a Lender to submit a request for a Loan Reservation. This applies only to CCAP loans. As with a Lock In, the request includes the loan amount and basic borrower information. On submission, the Portal reviews the borrower(s) eligibility and creates a new Loan Reservation or returns an error as appropriate.

6. Loan Information Entry

   Once a Lock In has been entered, the lender is able to enter and maintain additional information including details about the lender, borrower(s), loan, and property. This information is used when requesting a Commitment.

7. Commitment Request

   The Lender Portal allows a lender to submit a request for a Commitment for an existing Lock In. Once a request for a Commitment is submitted, the lender is no longer able to enter or maintain Loan Information. Instead, changes are submitted to the Loan Production staff.

8. Extension Request

   The Lender Portal allows a lender to submit a request a Commitment Extension.

9. Commitment Cancellation Request

   The Lender Portal allows a lender to submit a request to cancel a Commitment.

10. Print Letters

    The Lender Portal generates various letters as a record moves through the pipeline. Once generated, these letters can be reprinted by the lender as necessary.

    a. Single-Family Letters

       Single-Family letters include Rate Lock Confirmation, Commitment Request Confirmation, and Commitment Confirmation.

       i. Rate Lock Confirmation

          A Rate Lock Confirmation Letter is generated when a lender requests a Lock In. It includes the loan amount, the borrower(s) information, and the interest rates at the time the request was submitted.

       ii. Commitment Request Confirmation

          A Commitment Request Confirmation is generated when a lender requests a Commitment. It includes the lender, borrower(s), loan, and property details as well as any outstanding conditions.

   iii. Commitment Confirmation

A Commitment Confirmation is generated when AHFC issues a Commitment. This form is somewhat similar to the Commitment Request form but includes additional verbiage and disclaimers.

b. CCAP Letters

CCAP letters include Reservation Confirmation, Underwriter Certification, Commitment Confirmation, and Notice of DPA Disbursement.

   i. Reservation Confirmation

A Reservation Confirmation is generated when the lender requests a CCAP Reservation. It is similar to a Rate Lock Confirmation.

   ii. Underwriter Certification

An Underwriter Certification is generated when the lender certifies the data requested for a CCAP Commitment. It is similar to a Commitment Request Confirmation.

   iii. Commitment Confirmation

A Commitment Confirmation is generated when AHFC issues a CCAP Commitment. It is similar to a Single-Family Commitment Confirmation.

   iv. Notice of DPA Disbursement

A Notice of DPA Disbursement is generated by the lender for a committed CCAP loan. It includes basic borrower, property, and disclaimer information.

11. Upload Documents

The Lender Portal allows lenders to attach documents, typically pdf or image files, to a loan record. Currently, these documents are only accessible by AHFC.

When attaching a document, the portal requires the lender to specify a document type.

12. E-mail Notifications

The Lender Portal sends e-mail notifications to selected users when the status of a loan record changes. The notification includes the lender's reference number and a brief message regarding the status change. Separate mailing lists are defined for each status and are lender managed.

13. User Management

The Lender Portal allows both AHFC and the lenders to manage users.

Loan Servicing

AHFC currently provides three types of mortgage loan servicing: Master Servicing, Sub-Servicing, and Direct Servicing. The portfolio consists of single family residential and multi-family mortgage loans.

- Under the master servicing plan, AHFC purchases loans from our approved lenders who retain the mortgage servicing rights and perform all servicing functions.

ATTACHMENT B

- Under the sub-servicing plan, AHFC either originates and retains the servicing rights or approved lenders originate and sell the mortgage servicing rights to AHFC. AHFC utilizes a sub-servicer to perform all loan servicing functions.

- Under the master and sub-servicing plan, AHFC servicers/sub-servicers report all loan level borrower transaction data to AHFC, via electronic reporting, at the end of each calendar month.

- Under the direct servicing plan, AHFC originates and services the loan directly. AHFC performs limited servicing functions, which include, but are not limited to, processing and tracking the mortgage loan payments, customer support, default management, collateral management, and IRS reporting. AHFC does not perform typical servicing functions related to collection and payment of hazard and/or mortgage insurance premiums, credit bureau reporting, escrow analysis, etc.

The primary role of Servicing is to monitor the Servicers and sub-servicer to ensure compliance. In the future, AHFC may choose to retain the mortgage servicing rights and service all mortgage loans in-house. In this case, AHFC would become the primary Servicer. A servicing solution, therefore, would require the necessary functionality to fully service Single-Family and Multi-Family mortgage loans.

D. Servicing

1. Loan Guarantors

   AHFC purchases some loans that are guaranteed by programs such as those offered by FHA, HUD-184, VA, and USDA-RD. The Servicers are the primary conduit with these agencies; AHFC tracks loans insured by the guarantor and monitors claim settlements filed by the Servicer.

2. Primary Mortgage Insurance

   AHFC requires Primary Mortgage Insurance (PMI) on all loans when the loan to value (LTV) is greater than 80%. On rural loans, PMI is only required when the LTV is greater than 90%. On active loans, the Servicer may request the cancellation of PMI once the loan balance reaches the minimum threshold or at the Borrower's request.

   AHFC monitors all active loans to ensure PMI is active when required. In addition, AHFC monitors claim settlements filed by the Servicer.

3. Servicing Condition Code

   AHFC tracks additional information about a loan via a Servicing Condition Code. The value of this code may change over time as the circumstances of the loan change.

   Servicing Condition Codes include, but are not limited to, SCRA (Military Indulgence), Servicer extended protection, REO property listed or occupied, forfeiture or seizure pending, VA refund or repurchase pending, and assistance provider interest rate reduction (APIRR).

4. Daily Loan Purchases and Funding

   AHFC purchases loans on a daily basis. Among other activities, this includes ensuring the property, borrower, and loan details are correct, activating the loan, and disbursing funds. Reports for the outgoing wire to transfer funds to the Lender and the distribution of those funds, such as loan amount and fees, help to facilitate these activities.

ATTACHMENT B

This is the point at which a loan is removed from the Loan Pipeline and the responsibility is transferred from Mortgage Production to Servicing.

5. Borrower Change Management

AHFC supports various actions with regards to borrower(s). These include administrative changes such as name changes and reassignment or release of payment responsibilities such as co-borrower releases, transfers of ownership, and assumptions.

6. Loan Modifications

Modifications may be granted by AHFC for principal curtailments, increased loan balances, interest rates, and delinquency. In addition, modifications may be made based on improvements to increase the energy efficiency of the property or changes of occupancy rates for eligible assisted living properties. Modifications are requested by the Servicer and must be approved by AHFC prior to execution.

In order to qualify for an interest rate modification for energy efficiency, the loan must be flagged as Proposed Energy at purchase. This status indicates the borrower(s) have one year from closing to complete any energy efficiency improvements and the final energy efficiency rating is increased sufficiently to warrant a reduction.

AHFC annually collects occupancy rates for eligible Multi-Family assisted living properties. The interest rate may be increased or decreased.

7. Investor Accounting

a. Servicer Remittance Reporting

The Servicers collect payments and wire funds to the designated correspondent bank on a daily basis. At the beginning of each month, the Servicers also provide AHFC with a detailed accounting of collections for the prior month using an electronic file via a secure e-mail or folder. Servicing reconciles the transaction detail with the daily total by Servicer and tracks any shortages or surpluses. Once all discrepancies are resolved, Servicing uploads the transactions to the loans.

b. In-House Remittance Reporting

AHFC collects payments directly from the borrower(s) for Direct Serviced loans. The borrower can remit payments directly to AHFC or via lock-box. Payments are applied in real-time as they are received. Any partial payments will be held in an unapplied funds account. AHFC also assesses late fees for late payments and processes non-sufficient funds reversals.

AHFC also handles related activities for Direct Serviced loans such as collection of delinquent loan payments, disbursing construction draws, printing and distributing payment coupons, preparing interest billing statements, and 1098 interest statements. Finally, Direct Serviced loans may use different amortization types and interest calculations such as 360 Day Year/30 Day Month vs 365 Day Year/Actual.

8. Cash Flow Notes Tracking

Borrower(s) on Multi-Family Soft Second loans provide audited financial statements to AHFC annually. A cash flow analysis is computed to determine if a payment is due on the loan. AHFC

monitors to ensure the audited financials are submitted, determines if payments are due, calculates the payment amounts, bills the borrowers, and tracks receipt of the payments.

9. Regulatory Compliance

AHFC is required to track and report on various requirements as conditions on tax-exempt loans to ensure ongoing compliance with the IRS and federal requirements. A regulatory agreement is recorded against the land that stipulates the regulatory issue such as an income restricted property. The Servicer reports to AHFC on an annual basis, through borrower self-certifications, whether the property is being operated as to the condition of the tax-exempt financing.

10. Servicing Loan Tracking and Compliance

AHFC tracks changes to borrower, project, and related party contact addresses; loan condition codes; Hazard Insurance losses; subordinations, payoffs and lien releases; and changes to collateral liens such as re-platting, releases, and additions.

11. Multi-family Compliance

AHFC tracks annual compliance requirements; HUD affordability unit set-asides including certification of status and licensing; the financial profile of a loan project; custodial reserve accounts including rent up, operating, and escrow for completion and equity extraction; and replacement reserves.

AHFC also tracks related parties across loans. Specifically, related parties refers to parties that may not be liable on the note but are related to the transactions such as developers, limited liability and general partners, tax credit partners, managing members, and minority members, and property manager or management entities.

12. Multi-family loan UCC tracking

AHFC submits UCC filings as part of the purchase process for Multi-Family loans and every five years thereafter. AHFC tracks the personal property or chattel that is used as collateral securitization for these loans including, but not limited to, rents, reserve accounts, furniture, fixtures, and equipment.

13. Payoff Management

When a loan is paid off, AHFC tracks the re-conveyance of the property and the release of the original Note to the borrower or Servicer.

14. Servicer Repurchase and Indemnification Tracking

On occasion, AHFC may require a Lender or Servicer to repurchase a loan. When AHFC requires a repurchase, the Lender or Servicer must repay the outstanding balance of the loan, accrued interest, and associated fees. AHFC tracks the stages of the process and the collection of these funds.

15. Document Tracking

AHFC stores Promissory Notes, physical loan files, and related documents in various locations, both on and off site. AHFC carefully tracks the status and location of those documents. For Notes, this might include whether it has been received, is on file, or has been sent to a guarantor

or borrower. For loan files, this might include whether it has been requested and by whom, if and when it has been delivered to the requestor, or if it is in transit to or from storage.

AHFC periodically reviews loan files and documents in accordance with policy.

16. Reporting

    a. Industry Standard Servicing Reports

      AHFC produces a number of industry reports for trial balances, delinquency tracking, transaction reporting, and system maintenance.

    b. Reporting internal / external

      AHFC produces a number of reports for external agencies. These reports include agency and portfolio reports and year-end statements. In addition, AHFC is required to submit data electronically, such as 1098s, for some of the Direct Serviced loans.

    c. Data Integrity Reports

      AHFC closely monitors changes that have been made to key fields including the original value, who made the change, and when.

      Examples of these fields include loan specific information such as loan amount, interest rate, and monthly payment; borrower information such as mortgagor names and social security numbers; and property information such as construction type, address, and legal description.

17. Quality Review and Assurance Monitoring

AHFC monitors Servicers for quality and assurance by periodically selecting a random sample of loans and reviewing the servicing actions. Loans are selected to ensure that each Servicer, loan program, and other criteria are fairly represented. On occasion, AHFC may manually flag loans for further review or may select additional loans by emphasizing some criteria to focus on specific concerns.

18. Self-Servicing

AHFC does not generally perform any self- or in-house servicing outside of those tasks already described for Direct Serviced loans. AHFC reserves the right to retain the mortgage servicing rights and service all mortgage loans in-house. Any Servicing solution, therefore, should be capable of supporting and performing the necessary functions.

A few examples include the ability to collect and apply payments, the ability to collect, review, and report on compliance concerns for consumer protection laws and regulation oversight, submit credit bureau and IRS data, perform escrow administration, and provide borrower self-service.

Loss Mitigation

The Servicing Department monitors delinquency rates, loss mitigations activities performed by the Servicers, and the loan status during the foreclosure and REO processes. The Servicers are responsible for collecting the loan payments from the borrowers and performing loss mitigation services on behalf of AHFC.

The primary mechanism used by AHFC for managing loss mitigation is data collection combined with loan-level data, and utilizing reports to monitor the progress and status of those actions and their associated

events. In addition, any documentation that is received is either placed in the loan file, attached to the loan record, or both.

Examples of loan action data include reason for delinquency, foreclosure requests, Servicer recommendations, property condition and assessment, and foreclosure finalization. Examples of loan-level data include loan transaction history, guarantor and mortgage insurance payment information, sales proceeds, and REO expenses.

E. Loss Mitigation

1. Property Preservation

   The Servicers perform all property preservation activities on behalf of AHFC. This includes all property preservation activities for REO properties through disposal. AHFC monitors and tracks those activities.

2. Bankruptcy

   AHFC currently tracks three groups of bankruptcy actions for a loan: initial, intermediate, and final. Initial actions include recording when a borrower files for bankruptcy, the type of bankruptcy (e.g. chapter 7, 11, or 13) and whether a previous bankruptcy has closed. Intermediate actions include recording when a proof of claim is filed, a plan is confirmed, relief is obtained, or a relief from stay is requested. Final actions include recording when a bankruptcy has been discharged, dismissed, or closed.

3. Delinquency

   Servicers perform all collections and other activities for loans that are delinquent. AHFC, in turn, monitors these activities, both by Servicer and in aggregate, to identify trends and patterns including early payment defaults.

4. Loss Mitigation Request

   AHFC actively works with the Servicers on all loans that are delinquent for two or more months. If a loan cannot be cured through ordinary means, the Servicer submits a Notification of Recommended Action, (AHFC form SER-71). This form provides detailed information about the loan, the borrower(s), and the property. The form also includes the Servicer's recommended action(s), support for said action(s), and related documentation.

   Actions include, but are not limited to: loan modification, refinancing, assumption, repayment, forbearance, military indulgence, probate, repossession, pre-foreclosure sale, deed-in-lieu of foreclosure, suit on note, summary or default judgement, and foreclosure.

   Once the Servicer's recommended actions have been approved, AHFC monitors the disposition of those actions.

5. Refinance and Assumptions

   AHFC provides the borrower the option of refinancing using the Streamline Refinance Program. In addition, the loan may be assumed. In both cases, the underwriting is performed according to AHFC's normal underwriting guidelines. No additional data is required in these cases.

ATTACHMENT B

6. Repayment, Forbearance, and Special Circumstances

   AHFC collects additional information in the case of repayment and forbearance agreements and special circumstances such as military indulgence and probate.

   a. Repayment and Forbearance

      When a repayment or forbearance agreement is executed, AHFC records when it was executed, the duration, and terms.

   b. Military Indulgence

      When the borrower(s) become eligible for military indulgence, AHFC records when notice was received, the effective date of protection, the end date of protection, whether there is a rate reduction, and whether there was previous protection. In addition, AHFC records whether the Servicer extended additional protection at the time of loan origination.

   c. Probate

      AHFC receives notification when a borrower is deceased as well as additional activities such as probate being opened, appointment of a Special Administrator, and final probate court hearing.

7. Repossession

   AHFC actively works with Services regarding actions on mobile home loans. Although such actions are rare. AHFC does track status of repossessions.

8. Foreclosure

   AHFC actively works with Servicers on all loans in foreclosure. As with other functions, the Servicers perform all activities associated with the foreclosure process. This process begins when the Servicer submits an SER-71 and requests foreclosure action. Once AHFC approves the request, the Servicer can proceed with the action.

   Beginning with the foreclosure approval, AHFC monitors the Servicer's efforts throughout the various stages. AHFC coordinates with the Servicer and collects additional data and documentation about the process, the property, and the borrower(s). This data is combined with loan data via purpose built reports.

   Examples of additional data include, but are not limited to, date the foreclosure action was approved, information about the Notice of Default, property condition and value, property occupancy, whether the borrower(s) completed HomeChoice or other homeowner's education, additional repayment efforts, foreclosure sale bidding instructions, and advertising required for the sale. Examples of loan data include the last payment date, property type and year built, loan guarantor, and mortgage insurance information.

9. Other Completed Loss Mitigation

   AHFC also collects information about other loss mitigation actions like pre-foreclosure (short) sales, deed-in-lieu of foreclosure, suit-on-note, and summary or default judgments and settlements.

ATTACHMENT B

AHFC tracks the amounts due AHFC, on the afore-mentioned, from various sources such as sales proceeds, guarantor funds, mortgage insurance funds, and borrower contributions or payments (accounts receivable). AHFC also records and tracks the receipt of all amounts received and the expenses for each loan.

a. Pre-Foreclosure (short sale) Sales

AHFC collects information about offers, approvals, progress, status, and the closing of short sales.

b. Deeds-in-lieu of Foreclosure

AHFC collects information about approvals, status, progress, and execution of negotiated deeds-in-lieu foreclosure.

c. Suit-on-note

AHFC collects information about approvals, progress, and the details of all suit-on-note actions.

d. Summary and Default Judgments and Settlements

AHFC collects information about the progress, status, and payments of judgments and settlements, including writs of execution, garnishments, and payments. Notes receivable accounts are setup by loan to track the collection of amounts received.

10. Real estate owned (REO)

AHFC takes a more direct role once a property becomes REO. This role may involve either conveying or selling the property, tracking payments and expenses, and writing off any outstanding amounts. AHFC works with the Servicer and a real estate professional selected by the Servicer, but does not work with other third parties such as REO asset managers.

a. Conveyance

In the case of FHA, HUD-184, and VA loans, AHFC monitors the process of the steps taken by the Servicer to transfer the property to the Guarantor.

b. Property Management

In the case of all other loans, AHFC monitors the Servicer's performance of the necessary steps to dispose of the property. These include, but are not limited to, preparing the property for market and ensuring the property meets certain condition requirements, listing the property, processing offers, contracting to sell, and receipt of proceeds.

c. REO Accounting

When a property becomes REO, AHFC transfers the active trial balance to an REO trial balance. AHFC then posts receipts and pays expenses to the Servicer after the property is sold.

d. Write-Off Process

AHFC writes off the outstanding balance for an REO once the review process is complete, all proceeds have been applied, and all expenses have been paid.

ATTACHMENT B

Finance and Accounting

AHFC's Finance Department works in conjunction with the Mortgage Production and Mortgage Servicing groups to issue both taxable and non-taxable municipal bonds of adequate variety and supply to finance AHFC's overall mortgage lending activities.

The primary mechanism used to manage and track mortgage funds are Allocations. An Allocation is an internal abstraction that represents a particular source or pool of funds. Typically, Allocations are identified by using a combination of the fund source, bond series, and sub-series. An Allocation may be further segmented to reference a particular Servicer. Each Allocation maps to one or more GL Codes depending on the activity and transaction type.

In order to comply with various regulatory requirements while maximizing economic efficiencies, the Finance Department transfers mortgage loans among Allocations. In addition, they may split mortgage loans into multiple participation loans, the various instances of which may be assigned to different Allocations at various times. Split loans will typically constitute one or more Zeroes (zero- or low-interest rate splits) and a corresponding Primary split at a higher rate that, taken together, blend to the whole loan balance and interest rate.

F. Mortgage Financing

1. Loan Purchase

   When a loan is purchased by AHFC, the loan, referred to as the Whole Loan, is assigned to an initial administrative Allocation that is determined by the loan program.

2. Loan Splits

   In some cases, a loan is split into multiple participation loans at purchase. These Splits represent funds associated with certain rate reduction programs such as energy, low income, rural, and special needs. In addition, Finance may choose to split loans at some point after they are purchased into a Primary Split and one or more Zeroes. Splits are not assigned to an Allocation when they are created.

3. Loan Transfers

   After a loan has been purchased, Finance may transfer the Whole Loan from its initial Allocation to an Allocation representing a specific bond deal. In addition, Finance may transfer one or more Splits. The Whole Loan and its associated Splits may be assigned to different Allocations.

   Whole Loans and Splits may be transferred multiple times throughout their lives, including from an administrative Allocation to a bond deal, between bond deals, and from a bond deal to an administrative Allocation. Whole Loans and Splits are automatically transferred to an REO Allocation when the property becomes REO.

4. Reporting

   AHFC selects loans for transfer based on various criteria including, but not limited to the current Allocation, loan age, and payment history. AHFC also tracks the performance of loans assigned to each Allocation at both the Whole Loan and participation level. Finally, AHFC tracks the history of transfers that have occurred at both the Whole Loan and the participation level.

ATTACHMENT B

5. Mortgage Letters

The Mortgage Letters represent a special report whose primary purpose was originally to provide information to the investors. AHFC has since developed other tools for investor and disclosure reporting, but continues to use the Mortgage Letters to help manage the Allocations and to reconcile the mortgage activity to the general ledger.

The Mortgage Letters are produced monthly and include, but are not limited to, beginning and ending balances; payoffs, removals, and reversals; principal payments and adjustments; interest and service fees; and associated bond series information. They also include Zero loan activity including new Zeroes, transfers in and out, payoffs, adjustments, collections, and foreclosures. A separate set of Mortgage Letters are also used to track Foreclosures.

6. Funds to Trustee

As noted above, each loan is assigned to an Allocation. The Funds to Trustee transfer (FTT) process takes the total mortgage payments for a given month and calculates the distribution of those payments to the accounts of the various Allocations to which the loan belongs. It also calculates the pro-rata distribution rate of the interest earned on the Mortgage Collections Trust account during the month, based on the respective loan balances for the various Allocations. The results are summarized and used to move funds from the Mortgage Collections Trust account to the appropriate Allocation accounts.

7. Mapping Allocations to GL Codes

AHFC maps each Allocation to one or more GL Codes based on the activity type. These mappings are applied when activity is interfaced between the mortgage, accounting, and general ledger systems.

Activity types include, but are not limited to, Master Servicing purchases and collections including payments and fees; Direct Servicing and CCAP collections and fees; foreclosure receipts, expenses, and fees; and new Zeros, transfers, and funds to trustee.

Definitions

Blended Interest Rate – Combining up to 4 program options to effect the interest rate.

First-Time Homebuyers – borrowers who have not owned a primary residence in the last three years.

HomeChoice - A free class offered by AHFC to help prospective homebuyers work their way through the decisions and steps that buying a home can entail. The class is open to all buyers and those that complete the class can save money on the AHFC commitment fee.

HomeStudy – A free class offered by AHFC for borrowers who live in rural communities or are otherwise unable to attend a HomeChoice class in person.

Mutli-Family – a.k.a. Commercial Multi-Family – financing for the purchase, acquisition, refinance, or rehabilitation of improvements on real property containing five or more rental units; or financing for the acquisition, refinance, or rehabilitation of improvements on real property serving low to moderate income tenants, the elderly, or those in need of assistance with activities of daily living.

Program Group – a group of loan programs that share similar characteristics and loan pipeline status codes.

Single-Family – one-to-four unit residential properties.

Unconventional loans – a.k.a. Direct-Serviced loans

Unexpired Cancellation – cancellation of a loan commitment, by a lender, prior to commitment timeframe expiring.

Programs

Loan Programs and Options

Affordable Housing Enhanced Loan Program (AHELP) – The AHELP option allows qualified borrowers receive down payment assistance or secondary financing from other agencies. The assistance may be a grant, deferred payment(s), a forgivable loan, or a combination and may come from a local, state or federal governmental agency, nonprofit agency, or regional housing authority. Borrowers must meet the provider's requirements.

Alaska Energy Efficiency Revolving Loan Fund (AEERLP) for Public Facilities – AEERLP provides financing for permanent energy-efficient improvements to buildings owned by regional educational attendance areas, the University of Alaska, the state, or municipalities in the state. Borrowers obtain an Investment Grade Audit as the basis for making cost-effective energy improvements, selecting from the list of energy efficiency measures identified. All of the improvements must be completed within 365 days of loan closing. Guaranteed savings from energy efficiency improvements are used to repay the loan.

Assistance Provider Loan Program – A multi-family loan program for housing that is occupied by a live-in care provider who assists the activities of daily living for individuals with either a physical or mental disability (the Occupants). The loan may be for the acquisition, acquisition with rehabilitation and/or improvement of an existing property, or long-term financing of a construction loan for new housing with at least two occupants residing in the housing.

Closing Cost Assistance Program (CCAP) – The CCAP program provides a competitive, 30-year fixed interest rate with closing assistance. Assistance of either 3 or 4 percent of the loan amount is available, depending on credit qualifications, to homebuyers throughout the State of Alaska.

Energy Efficiency Interest Rate Reduction (EEIRR) – AHFC offers interest rate reductions when financing new or existing energy efficient homes or when borrowers purchase and make energy improvements to an existing home. Any property that can be energy rated and is otherwise eligible for AHFC financing may qualify for this option.

Homeowner Association Program – AHFC will fund this unconventional loan to homeowner associations for common-area improvements. The improvements must be necessary for the health and safety of the property's residents or the structural integrity of the buildings.

Interest Rate Reduction for Low-Income Borrowers (IRRLIB) – The IRRLIB option allows borrowers an interest rate reduction on any owner-occupied single-family loan for borrowers that do not exceed specified income limits for the area and adjusted for family size.

Loans to Sponsors (LTSP) – Loans to Sponsors is an unconventional loan program under which AHFC, subject to the availability of funds, makes low interest loans to non-profit corporations, regional housing authorities, or government entities (the Sponsor) to make home ownership more accessible to lower to moderate-income borrowers.

Manufactured Home Program – (Single Family) Financing for manufactured housing either permanently attached to land (Type I) or located in a mobile home park or on land not attached to a permanent foundation (Type II).

ATTACHMENT B

Multi-Family Congregate and Special Needs Program – Promotes affordable housing for persons of low-to-moderate income for the purpose of development, acquisition, rehabilitation, or refinance.

Multi-Family Federally Insured Loan Program – AHFC participates with approved lenders and a federal guarantor to provide financing for the purpose of acquisition, rehabilitation, or refinance of market rate multi-family housing.

Multi-Family Loan Purchase Program – AHFC participates with approved lenders to provide financing for market rate rental housing consisting of buildings with at least five units and designed principally for residential use.

Single Family Nonconforming Programs – The Nonconforming Programs are available for certain properties for which financing may not be obtained through private, state or federal mortgage programs. Non-conforming features include, but are not limited to, an unconventional foundation system, unconventional utilities, lack of central heating, unconventional ceiling height, or certain properties that may not have evidence of compliance with construction inspections or thermal standards.

Single Family Refinance Option – The Refinance Option allows applicants to obtain new financing to improve the terms on their existing loan and/or finance renovations (improvements), whether or not the property is currently financed by AHFC.

Single Family Rural Non-Owner-Occupied Loan Program - Financing to purchase or renovate two-to-four unit rental housing in small communities. Long-term financing is also available for owner-built, newly constructed rental housing.

Single Family Rural Owner-Occupied Loan Program – Financing to purchase or renovate owner-occupied housing in small communities. Long-term financing is also available for the owner-built, newly constructed home.

Second Mortgage Program – The Second Mortgage Program provides financing to renovate existing homes or to purchase a home in conjunction with the assumption of an existing AHFC mortgage loan.

Second Mortgage Program for Energy Conservation (SMEPA) – (Single-Family) Owner-occupants may finance energy improvements identified from a list of upgrades included with the energy audit of their home.

Multi-Family Senior Housing Loan Program – The Senior Housing Loan program offers financing for the purchase, construction, or rehabilitation of properties including conventional housing, housing for the frail elderly, group homes, congregate housing, and assisted living facilities for persons who meet the federal definition of elderly.

Single Family Small Building Material Loan – Financing for the renovation or completion of owner and non-owner occupied residential properties located in small communities.

Single Family State Veterans Interest Rate Preference – The State Veterans rate reduction allows qualified Veterans to receive an interest rate reduction on a portion of the loan amount for most single-family programs.

Single Family Streamline Refinance Option – Borrowers with property currently financed by AHFC may obtain new financing without income, credit, or appraisal qualifications.

Single Family Tax-Exempt First-Time Homebuyer Program (TEP) - The TEP program offers lower interest rates to eligible first-time homebuyers who meet maximum income limits and acquisition cost limits.

ATTACHMENT B

Single Family Taxable First-Time Homebuyer – This first-time homebuyer program offers a reduced interest rate to eligible first-time homebuyers without the income limits, acquisition cost limits or recapture provisions of the TEP.

Single Family Taxable Program – The Taxable Program is available statewide for applicants or properties not meeting the particular requirements of other AHFC programs.

Single Family Veterans Mortgage Program – Qualified Veterans may obtain financing at lower interest rates for owner-occupied single-family residences and, with certain restrictions, a duplex, triplex or fourplex. Long-term financing is also available for owner-built, newly constructed, single-family homes.

Grant Programs

Greater Opportunity for Affordable Living (GOAL) Program – The GOAL program provides grants, federal tax credits, and zero-interest federal loans to developers and project sponsors who build affordable rental housing for low- to moderate-income households and seniors. Awards are made under a competitive process to successful pre-application respondents to acquire, rehabilitate, or construct rental housing. This program is a component of the HOME Investment Partnerships Program.

HOME Investment Partnership Program (HOME) – The HOME Program provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

HOME Opportunity Program (HOP) – The HOP Program provides down payment and closing cost assistance to low-income individuals and families who are trying to purchase a home. This program is a component of the HOME Investment Partnerships Program.

Homeownership Development Program (HDP) – The purpose of the HDP Program is to provide decent housing with improved affordability. HDP funding may be used for real property acquisition and site improvements for new construction of permanent, single family housing. Eligible applicants include only participants in the USDA's 523 self-help homeownership program, Community Land Trusts, and Habitat for Humanity organizations. HDP funds can only be used for eligible projects outside of the Municipality of Anchorage. This program is a component of the HOME Investment Partnerships Program.

Low Income Housing Tax Credit (LIHTC) – The LIHTC program provides federal tax incentives to for-profit or non-profit organizations to develop affordable rental housing for low- and very low-income households. Awards are made under a competitive process to successful pre-application respondents for new construction, acquisition and rehabilitation projects. This program falls under the Greater Opportunities for Affordable Living (GOAL) program.

Community Housing Development Organization (CHDO) Certification and the Operating Expense Assistance (OEA) Program - The OEA program provides direct operating expense funding to nonprofit organizations that have been certified by AHFC as a "Community Housing Development Organization (CHDO)" as defined under the HOME Investment Partnerships Program. The assistance is provided directly to the qualified nonprofit organization. This program falls under the Greater Opportunities for Affordable Living (GOAL) program.

Tenant Based Rental Assistance (TBRA) – The TBRA Program provides eligible low-income families with financial assistance to obtain affordable housing. It helps families lease privately owned rental units

from participating landlords. TBRA provides 12 months of rental assistance and security deposit assistance to eligible families. This program falls under the Greater Opportunities for Affordable Living (GOAL) program.

Project Based Rental Assistance (PBRA) – The PBRA Program provides eligible affordably housing projects, subject to the availability of funding, with an operating subsidy to support project operations. Typically a separate contract with HUD and AHFC.

Neighborhood Stabilization Program (NSP) – program receipts that are lent for the purpose as allowed under program requirements for the development of affordable rental housing.

Response

Please check the appropriate box, as defined below, for each item. Additional explanation can be noted and attached as needed; reference the line item identification in the explanation (e.g. item A1; item B3; item C6b, etc.). Please note that the line item identification follows the Requirements sections. In some cases, however, lines may further divided below (e.g. B1 in the Requirements section maps to B1a, B1b, and B1c).

Y – Solution currently has this feature, or

N – Solution does not currently have this feature, the feature is in development, the feature will be included in a future release, or a similar feature can be modified or repurposed.

General Functionality

A			Y	N
1		Dashboard		
		Ability to create or modify dashboards for each user to track tasks, trends, and other data.		
2		User Personalization		
		Ability to apply user preferences to facilitate job organization and function.		
3		Workflows		
	a	Ability to define workflows for various tasks.		
	b	Ability to generate e-mails based on certain events such as a request being submitted or a task being assigned or approved.		
	c	Ability to assign tasks to an individual or group.		
	d	Ability to delegate approval authority to another individual or group.		
4		Comments and Notes		
		Ability to apply comments or notes to loans and other business objects.		
		Ability to define comment and note types.		
5		Document Management		
	a	Ability to attach and retrieve documents to loans and other business objects.		
	b	Ability to define document category groups and types.		
	c	Ability to allow documents to be replaced by submitting a new document based on the document type (e.g. replace an original loan file with an amended loan file).		
	d	Ability to allow documents to be submitted multiple times based on the document type.		

ATTACHMENT B

A			Y	N
6		Ad Hoc Reporting		
		Ability to produce custom reports using a variety of data points and selection criteria.		
7		Interfaces and Data Exchange		
	a	Ability to interface with or produce files for import into other systems such as an Accounting or General Ledger system.		
	b	Ability to map Allocations to GL Codes.		

Loan Origination

B			Y	N
1		Interest Rates.		
	a	Ability to enter daily interest rates for each loan program.		
	b	Ability to publish daily interest rates to stakeholders.		
	c	Ability to access interest rate history.		
2		Loan Number Assignment		
		Ability to use different loan number algorithms and ranges depending on the loan program.		
3		Calendar		
		Ability to identify business and non-business days for use in calculating expiration and other dates.		
4		Interest Rate Reductions		
	a	Ability to configure and maintain parameters for Interest Rate Reductions.		
	b	Ability to calculate Blended Interest rates.		
5		Loan Pipeline		
	a	Ability to define statuses to represent the different stages of the pipeline.		
	b	Ability to use different sets or sub-sets of statuses based on the loan program (e.g. Single-Family, Multi-Family, Direct Loans, and CCAP).		
	c	Ability to automatically update the status of loans in the pipeline (e.g. expire Lock Ins, Reservations, and Commitments.)		
6		Enter an Interest Rate Lock In		
		Ability to enter a new Lock In.		
7		Enter a Loan Reservation		

ATTACHMENT B

B				Y	N
			Ability to enter a new Reservation.		
8		Lock In and Reservation Eligibility			
	a		Ability to evaluate a borrower's eligibility for a Lock In and prevent entry, provide warnings, or create conditions as appropriate.		
	b		Ability to evaluate a borrower's eligibility for a Reservation and prevent entry, provide warnings, or create conditions as appropriate.		
9		Unexpired Commitment Cancellation			
	a		Ability for the Servicer to cancel a Commitment.		
	b		Ability to track Unexpired Cancellations for Lock In and Reservation eligibility.		
10		Enter an Application			
			Ability to enter a new loan Application.		
11		Issue a Commitment			
			Ability to issue a Commitment.		
12		Issue a Commitment Extension			
	a		Ability to configure the number, duration, and fees for Commitment Extensions by loan program.		
	b		Ability to issue a Commitment Extension.		
13		Purchase Approval Processing			
			Ability to assign a loan to a status for final review and processing.		
14		Fee Billing			
	a		Lock In Fees		
		i	Ability to automatically generate a fee when a Lock In is entered.		
		ii	Ability to reverse the Lock In fee when a Commitment is issued.		
		iii	Ability to bill for the fee when a Lock In expires.		
	b		Application Fees		
			Ability to record the payment of a fee when the Lender submits an application for a Multi-Family loan.		
	c		Commitment Fees		
		i	Ability to configure and maintain parameters for the calculation of Commitment and Commitment Extension fees by loan program.		

				Y	N
B					
	ii		Ability to automatically generate a fee when a loan is Committed or a Commitment is extended.		
	iii		Ability to bill for any Commitment and Commitment Extension fees when a Commitment expires.		
	iv		Ability to net-fund any Commitment and Commitment Extension fees when a loan is purchased.		
	d		Other Fees		
	i		Ability to define additional fees or fee types as necessary.		
	ii		Ability to apply other fees.		
	iii		Ability to bill for additional fees when a Commitment expires.		
	iv		Ability to net-fund any additional fees when a loan is purchased.		
15			Quality Review and Assurance Monitoring		
	i		Ability to select loans randomly for review by various criteria such as Lender and loan program.		
	ii		Ability to select additional loans by emphasizing specific criteria.		
	iii		Ability to manually flag loans for review.		
16			Homebuyer's Education Tracking		
			Ability to track borrowers who have completed HomeChoice, HomeStudy , or another homebuyer's education class.		

Lender Portal

				Y	N
C					
1		Notices			
	a	Ability to display messages and notices.			
	b	Ability to record when a message is displayed or acknowledged.			
2		Interest Rates			
	a	Ability to display the current interest rate for each supported loan program.			
	b	Ability to display the interest rates for a specific day or loan program.			
3		Dashboard			
	a	Ability to display the loan pipeline by status for a specific Lender.			
	b	Ability to display outstanding conditions for all loans in the pipeline.			

ATTACHMENT B

			Y	N
C				
	c	Ability to display a list of expiring Lock Ins.		
4		Request an Interest Rate Lock In		
		Ability for the Lender to enter a request for a Lock In.		
5		Request a Loan Reservation		
		Ability for the Lender to enter a request for a Reservation for CCAP.		
6		Enter Loan Information		
	a	Ability for the Lender to enter and maintain loan, borrower, property, and other related data.		
	b	Ability to prevent maintenance of data once a Commitment is issued for a loan.		
7		Request a Commitment		
	a	Ability for the Lender to request a Commitment for a loan.		
	b	Ability for the Lender to certify a request for CCAP.		
	c	Ability to notify a Lender automatically when a Commitment is issued.		
8		Request a Commitment Extension		
		Ability for a Lender to request a Commitment Extension.		
9		Request a Commitment Cancellation		
		Ability for a Lender to cancel a Commitment.		
10		Print Forms		
	a	Single-Family		
		Ability for the Lender to print and reprint confirmation letters for Lock Ins, Commitment Requests, and Commitments.		
	b	CCAP		
		Ability for the Lender to print and reprint confirmation letters for Reservations and Commitments, Underwriter Certifications, and Notices of DPA Disbursements.		
11		Upload Documents		
	a	Ability for the Lender to attach documents to loans in their pipeline.		
	b	Ability for the Lender to review documents attached to loans in their pipeline.		
	c	Ability to replace an existing attachment with a new document for certain types of attachments.		

C			Y	N
	d	Ability to accept multiple documents for certain types of attachments.		
12		E-Mail Notifications		
		Ability to notify Lenders automatically when the status of a loan in the pipeline changes.		
13		User Management		
	a	Allow AHFC to manage all uses, regardless of Lender.		
	b	Ability to allow Lenders to manage their own users.		

Loan Servicing

D			Y	N
1		Loan Guarantors		
	a	Ability to track loans insured by guarantors.		
	b	Ability to track claim settlements filed by the Servicer.		
2		Primary Mortgage Insurance		
	a	Ability to identify and track loans that require PMI.		
	b	Ability to track claim settlements filed by the Servicer.		
3		Servicing Condition Code		
		Ability to track additional information about the condition or status of a loan.		
4		Daily Loan Purchases and Funding		
	a	Ability to activate a loan.		
	b	Ability to record the purchase of a loan and disburse funds.		
	c	Ability to produce wire instructions and funds distribution reports.		
5		Borrower Change Management		
	a	Ability to record borrower name changes.		
	b	Ability to reassign or release payment responsibilities such as a transfer of ownership, co-borrower release, or assumption.		
6		Loan Modifications		
	a	Ability to track Servicer requests, AHFC approvals, progress, and status for loan modifications.		
	b	Ability to track Proposed Energy.		

				Y	N
D					
	c		Ability to track occupancy rates for eligible Multi-Family assisted living properties and calculate rate adjustments.		
7			Investor Accounting		
	a		Servicer Remittance Reporting		
		i	Ability to load monthly Servicer remittance files.		
		ii	Ability to identify track surpluses and shortages.		
		iii	Ability to insert and edit transactions.		
		iii	Ability to post reconciled transactions to the loans.		
	b		In-House Remittance Reporting		
		i	Ability to apply payments to Direct Serviced loans.		
		ii	Ability to apply amounts received less than due to an unapplied funds account.		
		iii	Ability to calculate and assess late fees.		
		iv	Ability to process non-sufficient (NSF) payment reversals.		
		v	Ability to process disbursements such as construction draws.		
		vi	Ability to produce loan coupons and statements.		
		vii	Ability to use different amortization schedules and interest calculations.		
8			Cash Flow Notes Tracking		
	a		Ability to track submitted audited financial for select Multi-Family loans.		
	b		Ability to set up and bill for payments when required.		
9			Regulatory Compliance		
			Ability to track compliance for tax-exempt financing.		
10			Servicing Loan Tracking and Compliance		
	a		Ability to track changes to contact addresses and condition codes		
	b		Ability to track changes to collateral liens such as re-platting, releases, and additions.		
	c		Ability to track subordinations, payoffs, and lien releases.		
	d		Ability to track Hazard Insurance claims and losses		
11			Multi-Family Tracking and Compliance		
	a		Ability to track annual compliance requirements.		

				Y	N
D					
	b		Ability to track HUD affordability unit set-asides.		
	c		Ability to track custodial reserve accounts and replacement reserves.		
12			Multi-Family UCC Tracking		
			Ability to track UCC filings.		
13			Payoff Management		
	a		Ability to track the re-conveyance of the property.		
	b		Ability to track the release of the Original Note to the borrower or Servicer.		
14			Servicer Repurchase and Indemnification Tracking		
	a		Ability to track the stages and status of Lender and Servicer repurchases.		
	b		Ability to apply the collection of associated funds.		
15			Document Tracking		
	a		Ability to track the location and status of loan files.		
	b		Ability to track the location and status of Promissory Notes.		
16			Reporting		
	a		Industry Standard Reports		
			Ability to produce industry standard types of reports such as trial balances, delinquency tracking, transaction reports, and system maintenance.		
	b		Internal and External Reports		
		i	Ability to produce agency and portfolio reports and year-end statements.		
		ii	Ability to produce physical 1098s and electronic files for IRS submission.		
	d		Data Integrity Reports		
			Ability to produce reports to track changes to key fields to ensure data integrity.		
17			Quality Review and Assurance Monitoring		
	a		Ability to select loans randomly for review by various criteria such as Lender and loan program.		
	b		Ability to select additional loans by emphasizing specific criteria.		
	c		Ability to manually flag loans for review.		
18			Self-Servicing		

ATTACHMENT B

Loss Mitigation

E				Y	N
1		Property Preservation		▢	▢
		Ability to track the property preservation activities performed by the Servicers.			
2		Bankruptcy		▢	▢
		Ability to track the bankruptcy actions, status, and outcomes for a loan.			
3		Delinquency		▢	▢
	a	Ability to track loans that have become delinquent.			
	b	Ability to track the collection and other actions performed by the Servicers for delinquent loans.			
	c	Ability to track trends and patterns including early payment defaults by Servicer and other criteria.			
4		Loss Mitigation Request		▢	▢
	a	Ability to track Servicer Loss Mitigation requests and outcomes.			
	b	Ability to track the disposition of approved Loss Mitigation activities.			
5		Refinance and Assumptions		▢	▢
	a	Ability to refinance an existing loan into a new loan.			
	b	Ability to allow new borrower(s) to assume a loan.			
6		Repayment, Forbearance, and Special Circumstances		▢	▢
	a	Repayment and Forbearance		▢	▢
		i	Ability to track repayment agreements.		
		ii	Ability to track forbearance agreements.		
	b	Military Indulgence		▢	▢
		Ability to track borrower(s) protected by military indulgence, the terms of that protection, and whether there was previous protection.			
		Ability to track the Servicer extended additional protection.		▢	▢
	c	Probate			
		Ability to track when a loan enters probate, its status, and outcome.			
7		Repossession		▢	▢

ATTACHMENT B

E

       Ability to track requests, approvals, disposition, and related information for repossessions.

8   Foreclosure

       Ability to track the Servicer's requests, approvals, details, for and statuses of foreclosure actions.

9   Other Completed Loss Mitigation

   a   Pre-Foreclosure (Short) Sales

       Ability to track offers, approvals, progress, status, and the closing of short sales.

   b   Deeds-in-Lieu of Foreclosures

       Ability to track approvals, progress, status, and the execution of deed-in-lieu foreclosures.

   c   Suits-on-Notes

       Ability to track approvals, progress, status, and the details of suit-on-note actions.

   d   Summary and Default Judgements and Settlements

     i   Ability to track the progress, status, and payments for judgements and settlements.

     ii   Ability to set up Notes receivable accounts to track the collections of amounts received.

10   Real Estate Owned (REO)

   a   Conveyance

       Ability to track the transfer of property to the guarantor.

   b   Property Management

       Ability to track the steps necessary to dispose of a property.

   c   REO Accounting

     i   Ability to transfer the active trial balance to an REO trial balance.

     ii   Ability to post receipts such as guarantor claim payments, MI payments, and sales proceeds.

     iii   Ability to pay expenses such as attorney fees, property preservation costs, utilities, and repairs.

ATTACHMENT B

			Y	N
E				
	d	Write-Off Process		
		Ability to write off outstanding REO balances once proceeds have been applied and expenses have been paid.		

Finance and Accounting

			Y	N
F				
	1	Loan Purchase		
	a	Ability to assign and maintain initial Allocations by Loan Program.		
	b	Ability to assign a Whole Loan to an Allocation at purchase.		
	2	Loan Splits		
	a	Ability to split a loan into participation loans at purchase based on Rate Reduction Program.		
	b	Ability to split an active loan into a Primary Split and one or more Zero Splits.		
	3	Loan Transfers		
	a	Ability to transfer a Whole Loan from one Allocation to another.		
	b	Ability to transfer a Primary Split or a Zero Split from on Allocation to another.		
	c	Ability to transfer a Whole Loan and any associated Splits to an REO Allocation when a property becomes REO.		
	4	Reporting		
	a	Ability to select individual loans for transfer based on specified criteria.		
	b	Ability to produce reports to track the performance of loans assigned to each Allocation at both the Whole Loan and participation levels.		
	c	Ability to produce reports that include current and historical transfers by loan and by Allocation.		
	5	Mortgage Letters		
	a	Ability to produce reports for reconciling the mortgage activity to the General Ledger.		
	b	Ability to produce reports to reconcile REO activity to the General Ledger.		
	6	Funds to Trustee		

ATTACHMENT B

			Y	N
F				
	a	Ability to calculate of the distribution of the total mortgage payments by Allocation.		
	b	Ability to calculate the pro-rata distribution rate of the interest earned on the Mortgage Collections Trust account based on the respective loan balances by Allocation.		
7		Allocation Mapping		
		Ability to map each Allocation to one or more GL Codes based on activity type when exporting or interfacing data to the General Ledger.		