

REQUEST FOR PROPOSAL
Underwriting Technical Assistance for Multifamily Residential Rental Properties

I. INTRODUCTION

The California Housing Finance Agency (the "Agency" or "CalHFA") is seeking proposals from qualified providers ("Provider") to furnish underwriting technical assistance for multifamily residential rental properties. This Request for Proposal ("RFP") outlines the scope of services required, submission requirements, and evaluation criteria.

II. BACKGROUND

CalHFA is a public instrumentality and a political subdivision of the State of California created in 1975 for the primary purpose of meeting the housing needs of persons and families of low or moderate income. The Agency is soliciting statements of qualifications from real estate underwriting firms to provide underwriting technical assistance for loans by CalHFA to affordable multifamily rental properties.

The Agency raises capital by selling bonds and lends the proceeds to low and moderate income homebuyers and to developers who build or preserve affordable and/or mixed-income rental housing. The Agency does not use taxpayer dollars to sustain its operations, although it administers some publicly funded programs on behalf of the State.

The purpose of this RFP is to identify a qualified Provider to enhance our underwriting capabilities and ensure thorough, compliant, and efficient evaluation of lending opportunities in the multifamily sector.

III. DEFINITIONS

- A. For the purposes of this RFP, the following terms shall have the meanings set forth below:
1. "Multifamily Property" means a residential rental property with five or more dwelling units.
 2. "Due Diligence Documents" refers to all financial, legal, and operational documents required for underwriting a multifamily loan.
 3. "Staff Report" means the comprehensive underwriting analysis and recommendation prepared for CalHFA's credit committee.
 4. "ESG" means Environmental, Social, and Governance factors relevant to the underwriting process.
 5. "Work Product" means all materials, reports, analyses, and other deliverables created by the Provider in connection with the services provided under this RFP.

IV. SCOPE OF SERVICES

A. Technical Assistance. The Provider shall furnish comprehensive underwriting technical assistance for multifamily residential rental properties, including but not limited to the following services:

1. Financial Analysis

- a) Conduct thorough financial analysis of proposed multifamily lending transactions
 - b) Utilize industry-standard metrics and ratios, including but not limited to:
 - (i) Debt Service Coverage Ratio (DSCR)
 - (ii) Loan-to-Value Ratio (LTV)
 - (iii) Net Operating Income (NOI)
 - c) Prepare detailed financial projections and sensitivity analyses
 - d) Conduct stress testing using multiple scenarios, including but not limited to:
 - (i) Interest rate fluctuations
 - (ii) Vacancy rate increases
 - (iii) Operating expense increases
 - (iv) Capital expenditure requirements
2. Provide a standardized financial analysis report in a format approved by CalHFA

B. Residual Value/Loan Payoff Analysis

1. Perform residual value analysis using accepted valuation methodologies, including discounted cash flow and direct capitalization approaches
2. Conduct loan payoff analysis under various scenarios, including prepayment and default
3. Analyze refinancing risks and potential exit strategies
4. Provide comprehensive reports detailing assumptions, methodologies, and conclusions

C. Due Diligence Document Collection and Review

1. Compile and review all required due diligence documents, including but not limited to:
 - a) Property financial statements (minimum 3 years historical)
 - b) Rent rolls (current and historical)
 - c) Operating statements
 - d) Tax returns (borrower and property)
 - e) Insurance certificates
 - f) Property management agreements
 - g) Service contracts
 - h) Zoning compliance certificates
 - i) Land use restriction agreements (if applicable)

2. Analyze documents for completeness, accuracy, and compliance with CalHFA's requirements
3. Maintain a due diligence checklist and status report
4. Identify any missing or inconsistent information and follow up with borrowers as needed

D. Third-Party Report Review

1. Review and analyze third-party reports, including but not limited to:
 - a) Appraisals
 - b) Environmental assessments (Phase I and Phase II, if applicable)
 - c) Property condition reports
 - d) Market studies
 - e) Seismic reports (if applicable)
 - f) Zoning reports
2. Provide written summaries of findings and recommendations based on report reviews
3. Identify any areas of concern or need for additional information
4. Assess the impact of report findings on the overall risk profile of the transaction

E. Regulatory Compliance Review

1. As required, ensure compliance with all applicable federal, state, and local regulations, including:
 - a) Fair Housing Act
 - b) Equal Credit Opportunity Act
 - c) Community Reinvestment Act
 - d) Bank Secrecy Act/Anti-Money Laundering requirements
 - e) OFAC regulations
 - f) Dodd-Frank Wall Street Reform and Consumer Protection Act
 - g) State-specific lending regulations
2. Review and analyze compliance with specific multifamily lending regulations, including:
 - a) Affordable housing requirements
 - b) Rent control and stabilization laws (if applicable)
 - c) Building code compliance

3. Prepare compliance certifications as required
4. Identify any potential regulatory risks or concerns
5. Provide recommendations for mitigating compliance risks

F. Property Cash Flow Analysis

1. Develop comprehensive cash flow projections for subject properties, utilizing CalHFA Financial Analysis templates
2. Analyze historical and projected cash flows
3. Identify and assess potential risks to cash flow stability
4. Conduct stress tests on cash flow projections, including:
 - a) Reduced occupancy scenarios
 - b) Increased operating expense scenarios
 - c) Capital expenditure impact analysis
5. Evaluate the property's ability to service proposed debt under various market conditions

G. Legal Document Review

1. Review and analyze limited partnership agreements
2. Examine permanent and soft loan documents
3. Review ground leases, if applicable
4. Analyze zoning compliance and land use restrictions
5. Review condominium or cooperative documents, if applicable
6. Provide written summaries of key terms, conditions, and potential risks identified in legal documents
7. Identify any unusual or concerning provisions in legal documents
8. Assess the impact of legal document provisions on the proposed loan structure

H. Borrower Communication

1. Serve as primary point of contact for borrowers during the underwriting process
2. Conduct regular status updates and information requests

3. Document all material communications with borrowers
 4. Escalate any issues or concerns to CalHFA's designated representative
 5. Maintain a professional and courteous demeanor in all borrower interactions
- I. Staff Report Creation and Updates
1. Prepare comprehensive underwriting staff reports
 2. Provide regular updates to staff reports as new information becomes available
 3. Ensure all staff reports adhere to CalHFA's required format and content guidelines
 4. Include executive summaries highlighting key findings and recommendations
 5. Incorporate risk ratings and mitigation strategies in the staff reports
- J. Borrower Organization Analysis
1. Analyze borrower's organizational structure
 2. Assess financial capacity and creditworthiness of borrower and key principals
 3. Evaluate borrower's experience in multifamily property ownership and management
 4. Conduct background checks on key principals
 5. Analyze borrower's portfolio performance, if applicable
 6. Assess the borrower's ability to execute the business plan for the subject property
- K. Technology and Data Security
1. Utilize industry-standard software and tools for financial modeling and analysis
 2. Maintain secure data storage and transmission protocols
 3. Comply with CalHFA's information security requirements
 4. Implement multi-factor authentication for accessing sensitive information
 5. Conduct regular security audits and vulnerability assessments
- L. Reporting and Communication Protocols
1. Provide weekly status updates on all active underwriting assignments

2. Conduct bi-weekly conference calls with CalHFA's designated representatives
3. Deliver monthly performance reports summarizing key metrics and trends
4. Participate in quarterly review meetings to discuss process improvements and industry trends

V. SUBMISSION REQUIREMENTS

Proposals must include the following components:

- A. Executive Summary
- B. Company Profile and Qualifications
- C. Proposed Approach and Methodology
- D. Team Composition and Resumes
- E. Relevant Experience and Case Studies
- F. Pricing Structure
 1. Detailed breakdown of fees for each service area
 2. Proposed billing structure (e.g., hourly rates, flat fees, or hybrid approach)
 3. Any volume discounts or incentive pricing options
- G. References
- H. Sample Underwriting Report
- I. Conflict of Interest Disclosure
- J. Proof of Insurance
- K. Technology and Data Security Overview
- L. Local Market Knowledge Demonstration

Proposals shall not exceed 25 pages, excluding appendices. All proposals must be submitted electronically in PDF format to smcfadden@calhfa.ca.gov by 5:00 PM PST on May 10, 2025.

VI. All materials submitted in accordance with this RFP become the property of the Agency and will not be returned. The material will be a public record subject to the disclosure provisions of the Public Records Act (Government Code Section 6250 et seq.). If CalHFA receives a Public Records Act request that may include confidential information of the submitting organization, and CalHFA determines that such records are not exempt from public disclosure, CalHFA will make reasonable efforts to provide written notice to the organization prior to releasing such information. Such an organization may seek relief in court to enjoin the disclosure of such confidential information, but shall have no other rights or remedies against CalHFA in connection with the disclosure of such information. Applicants should be aware that marking a document “confidential” or “proprietary” in a Statement of Proposals may not keep that document from being released after final selection.

VII. VI. EVALUATION CRITERIA

Proposals will be evaluated based on the following criteria:

- A. Technical Expertise and Experience
- B. Proposed Methodology and Approach
- C. Team Qualifications
- D. Pricing
- E. Quality of Sample Underwriting Report
- F. Local Market Knowledge
- G. Technology and Data Security Capabilities

VIII. TIMELINE

RFP Release Date:	April 8, 2025
Question Submission Deadline:	April 20, 2025
Proposal Submission Deadline:	May 10, 2025
Finalist Interviews:	May 20 – May 30, 2025
Selection and Notification:	June 15, 2025
Project Commencement:	July 1, 2025

VIII. TERMS AND CONDITIONS

- A. Confidentiality and Data Protection: All information provided in this RFP, as well as any subsequent communications, shall be treated as confidential and used solely for the purpose of preparing a proposal. Provider shall comply with all applicable data protection and privacy laws, including but not limited to the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA). Provider shall implement appropriate technical and organizational measures to ensure the security of CalHFA's data, including encryption of data at rest and in transit, access controls, and regular security audits. Any breach of confidentiality or data protection requirements may result in immediate termination of the contract and legal action.
- B. Proposal Costs: All costs associated with the preparation and submission of proposals shall be borne solely by the Provider and shall not be reimbursable by the Agency.
- C. Contract Terms: Any selected Provider will be required to enter into a written agreement with CalHFA, incorporating the terms of this RFP and the Provider's proposal. The agreement shall be substantially in the form of CalHFA's Services Agreement attached hereto as Exhibit A. The Provider may attach its form outlining the scope of services as an exhibit to CalHFA's Services Agreement however CalHFA's Services Agreement shall control in the event of any conflict.

D. Governing Law: This RFP and any resulting contract shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any choice of law or conflict of law provisions.

E. Indemnification: The selected Provider shall indemnify, defend, and hold harmless CalHFA, its officers, directors, employees, and agents from any claims, damages, losses, liabilities, costs, or expenses (including reasonable attorneys' fees) arising from the Provider's performance of services, breach of contract, or negligence.

F. Intellectual Property: All Work Product created by the Provider in connection with the services provided under this RFP shall be the sole and exclusive property of CalHFA. Provider agrees to execute any documents necessary to perfect CalHFA's ownership of the Work Product.

G. Insurance Requirements: The selected Provider shall maintain, at its own expense, the following insurance coverage throughout the term of the contract:

1. Professional Liability Insurance: \$5,000,000 per claim and in the aggregate
2. Commercial General Liability Insurance: \$2,000,000 per occurrence and \$4,000,000 in the aggregate
3. Cyber Liability Insurance: \$5,000,000 per claim and in the aggregate
4. Workers' Compensation Insurance: As required by applicable law

H. Subcontracting: Provider shall not subcontract any portion of the services without the prior written consent of CalHFA. Provider shall remain fully responsible for the performance of any approved subcontractors.

I. Compliance with Laws: Provider shall comply with all applicable federal, state, and local laws, regulations, and ordinances in performing the services under this RFP and any resulting contract.

J. Non-Discrimination: Provider shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, national origin, age, disability, or veteran status.

K. Conflict of Interest:

1. Each responding party must disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP, including any relationship that might be perceived or represented as a conflict. By submitting a response, the responding vendor affirms that it has not given, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate and any actual concealment of obfuscation, whether intentional or unintentional, of a conflict of interest will automatically result in the disqualification of a responding vendor's response.

2. The Agency will determine whether a conflict of interest exists and whether it may disqualify a responding vendor. Responding vendors must provide sufficient facts and information for the Agency to determine the significance of each potential conflict.

3. Prior to commencement of any services under a contract, certain of the responding vendor's employees and agents, as determined by the Agency, shall complete a California FPPC Form 700, Statement of Economic Interests as required by the Agency's Conflict of Interest Code under Section 81000 *et seq.* of the California Government Code, as well as California State Ethics Training. For further information on these requirements, see <http://www.fppc.ca.gov/> and for specifics on financial disclosure <http://www.fppc.ca.gov/Form700.html> . If you have further questions in these regards you may also contact Jennifer Beals at CalHFA at (916) 326-_____.

L. Reservations: The Agency reserves the right to:

1. Request a telephonic interview with, and to require additional information from any firm prior to its selection;
2. Consider information about firms in addition to information submitted in their Statement of Qualifications;
3. Select firms who have not responded to this RFP;
4. Require additional information from any responding firm;
5. Terminate this process at any time without selecting firm;
6. Change any deadline or date provided for herein without notice; or
7. Otherwise amend or modify any of the terms or provisions of this RFP.

The Agency reserves its right to select one or more, or reject all, organizations responding pursuant to this solicitation. CalHFA reserves the right to reject any or all proposals, to waive any informalities or irregularities in the proposal process, to award the contract in the best interest of CalHFA and to select the firm(s) that, in the Agency's judgment, best meet the Agency's needs, regardless of any differences in estimated costs between the firms.

M. Disclaimers:

1. Vendors responding to this RFP should understand that this RFP process might differ significantly from the typical State of California process with which vendors may be familiar. Although CalHFA is a state agency, CalHFA is not required to procure any of its contracts through a competitive bidding process. Neither is CalHFA generally subject to many of the restrictions or requirements associated with state contracting practices. For instance, CalHFA is not required to include any of the protest or appeal rights that may be available under the typical state procedures.

2. This RFP requests the submission of responses but is not itself an offer and shall not be construed as an offer. In no event shall any obligation of any kind be enforceable against the Agency unless and until a written contract is entered into.

N. Amendments:

Any amendments to this RFP will be issued in writing and distributed to all Providers who have submitted a letter of intent to respond.

IX. CONTACT INFORMATION

All questions and inquiries regarding this RFP should be directed to:

Stephanie McFadden
Director, Multifamily Programs
California Housing Finance Agency
smcfadden@calhfa.ca.gov
(916) 326-8802

X. Available Upon Request by Providers (request via email to smcfadden@calhfa.ca.gov)

- A. CalHFA's Standard Underwriting Guidelines
- B. Sample Staff Report Template
- C. Non-Disclosure Agreement
- D. CalHFA's Vendor Management Policy
- E. Information Security Requirements

By submitting a proposal in response to this RFP, the Provider acknowledges that they have read, understood, and agree to comply with all terms and conditions set forth herein.

Rebecca Franklin
Chief Deputy Director
California Housing Finance Agency
April 8, 2025