

Proposal of
High Impact Financial Analysis, LLC

in response to

Informal Request for Proposals:
First-time Homebuyer and Rehabilitation
Loan Program Underwriting Services



Submitted for the March 9, 2017 deadline by

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I. Introduction

High Impact Financial Analysis ("High Impact") is pleased to submit this proposal in response to the informal Request for Proposals issued by the City of Garden Grove ("City") for underwriting services related to its First-time Homebuyer and Rehabilitation loan programs. High Impact's primary line of business is underwriting loan applications for cities, non-profit loan funds, and other mission-focused lenders. Our client roster includes 24 organizations in 10 states and the District of Columbia, and we have worked on projects in 26 states across the U.S. We have specific experience processing loan applications and reviewing appraisals, credit reports, proof of insurance, and other documents to lead to a credit recommendation.

Questions regarding this proposal may be directed to:

High Impact Financial Analysis, LLC
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255 Orange St., Ste. 202B
Albany, NY 12210
(518) 599-0482
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II. Plan for Service Delivery

For both the first-time homebuyer and rehabilitation loan programs, High Impact will develop a responsive document checklist and applicant eligibility checklist in Microsoft Excel for each program to aid in the preliminary risk analysis and underwriting processes. The checklists will capture all documents required to be submitted by the borrower and all eligibility requirements, including items such as verifying that the home purchase price does not exceed the program maximum, reviewing the credit report for judgments and bankruptcies, and verifying applicant income. The use of responsive Excel checklists for these tasks limits the possibility of human error and increases efficiency of application review.

When an application is received, High Impact will review the application materials against the document and eligibility checklists and make an eligibility determination through the preliminary risk analysis or request clarification or additional materials from the applicant. This will occur within two business days of receipt of the application. When a loan moves to underwriting, High Impact will order the title report, appraisal, credit report, and other third-party reports as needed. When these documents are received, High impact will review them against program standards and prepare a final underwriting analysis for the loan application

within two business days. For approved transactions, High Impact will populate loan documents as required by the City¹ and record them with the appropriate authority.

III. Estimated Costs

High Impact's proposed fee structure is as follows:

- Initial Setup of Preliminary Risk Analysis/Underwriting Checklists: \$250 total (one-time)
- Application Review and Preliminary Risk Analysis: \$75 per loan
- Third-party Report Ordering and Final Loan Recommendation: \$100 per loan
- Loan Documentation Preparation & Recording: \$75 per loan

Total fees per loan application that is approved and closed will be \$250 under this structure (\$75+\$100+\$75). In addition, all third-party report costs will be passed through to the City at cost.

IV. Qualifications and Capacity

High Impact is well-qualified to perform the requested services. Since its founding in June 2014, High Impact has underwritten over \$120 million of community development loans. In its most similar project, High Impact has underwritten and determined program eligibility for 220 mortgages under National Community Capital's mortgage modification program. At the program's peak in mid-2016, High Impact underwrote 5-10 applications per week for the program. Responsibilities include reviewing credit reports, appraisals, income documents, tax returns, bank statements, and other documents, and determining conformance with program requirements for the property loan to value ratio and the applicant's debt to income ratio and housing debt to income ratio. To assist in underwriting, High Impact created several highly responsive spreadsheet checklists that ensure that each application is taken through the same rigorous underwriting process. This cultivates consistency across applications, reduces the possibility of human error in evaluating eligibility under program guidelines, and improves the likelihood of borrower performance under the program.

High Impact currently has three full-time employees. Given the relatively modest volume of loans expected through the City's lending programs during the contract term, this work will easily be integrated into our existing workflows. High Impact will commit to reviewing applications for completeness and eligibility within two business days of receipt. The actual eligibility determination may take longer based on the completeness of the application, but an initial response to the applicant will be ready within two business days. All analyses will be performed by High Impact's Junior Analyst, Camellia Loojune, and reviewed by High

¹ High Impact completes similar closing preparation work for other clients. However, High Impact is not qualified as legal counsel and recommends a legal review of all documents.

Impact's President and Managing Analyst, Peter Schaeffing. The two-layer review is a risk mitigation mechanism to ensure proper review of all applications.

Peter Schaeffing started High Impact in June 2014 after serving as Underwriter at New Jersey Community Capital, a community development lender. He has personally underwritten over \$145 million of community development transactions and is a trusted advisor to mission-focused lenders throughout the United States. High Impact's underwriting volume has more than doubled in each of its three years of operations, a trend which has been made possible by the success of its clients and their willingness to promote High Impact's work to their lending partners and contacts. Mr. Schaeffing graduated *summa cum laude* with Bachelor of Arts degrees in Economics and Political Science from the South Carolina Honors College at the University of South Carolina. He served a three-year term as board member and chair of the finance committee of Greater Brunswick Charter School.

Camellia Loojune is Junior Analyst at High Impact. In this position, she underwrites mortgage applications, spreads and analyzes borrower financial statements, and assists in the underwriting of community development finance transactions. Prior to joining High Impact, Ms. Loojune was Project Coordinator at Rescue Mission Alliance, a social services provider in Syracuse, NY, and spent two years at Pricewaterhouse Coopers ("PWC"), where she was Forensics Associate. She has Bachelor of Science degrees in Accounting and Finance from Syracuse University, where she graduated *summa cum laude*.

VII. References

We encourage you to contact the following references for High Impact:

Cara Purcell, Program Manager, National Community Capital

www.newjerseycommunitycapital.org

108 Church Street, Third Floor

New Brunswick, NJ 08901

(732) 640-2061 Ext. 408

cpurcell@njclf.com

High Impact underwrites applications under National Community Capital's ReStart mortgage modification program. National Community Capital is a subsidiary of New Jersey Community Capital.

Tom Devine, Senior Planner, City of Salem Department of Planning & Community Development

www.salem.com

120 Washington Street, 3rd Floor

Salem, MA 01970

(978) 619-5682

tdevine@salem.com

High Impact underwrites loans and grants for the Salem-Peabody Brownfields Revolving Loan Fund, which is a loan fund capitalized by the U.S. Environmental Protection Agency and managed by the City of Salem (MA). The fund provides financing for the remediation of contaminated properties in Salem and neighboring Peabody.

John Walkowiak, Conservation Operations Manager, City of Tacoma

www.cityoftacoma.org

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High Impact underwrites energy efficiency loans for Tacoma Power, a utility affiliated with the City of Tacoma, Washington. The loan program serves small businesses in a range of industries to reduce energy needs in the utility's service area.