



Request for Proposals Quality Control Vendor

INTRODUCTION

Through this Request for Proposals (“RFP”), Rhode Island Housing seeks proposals from qualified firms to provide post-closing, loan servicing and subservicing quality control (“QC”) audits, which meet Federal Housing Administration (“FHA”), U.S. Department of Veterans Affairs (“VA”), U.S. Department of Agriculture Rural Development (“USDA-RD”), Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”) quality control standards.

INSTRUCTIONS

One (1) original and five (5) copies of the proposal should be submitted to Rhode Island Housing, 44 Washington St., Providence, Rhode Island, 02903, Attn: **Deborah Mancini, Senior Manager of Quality Control**. Please also direct a courtesy copy by e-mail to **dmancini@rihousing.com**. Proposals should be concise and include all attachments and work samples. Proposals should be presented on business letterhead.

Proposals must be received no later than 5:00 p.m. EST on Tuesday, November 14, 2017.

Respondents are advised that all submissions (including those not selected for engagement) may be made available to the public on request upon completion of the process and award of a contract(s). Accordingly, any information included in the proposal that the respondent believes to be proprietary or confidential should be clearly identified as such.

SCOPE OF WORK

Please see Attachment A.

ITEMS TO BE INCLUDED WITH YOUR PROPOSAL

- A. General Firm Information
 1. Provide a brief description of your firm, including but not limited to the following:
 - a. Name of the principal(s) of the firm.
 - b. Name, telephone number and email address of a representative of the firm authorized to discuss your proposal.
 - c. Address of all offices of the firm.
 - d. Number of employees of the firm.

B. General Experience and Resources

1. Describe your firm and its capabilities. In particular, support your capacity to perform the Scope of Work.
2. Indicate which principals and associates from your firm would be involved in providing services to Rhode Island Housing. Provide appropriate background information for each such person and identify his or her responsibilities.
3. Please include a current client roster, including a lead contact name and telephone number for each.
4. Identify any conflict of interest that may arise as a result of business activities or ventures by your firm and associates of your firm, employees, or subcontractors as a result of any individual's status as a member of the board of directors of any organization likely to interact with Rhode Island Housing.
5. Identify any material litigation, administrative proceedings or investigations in which your firm is currently involved. Identify any material litigation, administrative proceedings or investigations, to which your firm or any of its principals, partners, associates, subcontractors or support staff was a party, that has been settled within the past two (2) years.
6. Provide a copy of your E&O and Fidelity Bond Insurance rider.

C. Specific Experience and Resources

The following specific QC questions must be addressed by each respondent in their response:

1. Give a brief description of the experience your firm has performing the QC review function, along with describing the number and type of mortgage lenders and mortgage loan servicers for which you perform this function.
2. Identify where the personnel performing this function reside (onshore or offshore). Give the physical locations of your offices where you intend to perform this function.
3. Outline the typical experience level of the staff performing the QC review and provide resumes for staff expected to manage the process.
4. How are accounts managed? Does each client have their own point person? Describe the process for distribution of loans for review.
5. Describe the work flow process from file selection to the completion of the monthly loan file review and delivery of management reports. What is the expected time frame from receipt of loan files to delivery of reports to Rhode Island Housing?

6. Describe your current delivery timeframes for your largest five (5) customers. Describe remedies for failure to meet stated projected timelines.
7. Provide samples of the loan level and summary type of management and trending reports, which will be supplied to Rhode Island Housing. Describe possible reporting formats and customization available.
8. Describe the process of setting standards for loan quality and methodology in calculating defect ratios to meet Fannie Mae requirements.
9. Give a detailed description of the type of quality control review which will be performed on each loan file, including any checklists that your firm utilizes in providing QC services. This should include the type of fraud detection tools, as well as compliance checks which will be completed on each loan file.
10. Based on evolving regulatory and GSE quality control requirements, describe the process of ensuring your systems are updated and enhanced to keep pace with this changing environment.
11. Do you comply with SSAE 16? Please include copies of regulatory body, internal and independent audit reports and responses, including the SSAE 16 report.
12. What protection is in place concerning data sharing and protection of the loan file information? Please supply a copy of your privacy policy and procedures.
13. Describe the normal time frame to implement this process once contracts have been signed, including implementation steps and whether you have a standardized project plan for implementation.
14. Describe the types of files you require (imaged or hard copy files) and whether there are additional charges, as they relate to the type of file which is supplied.
15. Describe other QC services your organization offers.

D. Fee Structure

The cost of services is one of the factors that will be considered in awarding this contract. The information requested in this section is required to support the reasonableness of your fees.

1. Please provide a schedule of your required and discretionary costs.
2. Identify discount pricing available at certain volume levels.
3. Identify additional costs related to third party transactions/fees.
4. Identify additional costs for fraud detection tools and compliance software and indicate whether these costs are in the per loan file fee schedule.
5. Identify any pass through costs that may apply (postage and delivery) or if this is included in the total price.
6. What should Rhode Island Housing expect to be the total average cost loan file for

the QC review?

E. Miscellaneous

1. Rhode Island Housing encourages the participation of persons of color, women, persons with disabilities and members of other federally and State-protected classes. Describe your firm's affirmative action program and activities. Include, if applicable, a copy of your Minority- or Women-Owned Business Enterprise state certification.
2. Discuss any topics not covered in this Request for Proposals that you would like to bring to Rhode Island Housing's attention.

F. Certifications

1. Rhode Island Housing insists upon full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors. This law requires State Vendors entering into contracts to provide services to an agency such as Rhode Island Housing, for the aggregate sum of \$5,000 or more, to file an affidavit with the State Board of Elections concerning reportable political contributions. The affidavit must state whether the State Vendor (and any related parties as defined in the law) has, within 24 months preceding the date of the contract, contributed an aggregate amount in excess of \$250 within a calendar year to any general officer, any candidate for general office, or any political party.
2. Does any Rhode Island "Major State Decision-maker," as defined below, or the spouse or dependent child of such person, hold (i) a ten percent or greater equity interest, or (ii) a Five Thousand Dollar or greater cash interest in this business?
For purposes of this question, "Major State Decision-maker" means:

(i) All general officers; and all executive or administrative head or heads of any state executive agency enumerated in § 42-6-1 as well as the executive or administrative head or heads of state quasi-public corporations, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;

(ii) All members of the General Assembly and the executive or administrative head or heads of a state legislative agency, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;

(iii) All members of the state judiciary and all state magistrates and the executive or administrative head or heads of a state judicial agency, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of director, executive director,

deputy director, assistant director, executive counsel, chief of staff or state court administrator.

If your answer is “Yes,” please identify the Major State Decision-maker, specify the nature of their ownership interest, and provide a copy of the annual financial disclosure required to be filed with the Rhode Island Ethics Commission pursuant to R.I.G.L. §§36-14-16, 17 and 18.

3. In the course of providing goods or services to Rhode Island Housing, the selected respondent may receive certain personal information specific to Rhode Island Housing customer(s) including, without limitation, customer names and addresses, telephone numbers, email addresses, dates of birth, loan numbers, account numbers, social security numbers, driver’s license or identification card numbers, employment and income information, photographic likenesses, tax returns, or other personal or financial information (hereinafter collectively referred to as the “Personal Information”). The maintenance of the Personal Information in strict confidence and the confinement of its use to Rhode Island Housing are of vital importance to Rhode Island Housing. Please include a letter from your president, chairman or CEO certifying that, in the event your firm is selected:

(i) any Personal Information disclosed to your firm by Rhode Island Housing or which your firm acquires as a result of its services hereunder will be regarded by your firm as confidential, and shall not be copied or disclosed to any third party, unless Rhode Island Housing has given its prior written consent thereto; and

(ii) your firm agrees to take all reasonable measures to (a) ensure the security and confidentiality of the Personal Information, (b) protect against any anticipated threats or hazards to the security or integrity of the Personal Information, and (c) maintain reasonable security procedures and practices appropriate to your firm’s size, the nature of the Personal Information, and the purpose for which the Personal Information was collected in order to protect the Personal Information from unauthorized access, use, modification, destruction or disclosure; and

(iii) when discarding the Personal Information, destroying it in a commercially reasonable manner such that no third party can view or recreate the information, electronically or otherwise.

These provisions, which implement the requirements of the Rhode Island Identity Theft Protection Act, R.I.G.L. § 11-49.2 et seq., will also be incorporated into the final contract with the selected respondent(s).

4. Please include a letter from your president, chairman or CEO certifying that (i) no member of your firm has made inquiries or contacts with respect to this Request for Proposals other than in an email or written communication to **Deborah Mancini, Quality Control Manager** at dmancini@rihousing.com seeking clarification on the Scope of Work set forth in this proposal, from the date of this RFP through the date of your proposal, (ii) no member of your firm will make any such inquiry or contact until after **Tuesday, November 14, 2017**, (iii) all information in your proposal is true

and correct to the best of her/his knowledge, (iv) no member of your firm gave anything of monetary value or promise of future employment to a Rhode Island Housing employee or Commissioner, or a relative of the same, based on any understanding that such person's action or judgment will be influenced and (v) your firm is in full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors.

EVALUATION AND SELECTION

A selection committee consisting of Rhode Island Housing employees (the "Committee") will review all proposals and make a determination based on the following factors:

- Professional capacity to undertake the scope of work.
- Proposed fee structure
- Ability to perform within time and budget constraints
- Evaluation of reporting capabilities
- Previous work experience and performance with Rhode Island Housing and/or similar organizations such as other state Housing Finance Agencies
- Recommendations by references
- Firm minority status and affirmative action program or activities
- Other pertinent information submitted

Rhode Island Housing may invite one or more finalists to make presentations to the Committee.

In its sole discretion, Rhode Island Housing may negotiate with one or more firms who have submitted qualifications to submit more detailed proposals on specific projects as they arise.

By this Request for Proposals, Rhode Island Housing has not committed itself to undertake the work set forth. Rhode Island Housing reserves the right to reject any and all proposals, to rebid the original or amended scope of services and to enter into negotiations with one or more respondents. Rhode Island Housing reserves the right to make those decisions after receipt of responses. Rhode Island Housing's decision on these matters is final.

For additional information contact: Deborah Mancini at dmancini@rihousing.com.

Attachment A

Scope of Work

Rhode Island Housing seeks to engage a Quality Control Vendor to outsource the review of certain loan files and to expand its current review process to incorporate a complete and comprehensive review of the entire loan file for Post-Closing and Loan Servicing and Subservicing, which will meet FHA, VA, USDA-RD, Fannie Mae and Freddie Mac requirements.

Rhode Island Housing forecasts funding approximately 1,650 home purchase loans for a total of \$316 Million in 2017. These are single family FHA, VA, USDA-RD and conventional loans. Rhode Island Housing has funded loans with the proceeds from the sale of tax-exempt Mortgage Revenue Bonds (MRB), through Ginnie Mae MBS (Mortgage-Backed Securities), or they have been sold to Fannie Mae. The purchase volume for FY 2018 is projected to be 1,700 loans for a total of \$332 Million. Of these loans, approximately 20% are conventional and 80% are government loans (FHA, VA, and USDA-RD). The sources of Rhode Island Housing's originations come from 3 different channels: retail, wholesale and correspondent. It is therefore imperative that the firms responding to this request have the capability to perform the tasks as described herein per the quality control compliance requirements of Fannie Mae, FHA, VA, USDA-RD, and Freddie Mac.

Rhode Island Housing also performs sub-servicing activities for out-of-state investors. The anticipated volume of newly originated loans for 2017 is approximately 1,000 loans. Of these loans, approximately 17% are conventional and 83% are government loans (FHA, VA, and USDA-RD).

Tasks that the successful respondent will be responsible for performing will include, but are not limited to:

1. Assist with the file selection process to incorporate a random file selection sample, as well as incorporate discretionary sampling which is specified in Rhode Island Housing's Quality Control program. For purposes of this document, Rhode Island Housing is estimating approximately 170 Post-Closing loans based upon a 10% sample requirement of our estimated yearly loan production of 1,700 plus new origination sources and product types. Rhode Island Housing also has a servicing portfolio; therefore in addition to the above mentioned loans a quality control review must also be performed on all early payment default loans and approximately 1,700 loans based on a 10% sample requirement of our Loan Servicing portfolio of approximately 17,000 loans.
2. For Post-Closing, re-verification of all third party employment, income, credit and asset documentation. The re-verified information is to be analyzed to assure the integrity and reasonable accuracy of the documents used in the credit decision process.
3. For Loan Servicing, a review of all aspects of our servicing and subservicing operations including customer service, escrow administration, year-end processing, ARM processing, payoff processing, servicing transfers, assumptions, payment processing, investor reporting, default administration and reporting, property inspections and preservation, loss mitigation and credit bureau reporting.
4. Confirm all data integrity to ensure the DU/LP, GUS, and/or Total Scorecard findings and documentation support the credit decision.

5. An appraisal review is to be completed in accordance with Fannie Mae, FHA, VA and USDA-RD, and Freddie Mac guidelines.
6. A three-bureau credit report will be ordered to reconcile the liability information obtained from the original credit report. Credit report requirements will be based on current Agency and Governmental requirements.
7. Loan file documentation is to be reviewed for accuracy and compliance, including state, federal, Agency and Governmental regulations and legal documentation. Final figures should be recalculated, including APR, finance charges and closing costs.
8. Fraud and misrepresentation detection tools will be used to uncover potential fraud indicators when reviewing re-verifications, appraisals and other loan documentation.
9. Ensure all Rhode Island Housing and Lender underwriting conditions were met, prior to the closing of the loan file (or loan funding as appropriate).
10. Supply Rhode Island Housing management with trending reports and defect ratios which meet Agency and Governmental requirements. These reports should summarize audit results, measured against Agency and Governmental requirements and render a risk analysis rating on each loan file. The management reports should also provide a detailed analysis of Correspondent, Wholesale and Retail channels within the loan review. The findings should be presented in varied formats that provide accurate information and trends with regard to Rhode Island Housing loan products, third party lenders, underwriters and the purchase review process.
11. All reports should be in compliance with Agency and Governmental QC requirements.