



Request for Proposals Residential Mortgage Loan Quality Control Vendor

INTRODUCTION

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

INSTRUCTIONS

An electronic copy of the proposal should be submitted to Deborah Mancini at 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 3:00 EST p.m. on Wednesday, March 24, 2021. Responses received after this date and time shall not be accepted.

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).

SCOPE OF WORK

Please see the Scope of Work provided at Attachment A.

ITEMS TO BE INCLUDED WITH YOUR PROPOSAL

Please note that failure to provide any information, certification, or document requested in this RFP may cause your submission not to be scored.

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.

Submission
Check List



- 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.
- e. Location(s) at which the Scope of Work will be performed.

B. 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 RIHousing. 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 RIHousing. **If none, please provide a statement to such effect.**

☐

5. Describe how your firm will handle actual and or potential conflicts of interest.

☐

6. 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 finally adjudicated or settled within the past two (2) years. **If none, please provide a statement to such effect.**

☐

C. 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. RIHousing anticipates that it will engage the successful respondent for an initial three (3) year term, with an option to renew the engagement for an additional two (2) year term. For each year of the proposed engagement (year 1 through

year 5), please provide RIHousing with a cost proposal for providing the Scope of Work at Attachment A.

☐

2. Provide an itemized breakdown of billing rates and hourly costs, list of key personnel and their hourly rates, reimbursable expenses, etc. for any services that may be requested in addition to the services described at Attachment A.

☐

3. Please provide any other fee information applicable to the engagement that has not been previously covered that you wish to bring to the attention of RIHousing.

D. Affirmative Action Plan and Minority Owned Business/Women Owned Business

☐

1. RIHousing 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 the number and percentage of members of federally and State-protected classes who are either principals or senior managers in your firm, the number and percentage of members of federally and State-protected classes in your firm who will work on RIHousing's engagement and, if applicable, a copy of your Minority- or Women-Owned Business Enterprise state certification.

☐

E. Miscellaneous

1. Provide a copy of your E&O and Fidelity Bond Insurance rider.
2. Provide a copy of the firm's disaster recovery and business continuity plans.
3. Describe your firm's information security systems and the steps that your firm takes to safeguard client communications, confidential client information and client data.
4. Identify where RIHousing data and information would be stored (onshore or offshore).
5. Discuss any topics not covered in this Request for Proposals that you would like to bring to RIHousing's attention.

F. Certifications

☐

1. RIHousing 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 RIHousing, 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. Please acknowledge your understanding of this in your RFP response.



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. If your answer is “No,” please provide a statement to such effect.

3. In the course of providing goods or services to RIHousing, the selected respondent may receive certain personal information specific to RIHousing 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 RIHousing are of vital importance to RIHousing. **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 RIHousing 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 RIHousing 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). In addition, if selected, your firm may be requested to provide a copy of its information security plan.



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 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 March 24, 2021, (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 RIHousing 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 RIHousing 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 and cost
- Sample reports
- User experience
- Previous work experience and performance with similar organizations
- Recommendations by references
- Firm minority status and affirmative action program or activities
- Other pertinent information submitted.

RIHousing may invite one or more finalists to make presentations.

In its sole discretion, RIHousing 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, RIHousing has not committed itself to undertake the work set forth. RIHousing 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. RIHousing reserves the right to make those decisions after receipt of responses. RIHousing's decision on these matters is final.

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



Revised: June 2020

Attachment A

Scope of Work

RIHousing forecasts funding approximately 1,500 residential mortgage loans for a total of \$375 Million in 2021. RIHousing funds 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 the Federal National Mortgage Association (“Fannie Mae”). Of these loans, approximately 20% are conventional and 80% are government-insured. The sources of RIHousing’s originations come from three different channels: retail, wholesale and correspondent.

The successful respondent will perform post-closing quality control reviews of these mortgage loans. The reviews must meet Federal Housing Administration (“FHA”), U.S. Department of Veterans Affairs (“VA”), U.S. Department of Agriculture and Rural Development (“USDA”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”), Fannie Mae, and state (Rhode Island) standards.

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

1. Assisting with the file selection process to incorporate a random file selection sample, as well as incorporate discretionary sampling specified in RIHousing’s Quality Control program.
2. Performing quality control reviews of an estimated 150 loans per year based upon a 10% sample requirement of our anticipated yearly loan production.
3. Performing a quality control review on all early payment default loans (approximately 125 loans per year).
4. Re-verifying 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.
5. Confirming all data integrity to ensure the DU, AUS and/or Total Scorecard findings and documentation support the credit decision.
6. Conducting an appraisal review for selected files in accordance with Fannie Mae, FHA, VA, USDA and Freddie Mac guidelines.



7. Ordering a tri-merged credit report to reconcile the liability information obtained from the original credit report.
8. Reviewing loan file information for accuracy and compliance with: (i) state, and federal laws and regulations; (ii) RIHousing, investor, and insurer program requirements; and (iii) legal documentation. Final figures, including APR, finance charges, and closing costs, should be recalculated.
9. Implementing fraud and misrepresentation detection tools to uncover potential fraud indicators when reviewing re-verifications, appraisals and other loan documentation.
10. Ensuring all RIHousing and correspondent lender underwriting conditions were met prior to the closing of the loan file (or loan funding, as appropriate).
11. Suppling RIHousing management with trending reports and defect ratios which meet RIHousing and federal requirements. These reports should summarize audit results measured against these requirements and render a risk analysis rating on each loan file. The 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 RIHousing loan products, correspondent lenders, underwriters and the purchase review process.
12. Providing all reports in compliance with RIHousing and federal quality control requirements.