Request for Proposals
Residential Mortgage Post-Closing
Due Diligence Services

INTRODUCTION

Through this Request for Proposals (“RFP”), Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) seeks proposals from qualified firms to provide it with residential mortgage post-closing due diligence services.

INSTRUCTIONS

One (1) electronic copy of the proposal should be submitted to RIHousing via email to: Peter Pagonis, Director of Homeownership at ppagonis@rihousing.com. Please also direct a courtesy copy by email to: lespinal@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 Thursday, October 1, 2020. 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.
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. 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. Provide a detailed list of references, including a contact name and telephone number for organizations or businesses for whom you have performed similar work.

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.

7. Identify individuals in your firm with multi-lingual skills, who are available to assist with communication in languages other than English. Please identify the language(s).

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. Please provide 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 previously described.

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. 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 it 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 Peter Pagonis (ppagonis@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 2020, (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 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 potential work plans
- Previous work experience and performance with RIHousing and/or other Housing Finance Agencies
- 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: Peter Pagonis at ppagonis@rihousing.com.
Attachment A

BACKGROUND

RIHousing is seeking proposals from qualified firms to provide residential mortgage post-closing due diligence functions. RIHousing’s total mortgage production in 2019 was $383.6 million (1,726 first mortgages). As of July 31, 2020, single-family, residential first mortgage production was $230.9 million (949 first mortgages). About 90% of all transactions are structured with a second mortgage, which is used to finance down payment and/or closing costs. All mortgages, whether originated or purchased by RIHousing, finance homes in Rhode Island.

RIHousing funds its loan production with mortgage revenue bonds (MRB), MBS, and conventional whole loan sales in the secondary market. Government loans (FHA, USDA-RD, VA) are securitized into Ginnie Mae MBS and sold into the TBA market or funded with MRB proceeds. Conventional loans are presently sold through the Fannie Mae “cash window.” RIHousing is an approved Fannie Mae and Ginnie Mae seller/servicer and retains the servicing of all mortgages. Presently, mortgage production is supported by Ellie Mae’s Encompass Loan Origination System (“Encompass”) and its loan servicing efforts are executed through Black Knight. Residential mortgages are originated through the following three business channels:

• **Retail:** RIHousing’s Loan Center directly originates, underwrites, and funds residential mortgages; 7% of total volume.

• **Wholesale Broker:** RIHousing underwrites and funds loans originated by a network of approved Mortgage Brokers; 4% of total volume.

• **Correspondent Lender:** RIHousing purchases closed mortgages from a network of approved Correspondent Lenders; 89% of total volume.

Correspondent Lenders warrant to RIHousing that the loans meet FHA, VA, USDA or GSE underwriting guidelines and close in compliance with federal and state laws and RIHousing’s requirements.
SCOPE OF WORK

RIHousing seeks to engage a vendor to perform the following post-closing due diligence functions on its single-family residential loans.

Receipt of Loan Files; Document Imaging and Indexing; Document Retention

The vendor must have the ability to receive both electronic and paper first and second (if applicable) mortgage files from RIHousing and Correspondent Lenders. The vendor will be responsible for imaging, indexing, and archiving all loan documents.

Loan files will be transmitted to vendor as follows:

- **Retail and Wholesale Broker Channels**: RIHousing will electronically transmit the closed loan and credit files to the vendor.
- **Correspondent Lender Channel (Non-delegated lender)**: Lender will electronically transmit the closed loan file and RIHousing will transmit the credit package to the vendor for purchase audit.
- **Correspondent Lender Channel (Delegated lender)**: Lender will electronically transmit credit and closing packages to the vendor for purchase audit. Documents will be imaged and electronically archived by the vendor.

The vendor will provide RIHousing with secure document custody file and data retention services and collaborate with RIHousing to determine retention policies and proper location for paper and electronic loan files. The vendor will provide RIHousing with access to their document imaging system so that RIHousing may view loan level documentation for both post-closing quality control and servicing functions.

Closed Loan Package Review; Trailing Document Services

Exhibits 1, 2, and 3, the “Underwriting Checklist,” “First Mortgage Funding Checklist,” and “Secondary Financing Funding Checklist” provide a list of the loan documents that comprise a RIHousing loan file. The vendor must confirm the loan files contain these documents and create and deliver detailed and summary discrepancy/outstanding document reports on individual loans, by lender.

The vendor will track the receipt of recorded documents and title policies and will provide RIHousing with trailing document services, defined as tracking and manual intervention with lenders, when necessary, to ascertain the status of and obtain recorded security instruments and title insurance policies relevant to a Loan Closing Package.
Vendor will perform endorsement of the loan file in the FHA Connection for all mortgages originated through the Retail and Wholesale Broker Channels.

**Secondary Market Eligibility and Compliance**

The vendor will conduct a post-closing audit of the loan documents to determine whether they meet secondary marketing standards and comply with federal, state, and RIHousing program requirements.

The vendor will conduct compliance testing that includes but is not limited to: high cost mortgages, higher priced mortgage loan, TILA/RESPA Integrated Disclosure, and adherence to state consumer credit laws.

The vendor is responsible for identifying any loan deficiencies or documents which need to be corrected and will work with RIHousing and/or the lender to correct the deficiencies or documentation. If deficiencies are not corrected within a specified time frame, the vendor will contact RIHousing for specific instructions on a case-by-case basis.

**Loan Purchase and Delivery to GSEs and Ginnie Mae**

The vendor will notify RIHousing when loans are eligible for purchase. A data file will be sent on these loans from the Encompass Loan Origination System. The vendor will be responsible for ensuring the data file matches the loan level information.

**Performance of Data Integrity Checks; Delivery of Data Files**

The vendor will perform a data integrity check of all loan level data. For Fannie Mae loans, the vendor must ensure that the Uniform Loan Delivery Dataset is complete, correct and transmitted. For government loans, the vendor must ensure all the data to be transmitted to RIHousing’s Secondary Marketing and Risk Management System (Power Seller) is complete and correct. Data will be delivered to the Secondary Marketing and Risk Management System based upon RIHousing’s pooling and delivery instructions. The vendor will ensure that monthly delivery deadlines are met and will collaborate with RIHousing on monthly delivery deadlines, consistent with the timelines of GSE, Ginnie Mae or other investors.

The vendor will create a document set which the Loan Servicing division will use to perform a quality control review of the loan boarding package. Vendor will send an imaged perfected loan file and FHA case binder, if applicable, to the Loan Servicing department.
Certifications; Case Binder Audits

The vendor will work with RIHousing’s document custodian for both the initial and final certification of the GSE, Ginnie Mae, or other investor pools. The vendor will create a case binder audit and compilation according to FHA, VA, or USDA standards and perform required data entry according to GSE specifications.
1. FHA Loan Transmittal or 1008 Transmittal Summary or VA 26-6393 Loan Analysis Form

2. DO with RIH sponsorship: AUS Approve/Eligible
   FNMA: HFA Preferred

3. Mortgage Insurance Certificate

4. FHA Case Number Assignment; including CAIVRS

5. 1003 URLA; Initial and Updated

6. HUD/VA Addendum (HUD 92900-A) to Uniform Residential Loan Application
   page 1 & 2 signed at application, page 3 completed by DE Underwriter only for FHA

7. Tri-Merged Credit Report: 660 FICO with 50% or greater DTI

8. OFAC Verification

9. Inquiry and/or address discrepancy letter(s)

10. Earnest Money Deposit; copy of check (EMD must be sourced to receive at closing)

11. Gift Letter, fully executed

12. Source of gift funds and document donor's transfer of funds

13. Bank Statements all pages (2 months or according to DO Findings).

14. FHA 100% Access Letter, if applicable

15. Income & Employment Verification; Minimum 2-year history.
   Written Verification of Employment or direct electronic verification of employment by a TPV covering two years.

16. Most Recent Paystubs

17. Most Recent W2s

18. If self-employed, two-year tax returns or IRS Transcripts and Profit and Loss Balance Sheet

19. Tax Payer Consent, if required

20. Verification of other income, Social Security, Child Support and/or Military Pay, if applicable

21. 4506-T Executed by all borrowers

22. FHA Amendatory Clause or VA Option Clause

Not required for 203K, HUD REO or Conventional

23. Purchase & Sales Contract, including all addendums & extension, if required

24. RIH Condo Approval; Insurance HO6 and Master Hazard, if applicable

25. HUD-92800.5B executed by DE Underwriter or VA 26-1805
   Certificate of Reasonable Value, if applicable

26. Appraisal, including photos & addendums
# First Mortgage Funding Checklist

**Borrower**

**Co-borrower**

**Original title policy, Mortgage and all Riders (if applicable) must be sent via express mail to:**

<table>
<thead>
<tr>
<th>MetaSource</th>
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<tbody>
<tr>
<td>Attention: Post-Closing Dept.</td>
</tr>
<tr>
<td>5353 West Dartmouth Ave</td>
</tr>
<tr>
<td>Suite 5 Lower Level</td>
</tr>
<tr>
<td>Denver, CO 80227</td>
</tr>
</tbody>
</table>

**Original Note with Endorsement Allonge must be sent via express mail to:**

<table>
<thead>
<tr>
<th>RIHousing</th>
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<tbody>
<tr>
<td>Attention: Post-Closing Homeownership</td>
</tr>
<tr>
<td>44 Washington Street. 6th floor</td>
</tr>
<tr>
<td>Providence, RI 20903</td>
</tr>
</tbody>
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## Closing Documentation (Original Documents Required)

1. Title Policy / Title Binder
2. Final Application signed at closing
3. Recorded Mortgage, exhibit A & riders (MERS)
4. First-time Homebuyer Affidavit
5. 1-4 Family Rider (if applicable)
6. Condo Rider (if applicable)
7. Rehabilitation Loan Rider 203(k)
8. Planned Unit Development Rider (if applicable)
9. Original Note (endorsed by lender)
10. All Closing Disclosures issued
11. Documentation evidencing the Closing Disclosure delivery method
12. Any Change of Circumstances if applicable
13. Final Loan Estimate
14. Copy of the recorded warranty deed
15. Recorded Municipal Lien Certificate
16. Homeowners Insurance Binder and paid receipt (maximum deductible $2,500)
17. Master Hazard Insurance Policy (if applicable)
18. Flood Insurance Policy and paid receipt (if applicable)
19. Life of Loan Flood Certification (executed transfer form)
20. Notice of Special Flood Hazards Disaster Assistance
21. 10 day Verbal VOE
22. W-9s for each Borrower – Originals
23. IRS Form 4506T / IRS 8821 (signed and dated)
24. Taxpayer Consent Form
25. Smoke Detector/Carbon Monoxide Certificate
26. Initial Escrow Account Disclosure
27. Equal Credit Opportunity Act Notice
28. Payment Letter
29. Private Mortgage Insurance Disclosure
30. Borrower’s Certification & Authorization
31. Signature/Name Affidavit
32. Attorney Escrow Instructions
33. Copy of Amortization Schedule
34. Power of Attorney (if applicable)
35. Error and Omissions/Compliance Agreement
36. Copies of mortgage payoffs (refinance only)

## Preliminary Disclosures

1. Copy of full disclosure package
2. All Loan Estimates issued
3. Documentation evidencing Loan Estimate method of delivery
4. Any Change of Circumstances if applicable

## MRB Government Loans

1. Recapture Notification and Mortgagor’s Affidavit
2. Mortgagor Closing Certification Regarding Tax-Exempt Bond Financing
3. Notice of Potential Recapture Tax on Sale of Home
4. Recorded MRB Owner Occupancy Certificate / Tax Exempt Rider
5. Omnibus Certificate
6. Seller’s Affidavit/Seller’s contractor’s Affidavit

## FHA Insured Loans – If Applicable

1. Settlement Certification (for FHA insured Transactions)
2. Hotel & Transient use Form (2-4 Family Properties)
3. Executed Final HUD/VA Addendum to application (HUD 92900a)
4. Mortgage Insurance Certificate
5. Evidence of servicing transfer (Mortgage record change)
6. Final 92900-LT
7. Rehabilitation Loan Agreement 203(k)
8. Notice of free choice of insurer

## VA Insured Loans - if applicable

1. VA Transmittal List (26-0285)
2. VA Loan Summary Sheet (26-0286)
3. VA Debt Questionnaire (VA form 26-0551)
5. VA Assumption Rider (if applicable)
6. Report and Certification of Loan Disbursement (26-1820)
7. Loan Guaranty Certificate

## Rural Development Insured Loans – if applicable

2. Lender Certification
3. Loan Note Guarantee Certificate
4. Evidence the Guarantee fee has been paid
5. Copy of Servicing Transfer form (1980-11)

## Loan Purchased after First Payment

1. Loan history
2. Transfer of Servicing / Goodbye letter
## Secondary Financing Funding Checklist

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<tr>
<th>Borrower</th>
<th>Co-borrower</th>
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</table>

Original loan note(s) and original Secondary Financing documents must be sent to:

**RIHousing**  
Attention: Homeownership, Post-Closing  
44 Washington St, 6th Floor  
Providence, RI 02903

### Extra Assistance Loan

1. Executed Final 1003  
2. All Extra Assistance Loan Loan Estimates issued  
3. All Extra Assistance Loan Closing Disclosures issued  
4. Any Change of Circumstances issued (if applicable)  
5. Original Note  
6. Recorded Mortgage  
7. Recorded Owner Occupancy Certificate/ Tax Exempt Rider

### First Down Program

1. All First Down Program Loan Estimates issued  
2. All First Down Program Closing Disclosures issued  
3. First Down Program Original Promissory Note  
4. Recorded First Down Program Original Second Mortgage Deed and Security Agreement  
5. First Down Program Borrower Affidavit of Eligibility  
6. First Down Program Dodd –Frank Certification (executed at consummation)

### Spring7500

1. Description, Disclosure and Certification  
2. Executed Final 1003  
3. All Spring7500 Loan Estimates issued  
4. All Spring7500 Closing Disclosures issued  
5. Original Spring7500 Original Note  
6. Recorded Spring7500 Original Mortgage

### Additional Approved Subordinate Liens

1. Copy of full disclosure package  
2. All Loan Estimates issued  
3. Documentation evidencing Loan Estimate method of delivery  
4. Any Change of Circumstances (if applicable)

<table>
<thead>
<tr>
<th>Lender Contact Name</th>
<th>Email</th>
<th>Phone Number</th>
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