



**REQUEST FOR PROPOSALS
FOR
RESIDENTIAL MORTGAGE POST CLOSING SERVICES**

INTRODUCTION

Through this Request for Proposals (“RFP”), Rhode Island Housing seeks proposals from qualified firms to provide residential mortgage post closing services.

INSTRUCTIONS

One (1) original proposal should be submitted to Rhode Island Housing, 44 Washington Street, Providence, RI 02903-1721, Attn: Cathleen A. Paniccia, Director of Homeownership. Proposals should be concise and include all attachments and work samples. Proposals must be presented on business letterhead. In addition, an electronic copy of the proposal must be emailed to cpaniccia@rhodeislandhousing.org. The email transmitting the electronic copy should state that the attached copy of the proposal is identical in all respects to the physical copy of the proposal.

Proposals must be postmarked and received (both physical and electronic) no later than; **Friday, July 19, 2013 at 5:00 p.m. EST** at the above office.

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.

BACKGROUND

Rhode Island Housing is seeking proposals from qualified firms to provide residential mortgage post-closing functions. Rhode Island Housing’s total new loan production in 2012 was \$62.5 million (436 loans) in single family residential loans. As of June 18 of this year, single family residential loan production was \$23.8 million (166 loans). These loans were funded through the issuance of mortgage revenue bonds, securitized into Ginnie Mae or Fannie Mae MBS and through cash sales to Fannie Mae.

Rhode Island Housing is transitioning from funding the majority of its loan production through mortgage revenue bonds to funding the majority of its production through MBS and whole loan sales in the secondary market. The government loans will be securitized into Ginnie Mae MBS and sold into the TBA MBS market. Conventional loans will either be sold through the Fannie Mae cash window or securitized into Fannie Mae MBS securities and sold into the TBA MBS market. Rhode Island Housing is an approved Fannie Mae and Ginnie Mae

seller/servicer, and retains the servicing of all loans sold into the secondary market. Rhode Island Housing uses the LPS servicing system.

Rhode Island Housing originates residential loans through the following 3 channels of business:

- **Retail Channel**, through which Rhode Island Housing Loan Center personnel directly originate residential home loans (80% of total volume)
- **Wholesale Channel**, through which Rhode Island Housing underwrites and daily funds loans originated by a network of approved lenders (2% of total volume)
- **Correspondent Channel**, through which Rhode Island Housing purchases closed loans from a network of approved lenders (18% of total volume)

All loans, whether originated or purchased by Rhode Island Housing, are to finance homes located in the state of Rhode Island. The correspondent lenders warrant to Rhode Island Housing that the loans meet FHA/VA/USDA or Fannie Mae underwriting guidelines and have been closed in compliance with federal and state laws, as well as Rhode Island Housing requirements. For the loans originated through the Loan Center and the Wholesale Channel, Rhode Island Housing uses the Integra Destiny Loan Origination System (“Destiny”). This system has been certified as ULDD compliant. Rhode Island Housing is anticipating that, prior to the outsourcing of post-closing functions, approximately 100% of the ULDD fields will be captured in the Destiny system. Loan level information for loans originated through the Correspondent Channel is not currently captured in the Destiny system; however, Rhode Island Housing is in the process of transitioning the Correspondent Channel pipeline to the Destiny system. As a result, the post-closing vendor must have the capability to capture a percentage of the ULDD fields and electronically export loan file data into the Destiny system. In other words, the vendor must be able to import a file from the Destiny system as well as export a file.

SCOPE OF WORK

The Scope of Work is set forth as 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. Post Closing Experience and Resources

Please address each of these questions in your RFP response:

1. Give a brief description of the experience your firm has with the post closing audit function, along with describing the number and type of mortgage lenders for whom you perform this function.
2. Are the personnel performing this function onshore or offshore? Give the physical locations of your offices performing this function.
3. How are accounts managed? Does each client have their own designated “point” person?
4. Describe the document review process from a procedural standpoint.
5. Give samples of your audit, tracking and management reports. How often are reports generated? Are there loan level, lender level, and summary level types of reports? Can the loan level document tracking information be downloaded into the Destiny system?
6. What is the normal audit turn time, as well as the normal time for receiving recorded documents?
7. Define the post closing process from a work flow perspective. Does the vendor offer a private label service?
8. Provide contact information for three client references. If possible, please include a listing of all Housing Finance Agency’s with whom your company is currently working or have contracted with in the past.
9. Give details regarding the type of audit which is performed: closing document, compliance, at closing underwriting conditions, predatory lending check, and audit of closing data. Does the audit include any fraud detection tools?
10. Do you comply with SSAE 16? Please include copies of regulatory body, internal and independent audit reports, along with responses. What protection is in place concerning data sharing and the protection of the loan file information? Please supply a copy of your privacy policy and procedures. Provide a copy of E&O and Fidelity Bond Insurance policies.
11. What is the normal time frame needed to implement the post closing review function once contracts have been signed? What are the implementation steps? Do they have a standardized project plan for implementation?
12. If a vendor cannot solve document issues with a lender, does the process of resolution of this problem necessitate Rhode Island Housing’s involvement?
13. Give details as to your experience in delivery of loan level information to Fannie Mae and Ginnie Mae.
14. What, if any, experience do you have with the Integra Destiny Loan Origination System? What, if any, experience do you have with the LPS servicing system?

C. Pricing

Please address each of these questions in your RFP response:

1. Please provide a schedule of your charges for the services described above.
2. Do you offer volume discounts?
3. Does the pricing include the cost of tracking the recorded documents and delivery of loan level information to Fannie Mae and Ginnie Mae?
4. Is there an additional cost for the final certification process for the Ginnie Mae pools?
5. Do you pass through the cost for postage and delivery or is this included in the total price?

D. 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 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 Rhode Island Housing's engagement and, 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.

E. 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. 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 Cathleen A. Paniccia 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 July 19, 2013 at 5:00 p.m. EST, (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 potential work plans
- Previous work experience and performance with Rhode Island Housing and/or similar organizations
- 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.

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.

Questions and requests for additional information should be directed to Cathleen A. Paniccia at cpaniccia@rhodeislandhousing.org.

Attachment A

Scope of Work

Rhode Island Housing seeks to engage a vendor to perform the post-closing review function on single family residential loans originated from each of the three business channels described in this Request for Proposals (“RFP”). This function includes reviewing the closed loan packages and tracking the recorded documents and title policies; determining secondary market eligibility and compliance with all federal, state, and agency lending requirements; and a data integrity check of the loan level data and the input of any missing data to complete the data file. The vendor will also be required to perform the following:

- Create a data servicing file which meets LPS requirements. In addition, the vendor may be required to prepare a paper servicing file to be sent to Rhode Island Housing.
- Deliver loan level information to Fannie Mae, Ginnie Mae, and any other investor based on Rhode Island Housing’s pooling and delivery instructions. The vendor and Rhode Island Housing will work together on monthly delivery deadlines, consistent with the timelines of Fannie Mae, Ginnie Mae or any other investor designated by Rhode Island Housing.
- The vendor will work with Rhode Island Housing’s custodian for both the initial certification of the Fannie Mae, Ginnie Mae or any other investor pools and final certifications of the Ginnie Mae pools.

Detail Description of Post-Closing Function

The following are the specific tasks Rhode Island Housing expects the selected vendor to carry out:

- For the Retail and Wholesale Channels, the loan file will be sent to the vendor by Rhode Island Housing and the vendor will be responsible for the review of the closed loan documents to determine if they meet secondary marketing standards and are in compliance with federal, state, and agency requirements. The vendor will work with Rhode Island Housing to obtain any corrected documentation from the closing agent. The vendor will determine when loans are eligible for delivery to Fannie Mae, Ginnie Mae or any other investor and communicate this approval to Rhode Island Housing.
- For the Correspondent Channel, the correspondent lenders will send the loan file to the vendor for purchase. (The loan file will include both the credit and closed loan packages.) The vendor will conduct a post-closing audit of the closing documents to determine whether they meet secondary marketing standards and are in compliance with federal, state, and agency requirements. It is anticipated a data file will be sent on these loans from the Destiny system. The vendor would be responsible for ensuring the data file matches the loan level information. There may be lenders, who do not have the capability to upload a ULDD or 3.2 data file into the Destiny system, and in this case the vendor would be responsible for creating a data file, which would satisfy Fannie Mae, Ginnie Mae or any other investor’s data requirements.

- Exhibit 1 lists a sample of loan documents, which customarily comprise a Rhode Island Housing file and which must be reviewed.
- The review will ensure the loans were closed in compliance with federal and state requirements. The vendor will perform compliance testing, which includes the following: Truth in Lending disclosure audits, anti-predatory lending, anti-money laundering, state and agency high cost testing, RESPA, GFE, and HUD-1 disclosure reviews. When applicable, the Right of Rescission is reviewed for disclosure and the rescission window is compliant.
- For the Fannie Mae eligible loans, the vendor must ensure that 100% of the ULDD data is complete, correct and transmitted. For the Ginnie Mae eligible loans, the vendor must ensure 100% of the data to be transmitted through GinnieNet is complete and correct. Other investor data delivery must be completed and meet all applicable investor criteria.
- For the Correspondent Channel loans, the vendor will notify Rhode Island Housing, when loans are eligible for purchase. The vendor will work with the approved lenders in obtaining all outstanding documentation, prior to authorizing the purchase. The vendor and Rhode Island Housing will determine the minimum qualifications for a loan to be eligible for purchase. The vendor will identify deficiencies and notify the lenders to correct them. If deficiencies are not corrected in a specified time frame, the vendor will contact Rhode Island Housing for specific instructions on a case-by-case basis.
- The selected vendor will create and deliver discrepancy/outstanding document reports on individual loans by lender, both detail and summary.
- The vendor will prepare a servicing data file to be exported into the LPS servicing system. The vendor and Rhode Island Housing will work together to determine the required data file fields and format. The vendor may be asked to prepare a paper servicing file to be sent to the servicing department of Rhode Island Housing.
- The vendor will have the capability to receive both electronic and paper files from Rhode Island Housing and lenders. The vendor will also have the capability to image and index all loan documents.
- Describe the image /document format you will be able to deliver.
- Describe the requirements to enable us to view and retrieve documents from a remote disaster recovery site.
- Rhode Island Housing will be responsible for selling all whole loans to Fannie Mae, through their cash window. In addition, Rhode Island Housing will be responsible for performing all pooling analytics, as they relate to forming Fannie Mae, Ginnie Mae or any other investor's pools. Based on the pooling instructions, the vendor will be responsible for delivery of loan level information, through the Fannie Mae, GinnieNet or any other investor's loan delivery system. The vendor will be responsible for ensuring monthly delivery deadlines are met.
- The vendor in coordination with Rhode Island Housing will work with Rhode Island Housing's custodian to obtain initial certification or the Fannie Mae, Ginnie Mae and any other investor's pools and be responsible for the final certification of the Ginnie Mae pools.
- The vendor will provide Rhode Island Housing with access to the vendor's imaging system to view loan level documentation for both post-closing quality control and

servicing functions. Describe local software installation if any, which will be required to retrieve and view documents.

- The vendor will work with Rhode Island Housing to determine retention policies and proper location for paper and electronic loan files.
- The vendor will work with Rhode Island Housing to determine the standards for loan reviews and retrieval of recorded documents.

Exhibit 1

Sample of Current File Documents to be Reviewed

Preliminary Disclosures

___ Copy of full initial disclosure package and acknowledgement (GFE, TIL include revisions)

Closing Documentation

- ___ Title Policy / Title Binder
- ___ Recorded Mortgage, exhibit A & applicable riders
- ___ Assignment to Rhode Island Housing (if applicable)
- ___ Copy of Note with appropriate endorsement
- ___ HUD-1 Settlement Statement
- ___ Final Application signed at closing
- ___ Final Truth-in-Lending Disclosure Statement
- ___ Good Faith Estimate of Settlement Charges
- ___ Municipal Lien Certificate / Tax Information Sheet
- ___ Homeowners Insurance Binder and receipt
- ___ Master Hazard Insurance Policy (if applicable)
- ___ Flood Insurance Policy and paid receipt (if applicable)
- ___ Life of Loan Flood Certification (executed transfer form)
- ___ Notice of Special Flood Hazards Disaster Assistance
- ___ W-9s for each Borrower
- ___ IRS Form 4506T / IRS 8821 (signed and dated)
- ___ Smoke Detector/Carbon Monoxide Certificate
- ___ Initial Escrow Account Disclosure
- ___ Equal Credit Opportunity Act Notice
- ___ Payment Letter
- ___ Private Mortgage Insurance Disclosure (if applicable)
- ___ Borrower's Certification & Authorization
- ___ Signature/Name Affidavit
- ___ Tax Authorization Letter
- ___ Impound Agreement
- ___ Attorney Escrow Instructions
- ___ Copy of Amortization Schedule
- ___ Power of Attorney (if applicable)
- ___ Copies of mortgage payoffs (refinance only)
- ___ Borrower Authorization for Counseling (FNMA)
- ___ Notice of Right to Cancel (if applicable)
- ___ Servicing Transfer Disclosure Statement (if applicable)

Tax Exempt Documentation – If Applicable

- ___ Tax Exempt Finance Rider
- ___ Omnibus Certificate
- ___ Seller's/Contractor's Affidavit
- ___ Original fully executed Mortgagor's Affidavit and Recapture Notification
- ___ Notice of Potential Recapture

FHA Insured Loans – If Applicable

- Addendum to HUD-1
- Original Stepped-Rate Allonge (if applicable)
- Schedule of Completion Costs RIH form #11 (203(k) and escrow holdbacks if applicable)
- Rehabilitation Loan Rider (203(k))
- Hotel & Transient use Form (2-4 Family Properties)
- Final HUD/VA Addendum to application (HUD 92900a)
- Mortgage Insurance Certificate
- Evidence of servicing transfer (Mortgage record change)
- Final 92900-LT signed by DE underwriter
- FHA Homeowners Fact Sheet
- Notice Regarding Pre-payment
- Interest Rate on Escrow Account (203(k))
- Rehabilitation Loan Agreement (203(k))

VA Insured Loans - If Applicable

- VA Transmittal List (26-0285)
- VA Loan Summary Sheet (26-0286)
- VA Debt Questionnaire (VA form 26-0551)
- Federal Collection Policy Notice (26-0503)
- VA Assumption Rider (if applicable)
- Report and Certification of Loan Disbursement (26-1820)
- Loan Guaranty Certificate

Rural Development Insured Loans – If Applicable

- Guaranteed Loan Closing Report (1980-19)
- Lender Certification
- Loan Note Guarantee Certificate
- Evidence the Guarantee fee has been paid
- Copy of Servicing Transfer form (1980-11)

Secondary Financing – If Applicable

- Silent Second Truth-in-Lending
- Silent Second Note
- Recorded Silent Second Mortgage
- Closing Cost Assistance Truth-in-Lending
- Closing Cost Assistance Note
- Recorded Closing Cost Assistance Mortgage
- Amortizing Second Truth-in-Lending
- Amortizing Second Note
- Recorded Amortizing Second Mortgage
- Documentation of any additional approved subordinate liens

Loan Purchased after First Payment

- Loan history
- Transfer of Servicing/Goodbye letter