

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

REQUEST FOR PROPOSALS

DATE OF ISSUE: **August 12, 2010**

TO: Potential Providers of Services

RE: Request for Proposals for **Quality Control Plan**

I. Services Sought by Authority:

The Michigan State Housing Development Authority ("Authority") is seeking a Michigan firm to implement and continuously have in place a Quality Control Plan for the origination and servicing of insured or uninsured mortgages as a condition of receiving and maintaining all loans and programs as needed by the Authority's Division of Homeownership.

A detailed description of the work is described in the Scope of Work, which is attached as Exhibit A to this Request for Proposals.

II. Requirements:

The Authority has identified the following requirements that it believes are necessary for the successful performance and completion of the services described in the Scope of Work. The prospective contractor ("Prospective Contractor") must:

- A. Firm must have at least 5 years experience in Quality Control, including having all Quality Control procedures in writing.
- B. Contractor will develop a fully functioning Quality Control Program for the Authority to be delivered and implemented by 12-31-2010. The newly developed Quality Control Program must:
 - i. Assure compliance with for all programs administered by MSHDA's Division of Homeownership, including all servicing requirements
 - ii. Protect the Authority, FHA, VA, RD, and Conventional Insurers from unacceptable risk
 - iii. Guard against errors, omissions and fraud
 - iv. Assure swift and appropriate corrective action
- C. Quality Control functions must be performed separately from any of the prospective contractor's loan origination or servicing functions, if applicable.

- D. Contractor must ensure that quality control reviews are performed on a regular and timely basis, and put in writing their proposed frequency for reviews. Reviews may be conducted weekly, monthly, or quarterly. All reviews are required to be completed within 90 days of closing.
- E. Contractor must review a minimum of 10% of the Authority's loans. This review must evaluate the accuracy and adequacy of the information and documentation used in reaching decisions in the originating or servicing processes. Contractor must also provide for the review and confirmation of information on all loans selected for review.
- F. Conduct an initial review of the Authority's activities and procedures and produce an initial report including an assessment of risks.
- G. Initial review findings must be reported to the Director of the Authority's Legal Division within one month of completion of the initial review
- H. Report monthly review findings to the Director of the Authority's Legal Division, and the manager of Single Family Mortgage Servicing, within one month of file review.
- I. Contractor must submit an annual review to the Authority by September 30th, each year they are under contract.
- J. Conduct a review of all loans going into default within the first six payments.
- K. Review Direct Endorsement loan's for compliance with HUD underwriting requirements.
- L. Comply with all requirements for Quality Control as described by the Department of Housing and Urban Development in the Mortgagee Approval Handbook, Directive 4060.1, Chapter 7 for the Authority's Single Family Mortgage Loans and Programs currently being subserviced by U.S. Bank Home Mortgage.
- M. Agree to execute a contract acceptable to the Director of Legal Affairs.

III. Submitting Proposal:

Firms wishing to submit proposals must submit one (1) original and three (3) copies of a proposal to provide the services described in Exhibit A (Scope of Work). Submitted proposals must respond to and address the questions listed in Exhibit B (Proposal Instructions and Selection Criteria).

The due date for the Authority's receipt of the proposals responding to this Request for Proposal ("RFP") is **Friday August 27th, 2010 at 4 p.m.**

The Authority shall not be liable for any costs that a firm or individual may incur while preparing a proposal. The Authority shall not be liable for any costs that a firm or individual may incur prior to the complete execution of a contract. If the Authority enters into a contract, the Authority's consideration (payment) shall be limited to the term of the contract.

IV. Communications with Authority Staff Prior to Selection of Proposal

Any questions, raised by Prospective Contractors concerning the RFP may be submitted, in writing, via mail, email or fax, using the subject line Quality Control Plan:

Mary Townley
MSHDA
735 East Michigan Ave.
PO Box 30044
Lansing, Michigan 48909
E-mail: TownleyM1@michigan.gov
Fax: (517) 335-7081

To ensure a fair and impartial process, Authority staff will not address non-written questions concerning the RFP. Phone calls involving the RFP or related questions will not be accepted. Firms submitting bids shall not contact any Authority staff or Board members except **Mary Townley—all communications with Mary Townley must be received in writing by 4:00 P.M. on Wednesday August 18th, 2010.**

MSHDA will answer appropriate questions received in a timely manner (e.g., information not covered/answered in the RFP, interpretation issues, etc.) by email to all Prospective Contractors on or before **Friday August 22nd, 2010.** MSHDA will hold no other question sessions or bidders conferences.

If, prior to the proposal deadline, the Authority deems it necessary to provide additional clarifying information, or to revise any part of the RFP, supplements or revisions will be provided to all recipients of the RFP who have indicated they will submit a proposal. Proposals will then be evaluated based on the terms and conditions of the RFP, any supplements or revisions thereof, and the answers to any written questions.

V. Selection of Proposal:

Designated Authority staff will select the proposal based on Selection Criteria, which is set forth in Exhibit B (Proposal Instruction and Selection Criteria).

VI. Processing Required Forms & Contract Execution:

The required forms will be submitted to Civil Service for approval, **prior** to approval by the Authority's Board. Contracts that equal or exceed \$25,000 must be Board approved. Thereafter, a contract will be forwarded to the firm ("Selected Firm") that submitted the selected proposal with instructions to execute and return three copies. Upon receiving the executed copies, the Office of Legal Affairs will submit the executed copies to a duly authorized Authority signatory for execution on behalf of the Authority.

VII. Michigan Freedom of Information Act

Documents submitted to the Authority shall be subject to the Michigan Freedom of Information Act ("FOIA"). In the event a request for submitted documents is made to the Authority, the Authority's FOIA Coordinator will redact or withhold information and/or documents that are exempt from disclosure under FOIA. See *MCL 15.243(1)(i)*. Please note that any requests by non-MSHDA personnel to review proposals will be denied until the deadline for submission of the bids has expired. See *MCL 15.243(1)(j)*.