



REQUEST FOR PROPOSALS

DATE OF ISSUE: June 30, 2022

TO: Potential Providers of Services

RE: **Request for Proposals (“RFP”) for Subservicing Mortgage Loans**

Quick Reference

	Date	Time
Deadline to submit questions about this RFP:	July 12, 2022	4 PM Eastern (Detroit, MI)
Anticipated date Authority will post answers to questions:	July 14, 2022	
Proposal deadline:	August 2, 2022	4 PM Eastern (Detroit, MI)
Anticipated contract begin date:	October 01, 2022	

*A bidder’s proposal received at 4:00:01 p.m. Eastern is late and subject to disqualification.

I. Services Sought by Authority

The Michigan State Housing Development Authority Finance Division (“Authority” or “MSHDA”) is seeking an organization authorized to do business in Michigan to provide subservicing for the Authority’s single family mortgage loans.

It is anticipated that a three (3) year contract with the option for one three (3) year extension may be awarded.

Michigan law allows for veterans preference only; however, women-owned, minority-owned, and small businesses authorized to conduct business in the State of Michigan are encouraged to submit proposals.

II. Contents of this RFP

- Overview of services sought tasks and activities (“Scope of Work”)
- Exhibit A – Notices to Bidders
- Exhibit B – Submission & Selection
- Exhibit C – Proposal Format
- Exhibit D – Project Personnel Form

III. Overview

A. The Michigan State Housing Development Authority, Finance Division ("Authority") is seeking an organization to sub-service all, or a portion, of the Authority's single family first mortgage loans and Down Payment Assistance, (DPA), Step, and Home Emergency Loan Program, (HELP), loans without limitations. This will involve transferring loans from the present sub-servicer and setting them up on the contractor's loan servicing system. The selected contractor (Contractor) will sub-service the Authority's single family mortgage portfolio. The portfolio consists of approximately 21,500 first mortgage loans. These existing loans were originated in the names of various participating lenders. Once the Authority reviewed the loans, the Authority purchased them from the lenders and the servicing was released.

The Contractor may also receive new loans originated by the various mortgage lenders subsequently purchased by the Authority. If there is more than one Contractor, whether or not a contractor receives new loans will depend on the selected contractor's entering into agreements (written or otherwise) with the originators to sub-service all loans that those originators produce. For loans that the Contractor services, the Contractor will collect the monthly payments due from the borrowers; apply the payments to principal, interest, taxes and insurance; pay borrower's tax and insurance bills from escrow; remit payments to the Authority; process loan assumptions; provide payoff statements to borrowers as requested; process discharge of mortgages; and submit reports on all such activity.

The Contractor will also monitor borrowers for delinquency; contact delinquent borrowers; arrange to bring the loans current, if possible; enter into appropriate loss mitigation arrangements with delinquent borrowers; process delinquent borrowers through Michigan's Homeowner Assistance Fund (MIHAF) program and, when necessary, process mortgage loans through foreclosure. All procedures regarding delinquency, loss mitigation and foreclosure shall be with the approval of the appropriate mortgage insurer or guarantor, if applicable.

IV. Objectives, Tasks & Activities

A. Objectives. To successfully perform the services described in Section I above, the Contractor must satisfy the following objectives:

1. Perform services according to applicable guidelines, mandates, or other requirements as promulgated by Federal Housing Administration (FHA), Veterans Administration (VA), Rural Development (RD), private mortgage insurers, Consumer Financial Protection Bureau (CFPB) and pursuant to applicable laws and regulations.
2. Provide services in accordance with the attached Authority's Single Family Mortgage Servicing Manual. This document is posted as a separate document in addition to the RFP.

B. Activities/Responsibilities Necessary to Complete Scope of Work. To achieve the objectives, the Contractor shall perform the following activities required to achieve the objectives:

1. Set up new loans received from lenders including the following information:
 - a. **Correct next payment due date;**
 - b. **Principal balance;**
 - c. **Maturity date;**
 - d. **Interest rate;**
 - e. **Interest rate change date, (if applicable);**
 - f. **DPA loan balance, (if applicable);**

- g. **Escrow balance; and**
 - h. **Bond series**
2. Accept payments from the mortgagors and properly apply them to the correct categories of principal, interest, and tax and insurance escrows
 3. Supply the mortgagors with a monthly statement including any additional inserts the Authority may provide
 4. Provide the Authority with separate daily remittance reports for regular payments and payoffs by bond series in an Excel format (xlsx)
 5. Provide the Authority with the following separate month-end reports by bond series in Excel format:
 - a. **Remittance reports;**
 - b. **Paid-in-full-reports for first mortgages, DPA and HELP loans;**
 - c. **Prepayments;**
 - d. **Curtailments;**
 - e. **Delinquencies;**
 - f. **Payment and curtailment reversals; and**
 - g. **Trial balances and cutoff file**
 6. Provide the Authority monthly with electronic reports of name changes for any mortgagor, changes in ownership with required documentation or indicate no change
 7. Retain electronic versions of month end reports for a period of two years
 8. Remit funds daily to the Authority within two business days of when funds were collected
 9. Pursuant to Authority guidelines and Real Estate Settlement Procedures Act (RESPA), use each borrower's escrow funds to:
 - a. **Pay real estate taxes before they become delinquent;**
 - b. **Ensure that the residence securing the mortgage loan is continuously insured against fire and other casualty losses; and**
 - c. **Maintain private mortgage insurance or other mortgage insurance or guarantees**

In the event the escrow funds are insufficient for such purposes, the contractor shall advance the funds and request reimbursement from the Authority
 10. Ensure the property does not become subject to any liens arising from non-payment of water or any other bills
 11. Prepare Form 1098 and Form 1099 tax reports, as applicable
 12. Include and sequence all reports by MSHDA loan number
 13. Be knowledgeable concerning the Authority's various types of DPA loans and Federal Stimulus programs
 14. Provide complete, accurate payoff statements, including DPA and/or Federal HELP loan(s) in separate, defined line items
 15. Send discharge of mortgages for recording in compliance with Michigan laws and provide the Authority with a copy of the recorded document
 16. Process assumptions, including the following:
 - a. The Subservicer shall evaluate applicants for assumption of Authority Loans. The Subservicer shall perform a thorough and objective evaluation of the applicant's credit and income in accordance with standards provided by the Authority. The Subservicer will be responsible for obtaining all necessary supporting documentation and shall credit underwrite the assumption application. The Authority will evaluate compliance with 26 USC Section 143 upon receipt of a full credit package from the Subservicer.
 - b. If consent to assumption is denied, Subservicer will prepare a proper denial letter, forward the original denial letter to the mortgagor, and deliver a copy to the Authority.

17. Provide courteous customer service by qualified, knowledgeable staff, accessible by a toll-free number
18. Process Private Mortgage Insurance (PMI) cancellations and send the Authority notification
19. Monitor collections and loss mitigation
20. Take proper steps to monitor and control delinquencies
21. Process bankruptcies
22. Process any litigation arising from the Authority's mortgage loans in consultation and cooperation with Michigan's Office of Attorney General
23. Process deeds in lieu of foreclosures, redemptions, pre-foreclosure short sales, third party sales, and loan modifications
24. Process mortgage loans through foreclosure including;
 - a. **Handle property inspections, maintenance and waste prevention, as necessary;**
 - b. **Ensure that all insurances are maintained on each account;**
 - c. **Ensure that real estate taxes and assessments and any electric/water/sewer municipal charges are paid on a current basis for each account; and**
 - d. **Monitor through conveyance or Real Estate Owned (REO) administration of property**
25. Process/monitor insurance claims through the settlement of mortgage insurance claim
26. Pursuant to new regulation, provide new loan set-up guide and conduct periodic training regarding new loan set-up for lenders
27. Retain files relating to paid-off loans pursuant to Authority requirements and Retention Schedules including recorded information

C. Products or Milestones to be Met. Products or Milestones include:

1. On or about October 3, 2022, the Contractor will be required to schedule and attend orientation/training meeting(s) to discuss the content and procedures of the contract. The Authority and Contractor(s) will also discuss and develop a timeline and procedures for the conversion, including the appropriate testing of data, of the single-family loan portfolio
2. The meeting(s) will be held in Lansing, Michigan at a date and time mutually acceptable to the Authority and the Contractor
3. The Authority shall bear no cost for the time and travel of the Contractor's attendance at the meetings
4. Upon termination of the agreement, Contractor will transfer loans including history from the inception of the loan
5. On a quarterly basis, Contractor must provide the Authority with an updated contact information sheet to include the following for all senior management responsible for the monthly servicing activities:
 - a. **Job title;**
 - b. **Telephone numbers; and**
 - c. **Email addresses**
6. On a quarterly basis, Contractor must provide the Authority with an updated contact information sheet to include the following for senior management and staff responsible in foreclosure mitigation activities:
 - a. **Job title;**
 - b. **Telephone numbers; and**
 - c. **Email addresses**

7. Submit reports as requested by the Authority described on page 4 of the Single Family Servicing Manual. This document is posted as a separate document in addition to the RFP.

D. Deadlines for Completing Objectives.

The Contractor must service the single family mortgage portfolio in accordance with applicable timelines and MSHDA and FHA requirements. The contractor must refer to the MSHDA servicing manual as a guideline for servicing requirements.

III. Standards for Performance

If awarded a contract, the selected contractor shall perform the tasks/activities and complete the objectives in accordance with the following standards:

A. Sub-Servicer Experience. The contractor must have extensive experience and a demonstrable commitment to servicing mortgage loans. At a minimum, the Contractor must:

1. Have been in business for at least three years;
2. Have substantial experience servicing loans for households with original mortgage balances of less than \$150,000;
3. Currently service a minimum of \$500,000,000 in single family first mortgage loans and must currently service second mortgages; and
4. Be capable of tracing and servicing non-amortizing, non-interest-bearing second mortgage loans. Such servicing must include the ability to generate separate payoff statements for the first and second loans, the ability to generate payoff statements that include both the first and second mortgage loans as separate line items, and the ability to prevent unintended principal payments to second mortgage loans.

B. Mortgage Revenue Bonds. The Contractor must certify that it is familiar with Section 143 of the Internal Revenue Code, as amended, and the requirements necessary for obtaining and maintaining the tax-exempt status of Mortgage Revenue Bonds

C. Required Approvals. The Contractor must currently be approved to service, and have significant experience in the servicing of, conventional, FHA, VA, and RD loans. In addition, the Contractor must have one or more FHA Direct Endorsement underwriters on staff and one or more VA Automatic underwriters on staff. The Contractor must also be a Freddie Mac or Fannie Mae approved seller-servicer.

D. Delinquency Control. The Contractor's delinquency ratio shall not exceed the most recent national overall delinquency ratios published by the Mortgage Bankers Association of America ("MBA"). If a Contractor's portfolio is limited to regions designated by the MBA, the Contractor shall not exceed the most recent MBA overall delinquency ratios for those regions. The Authority will consider detailed explanations such as high concentrations of newly acquired poorly performing portfolios or FHA or VA servicing as offsetting factors; however, delinquency ratios for government loans shall not exceed national or regional averages published by the MBA. The Contractor must provide a Portfolio Delinquency Report for its servicing portfolios that shows the past due delinquency ratios for the past 36 months. Delinquency rates for 30, 60 and 90+ days higher than the most recently reported MBA national and regional rates must be satisfactorily explained.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
REQUEST FOR PROPOSALS**

EXHIBIT A

NOTICE TO BIDDERS

I. Notifications to Bidders

- A. Revisions to RFP.** 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 Bidders 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 to the RFP, and the answers to any written questions.
- B. Organization Authorized to Transact Business in Michigan.** The Bidder must be either a Michigan entity (limited partnership, Limited Liability Company, for-profit corporation or non-profit corporation, etc.) or, if foreign, authorized to do business in the State of Michigan.

Proposals from Sole Proprietors Will Not be Accepted

Questions regarding specific requirements to transact business in the State of Michigan should be referred to or otherwise contact the Michigan Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau at:

http://www.michigan.gov/lara/0,4601,7-154-61343_35413---,00.html.

- C. Minimum Internet/Technological Capabilities.** The Bidder must have phone, internet, and e-mail access. Internet and e-mail access must be adequate to allow the Bidder to receive, download and upload data, files and attachments from Authority staff. (Current state standards are limited to a functional size of 20 MB).
- D. Limits on Liability & Indemnification.** The Bidder must review and acknowledge that the Authority will require the Bidder to satisfy the following requirements prior to the execution of a contract with the Authority. If the Bidder has objections, please provide an explanation with your proposal outlining the objection.

If awarded a contract, the Bidder agrees to:

1. Indemnify, defend and hold harmless the Authority, its Board, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:
 - a. any claim, demand, action, citation or legal proceeding against the Authority, its employees and agents arising out of or resulting from (1) the services provided ("Services") or (2) performance of the Services, duties,

responsibilities, actions or omissions of the Bidder or any of its subcontractors under an awarded contract.

- b. any claim, demand, action, citation or legal proceeding against the Authority, its employees and agents arising out of or resulting from a breach by the Bidder of any representation or warranty made by the Bidder in an awarded contract.
- c. any claim, demand, action, citation or legal proceeding against the Authority, its employees and agents arising out of or related to occurrences that the Bidder is required to insure against as provided for in an awarded contract.
- d. any claim, demand, action, citation or legal proceeding against the Authority, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Bidder, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the Authority.
- e. any claim, demand, action, citation or legal proceeding against the Authority, its employees and agents which results from an act or omission of the Bidder or any of its subcontractors in its or their capacity as an employer of a person.
- f. any action or proceeding threatened or brought against the Authority to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Bidder or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States.

E. Michigan Freedom of Information Act. All documents submitted to the Authority are 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 et seq.* 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)(i)*.

Please submit FOIA requests to the Authority as follows:

MSHDA FOIA Coordinator
c/o Legal Affairs
Email: MSHDA-FOIA@michigan.gov

F. Preferences. Michigan law accommodates some bidder preferences:

1. Michigan Based Business

All other things being equal, the state of Michigan must give preference to products manufactured or services offered by Michigan-based firms. See MCL Section 18.1261 (<http://legislature.mi.gov/doc.aspx?mcl-18-1261>) and Section 18.1268 (<http://legislature.mi.gov/doc.aspx?mcl-18-1268>).

2. Geographically-Disadvantaged Business

All other things being equal, the state of Michigan must give preference to products manufactured or services offered by a Geographically-Disadvantaged Business Enterprise. It is the goal of the State that 3% or more of contract payments each state fiscal year will be made to certified Geographically-Disadvantaged Business Enterprises by the 2022-23 fiscal year. See Executive Directive 2019-08 (https://www.michigan.gov/whitmer/0,9309,7387-90499_90704-486613--,00.html).

3. Qualified Service-Disabled Veteran-Owned Businesses

It is the goal of the State to award 5% of total state expenditures for construction, goods, and services to qualified service-disabled veteran-owned businesses. The State provides a 10% pricing preference for businesses owned by qualified-disabled veterans. See MCL Section 18.1241 (<http://legislature.mi.gov/doc.aspx?mcl-18-1241>) and Section 18.1261 (<http://legislature.mi.gov/doc.aspx?mcl-18-1261>).

G. Submissions Subsequent to Award. As part of an awarded contract, the selected contractor will be required to review and provide and/or acknowledge additional documents including but not limited to:

- W-9 Request for Taxpayer Identification Number and Certification.
- Proof of proper insurance coverage.
- Retiree Rehire Certificate, if necessary.

H. Insurance Coverage. The Bidder must maintain and provide evidence, satisfactory to the Authority, of the following minimum insurance coverage:

1. General Liability Insurance for \$1,000,000 with the Authority shown as additional insured;
2. Errors and Omissions Insurance for \$1,000,000 for each occurrence and \$1,000,000 annual aggregate;
3. Worker's Compensation Insurance (if required under state law). Any citing of a policy of insurance must include a listing of the States where that policy's coverage is applicable.
4. If required by the Authority, Cyber Security Insurance for \$1,000,000.

- I. Payments to Pensioned Retirees.** 2007 PA 95, MCL 38.68c requires retirees of the State Employees Retirement System (“Pensioned Retirees”) who become employed by the State either directly or indirectly through a contractual arrangement with another party on or after October 1, 2007, to forfeit their respective state pensions for the duration of their reemployment. **Accordingly, any pensioned retiree who provides or renders services pursuant to the contract for which bids will be made under this RFP shall be required to forfeit his or her pension during the term of the contract.**

Proposals must acknowledge and confirm whether pensioned retirees will render services under the contract being sought through this RFP. If the Bidder intends to use a pensioned retiree, the Bidder must submit written confirmation from the pensioned retiree that he or she agrees to forfeit his or her pension during the term of the contract, if awarded. If awarded a contract, the Bidder must submit a copy of the pensioned retiree’s directions to the State of Michigan’s Office of Retirement Services (“ORS”) to withhold the retiree’s pension payments until the end of the contract term by having the pensioned retiree complete a Retiree Rehire Certificate. A copy of the Retiree Rehire Certificate will be required to be submitted prior to executing an awarded contract.

- J. Contract Award Approvals.** Prior to executing an awarded contract, the Authority must seek and obtain Michigan Civil Service approval. The required forms will be submitted to Civil Service prior to the Authority’s Board approval.

Contracts that equal or exceed \$45,000 must be approved by the Authority’s Board. Thereafter, an awarded contract will be forwarded to the selected Bidder with instructions to review and sign it. Upon receiving the signed contract, the Authority’s Procurement Office will submit the contract to a duly authorized signatory for final execution on behalf of the Authority. One fully executed contract will then be returned to the selected contractor.

- K. Commencement of Work.** Project work shall not commence until execution of a project contract. The selected contractor shall not proceed with performance of the project work or incurring of project costs until both parties have signed the project contract to show acceptance of its terms and conditions.

- L. Project Control.** The selected contractor will carry out this project under the direction and control of the Authority and its designated Contract Administrator.

- M. Applicable Laws.** The selected contractor will be required to comply with all Michigan and federal laws, as well as acquire any permits or permission-related documents to provide services being sought.

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**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
REQUEST FOR PROPOSAL**

EXHIBIT B

SUBMISSION & SELECTION

I. Submission of Questions

- To ensure a fair and impartial process, the Authority's Procurement Office will *only* address on time and properly submitted questions.
- Phone calls involving the RFP or related questions will not be accepted. Firms submitting bids shall not contact any Board members or Authority staff.
- All questions and answers related to this RFP will be supplied to Bidders that submitted questions, and/or to organizations providing the Procurement Office with notification of intent to submit a proposal.

A. Due Date. Submit all questions regarding the RFP via email by **July 12, 2022 at 4 p.m.** Eastern Time (Detroit). Submissions received at 4:00:01 p.m. Eastern is late and subject to disqualification.

Responses to properly submitted questions will be posted on or around **July 14, 2022**. The Authority will hold no other question sessions or bidder's conferences.

B. Delivery of Proposal. Address questions using the subject line ***SUBSERVICING MORTGAGE LOANS RFP*** to:

MSHDA-Procurement@michigan.gov

Confirmation of Delivery. The Procurement Office will verify receipt of email and questions to the Bidder within 24 hours. If Bidder has not received verification, the Bidder should verify the email address provided above (i.e., no spaces; hyphen between "MSHDA" and "Procurement") and resubmit an email asking for verification.

II. Submission of Proposal

- Submitted proposals must respond to and address the tasks, activities, listed requirements and questions outlined in the Scope of Work of this RFP and its attached and incorporated exhibits.
- The Authority shall not be liable for any costs that a Bidder may incur while preparing a proposal.
- The Authority shall not be liable for any costs that a Bidder 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.

A. Due Date. Proposals responding to this RFP are due **August 2, 2022 at 4 p.m.** Eastern Time (Detroit). Submissions received at 4:00:01 p.m. Eastern is late and subject to disqualification.

B. Originals and Copies. Submit **one (1) .pdf** version of a proposal via email outlining how the Bidder will provide the activities / services described in the Scope of Work.

C. Delivery of Proposal. Direct all deliveries to:

MSHDA-Procurement@michigan.gov

Confirmation of Delivery. The Procurement Office will verify receipt of email and proposal to the Bidder within 24 hours. If Bidder has not received verification, the Bidder should verify the email address provided above (i.e., no spaces; hyphen between “MSHDA” and “Procurement”) and resubmit an email asking for verification.

III. Selection of Proposal

The selection of a proposal shall be subject to a review by the Authority’s Legal Affairs Division concerning conflicts of interest and/or participation in Authority programs by the Bidder, its officers, employees, subcontractors or independent contractors.

A. Selection Criteria. The Authority will select the proposal based on Selection Criteria listed below:

Category	Points
Experience with loans of \$150,000 or less. Percentage of loans (based on number of loans) with original principal balances of \$150,000 or less: Points: 15 More than 40% 10 $\geq 20\% \leq 40\%$ 5 $\geq 5\% < 20\%$ 0 Less than 5%	

Familiarity with Mortgage Subsidy Bonds Tax Act. Percentage of tax-exempt-bond-financed loans (based on number of loans) in portfolio (This figure may be for any time during the past seven years.): Points: 15 More than 40% 10 $\geq 20\% \leq 40\%$ 5 $\geq 5\% < 20\%$ 0 Less than 5%	
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<p>Delinquency ratio.</p> <p>Percentage of applicable MBA delinquency rate:</p> <p>Points:</p> <ul style="list-style-type: none"> 15 Less than 75% 10 $\geq 75\% \leq 90\%$ 5 $> 90\% < 95\%$ 0 95% or greater 	
<p>Reasonableness and feasibility of fee. 15 Points.</p>	
<p>Number of non-amortizing (i.e., no payments due) second mortgage loans serviced as a percentage of number of first mortgage loans serviced:</p> <p>Points:</p> <ul style="list-style-type: none"> 15 More than 25% 10 $\geq 15\% \leq 25\%$ 5 $\geq 5\% < 15\%$ 0 Less than 5% 	

<p>Financial strength:</p> <p>For traditional banks, "well capitalized" would be a ratio of 10% or more of total capital to risk-weighted tangible assets; "adequately capitalized" would be a ratio of 8% to 10%. For entities other than traditional banks, "well capitalized" would be a ratio of 5% or more of core capital to adjusted tangible assets; "adequately capitalized" would be a ratio of 3% to 5%.</p> <p>Points</p> <ul style="list-style-type: none"> 10 Well capitalized 5 Adequately capitalized 0 Less than adequately capitalized 	
<p>Loans per servicing FTE:</p> <p>Points</p> <ul style="list-style-type: none"> 15 Less than 900 10 900-1,049 5 1,050-1,149 0 1,150-1,249 -5 1,250-1,349 -10 More than 1,349 	

Total Possible Points:

100 Points

Note: The Authority will utilize all Bidder information to determine the best value for the services sought and is not obligated to accept the lowest priced proposal.

B. Proposal Selection. The Authority's review may take up to four weeks after the closing date for submitting proposals. The Authority anticipates notifying the selected contractor on or about August 22, 2022, via e-mail and posting on the Authority's website; however, the selection and final notice of award will be contingent on approval by the Michigan Civil Service Commission and the Authority's Board.

C. Cancellation of Selected Proposal. The selection of a proposal by the Authority may be cancelled at any time prior to the complete execution of a contract. If the Authority cancels its selection of a proposal, the Authority may repost this or a similar RFP and re-seek proposals. Reasons for canceling the selected proposal may include, but are not limited to, the following:

1. Refusal of Department of Civil Service to process required forms.
2. Refusal of duly authorized Authority signatory to execute the contract.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
REQUEST FOR PROPOSAL**

EXHIBIT C

PROPOSAL FORMAT

I. Overview

- Proposals must be submitted in the format described in this Exhibit C as outlined below.
- There should be no attachments, enclosures or exhibits other than those considered by the Bidder to be essential to a complete understanding of the proposal.
- Each section must be clearly identified with appropriate headings and/or table of contents.
- The proposal should be clear, accurate, and complete, with sufficient detail to enable the Authority to evaluate the services and methods proposed.

II. Headers and Contents

Proposals not including requested information may be viewed by the Authority as non-responsive and not considered further. Bidders are strongly encouraged to review their proposals prior to submission to ensure that all requested information is included.

A. Company Background Information.

1. Legal business name and address.
[Name]
[Street Address]
[City, State, Zip]
[Phone Number]
[Website address]
2. The type of entity (e.g., Michigan corporation, Michigan nonprofit corporation, Michigan limited liability company, foreign).
Note: Prior to contract execution, the selected contractor will be required to provide proof of authorization to conduct business in the State of Michigan.
3. Any applicable "Doing Business As" names.
4. Any branch office, or name and address of registered agent, if applicable.
5. Legal business name of any applicable parent company, and its address.
6. State your business is incorporated in.
7. Number of years in business and number of employees.

8. Has there been a recent change in the organizational structure (e.g., management team) or a change of control (merger or acquisition)?
(Yes / No)
If Yes, why and how has it affected your company?
9. Has your company ever been debarred, suspended, or otherwise disqualified from bidding, proposing, or contracting with any governmental entity, including the State?
(Yes / No)
If Yes, provide the date, governmental entity, and details surrounding the action.
10. Has your company ever been sued by the State of Michigan?
(Yes / No)
If Yes, provide the date, case caption, case number, and identify the court that the case was filed in.
11. Has your company ever sued the State of Michigan?
(Yes /No)
If Yes, provide the date, case caption, case number, and identify court that case was filed in.
12. Within the past five (5) years, has your company defaulted on a government contract, or been terminated for cause by any governmental entity, including the State?
(Yes / No)
If Yes, provide the date of action, contracting entity, type of contract, and details surrounding the termination or default.
13. Within the past five (5) years, has your company defaulted on a contract or been terminated for cause by any private entity in which similar service or products were being provided by your company?
(Yes / No)
If Yes, provide the date of action, contracting entity, type of contract, and details surrounding the termination or default.
14. Does your company have experience working with the State of Michigan?
(Yes / No)
If Yes, please provide a list (including the contract number) of the contracts you hold or have held with the State for the last 10 years.

B. Management and Personnel. Answer/Address the following:

1. **Authorized Signatory.** The Bidder must clearly identify the name and title of an official authorized to commit the Bidder to the terms and conditions of the proposal.
 - a. Provide any resolution(s) authorizing the designated official as an approved signatory.
 - b. Proposal must include the statement of bid commitment, see Section H below, signed by the approved signatory.
2. **Officer and Management Summary.** Identify manager(s) and/or officer(s) who will manage the contract if it is awarded:

- a. Provide current contact information including the manager/officer name, title, mailing address, email address, and phone and fax numbers.
 - b. Provide their resumes or CVs.
 - c. List their responsibilities and the specific tasks each assigned officer/manager will carry out and the anticipated time frames for each task.
- 3. Personnel Summary.** Identify proposed key project personnel, including job titles, responsible for performing the activities / services described in the Scope of Work.
- 4. Submit a Certificate Verifying Project Personnel.** The form is found in Exhibit D, attached and incorporated into this RFP.
- a. Confirm Whether Any Assigned Personnel Receive Pension Payments from the State of Michigan. Review Exhibit A, Section I.I above for important information regarding Pensioned Retirees.

C. Experience.

- 1. Prior Experience of Bidder.** Indicate prior experience of your organization that you consider relevant to the successful accomplishment of the project described in this RFP.
- a. Include sufficient detail to demonstrate the relevance of such experience.
 - b. Include descriptions of qualifying experience, including project descriptions, costs, and start/end dates of projects successfully completed.
 - c. Include the name, address, and telephone number of the responsible official of the client organization who may be contacted.
 - d. Demonstrate the following qualifications that the Authority has identified as necessary for the successful performance and completion of the services described in the Scope of Work:
 - i. Have been in business for at least three years;
 - ii. Have substantial experience servicing residential loans with original mortgage balances of less than \$150,000;
 - iii. Currently service a minimum of \$500,000,000 in single family first mortgage loans and must currently service second mortgages; and
 - iv. Be capable of tracking and servicing non-amortizing, non-interest-bearing second mortgage loans. Such servicing must include the ability to generate separate payoff statements for the first and second loans, the ability to generate payoff statements that include both the first and second mortgage loans as separate line items, and the ability to prevent unintended principal payments to second mortgage loans;
 - v. Be familiar with Section 143 of the Internal Revenue Code, as amended, and the requirements necessary for obtaining and maintaining the tax-exempt status of Mortgage Revenue Bonds;
 - vi. Must be currently approved to service, and have significant experience in the servicing of, conventional, FHA, VA, and RD loans;
 - vii. Process/monitor mortgage loans through foreclosure;
 - viii. Process/monitor insurance claims through the settlement of mortgage insurance claims;
 - ix. Must be a Freddie Mac or Fannie Mae approved seller-servicer.
- 2. Experience of Proposed Personnel Assigned to Provide Services.** The proposal should describe the education and experience of the personnel who will

be assigned to provide the proposed services, including managers who may oversee work of personnel.

3. **Professional References.** Include professional references who can provide information regarding the Bidder's prior past performance.
4. **Additional Information and Comments.** Include any other information that is believed to be pertinent but not specifically asked for elsewhere.

D. Proposed Services.

1. **How Services Will be Rendered.** Address and describe the process used to render the services and how the services will be rendered. This should be an overview of the methodology to be used, based on staff and time frames, to meet the project scope of work and complete the required services within the time frame of the project.
2. **Use of Subcontractors.** If any work will be subcontracted, describe the following:
 - a. Work that will be subcontracted.
 - b. The process used to select the subcontractors.
 - c. The subcontractor's experience and expertise.
 - d. The names of the firms/individual(s) who will perform the subcontracted work.
 - e. How quality of service will be monitored and ensured.
3. **Standards.** Describe or address the following:
 - a. The standards that the services will satisfy. (If standards of a professional association will be followed, identify the standards and the association.)
 - b. How quality of service will be monitored and ensured.
 - c. Whether "best practices" will be followed. (If applicable, identify the organization and/or document establishing such standards.)
4. **Security of Data.** If the services to be rendered require the collection and/or use of confidential and/or personal data, confirm the following:
 - a. Has your organization established and used a policy to address the security of paper and electronic data?
(Yes / No)
If No, explain how your organization addresses the security of paper and electronic data.
(Note: Please do not submit a copy of your security policy.)
 - b. Does your policy address the removal of confidential and/or personal data from storage media? (For example, does your firm's policy include the removal or "wiping" of data from hard drives when a computer is no longer used?)
(Yes / No)
If No, explain how your organization handles confidential and/or personal data.
5. **Copyrighted Materials.** Acknowledge and/or confirm the following:
 - a. You agree that any and all products produced as a result of this contract shall be the property of the Authority.

- b. You agree that the Authority shall (a) hold a copyright on all materials or products produced under the contract and (b) be allowed to file for a copyright with the United States Copyright Office.
- c. You acknowledge that submitted documents will not contain in part or whole copyrighted materials.

E. Price Proposal & Budget

- 1. **Price Proposal.** All rates quoted in proposals submitted in response to this RFP will be a firm fixed price for the duration of the contract. No price changes will be permitted.

Proposals should reflect per diem rates in effect at the time of proposal submission. State per diem rates are subject to change during the term of an awarded contract. Current travel information can be found here:

https://www.michigan.gov/dtmb/0,5552,7-358-82548_13132---,00.html

- 2. **Budget.** Include in the proposal a line item budget identifying all expenses related to the work to be performed. By submitting the bid, the Bidder acknowledges that it bears the risk that its expenses may exceed the proposed amount. The budget should include applicable items, which may include the following:

- a. Staff costs broken down by each individual staff person. Include # of hours, per hour rate, and work assignment.
- b. Lodging costs (based on State of Michigan per diem rates). Description should include when and why lodging is needed.
- c. Meal costs (based on State of Michigan per diem rates). Description should include when and why meals are needed.
- d. Transportation costs (based on standard State of Michigan mileage rate). Description should include type and reason for transportation cost.
- e. Costs of supplies and materials. Description should include items to be purchased and reason for purchase.
- f. Other direct costs. Description should include items to be purchased and reason for purchase.
- g. Total Budget.
- h. Fee Example (See Below):

Please calculate what your fees would be for a month in which the following facts are true. Assume that none of the categories overlap, e.g., loans that are 30 days delinquent do not include loans that are 30 days delinquent and in bankruptcy. The DPA loans are additional loans, but they are associated with an accompanying first mortgage. They are non-interest bearing and non-amortizing, with no payments due. In addition to showing what your total fee would be, please show how the fee was calculated.

Type of loan	Number of loans	Total outstanding principal (In dollars)
30-year fixed-rate, current	21,474	1,959,805,645
In foreclosure	22	1,252,799
Totals	21,496	1,961,058,444
<i>The above totals include the following:</i>		
30 days delinquent	937	83,031,678
60 days delinquent	292	26,657,644

<i>90+ days delinquent</i>	1,356	127,114,712
<i>30 days delinquent, in bankruptcy</i>	17	1,452,370
<i>60 days delinquent, in bankruptcy</i>	8	633,112
<i>90+ days delinquent, in bankruptcy</i>	5	316,285
DPA loans	16,358	110,763,500
New loans added this month	355	45,871,921
Loans paid off this month	231	20,303,035

- F. Schedule/Timeline.** Bids must include a schedule for delivery of services set forth in the Scope of Work and cite the proposed deadlines for completing the tasks within the Scope of Work. All work must be completed within 36 months from contract signing.

Include a timetable indicating how the project will be scheduled. The timetable should include: (1) any proposed meetings; (2) dates for draft submittals; (3) review times (allow 4 weeks for Authority review) and completion dates for deliverables; (4) quarterly reports (these will be due Jan. 15, April 15, July 15, and Oct. 15 each year during the project reporting period); and (5) final Project Completion Report. A proposed schedule/timeline is listed below:

Completed Service/Project Components	Estimated Completion Dates
October 3, 2022	Schedule and attend orientation/training meeting(s) in Lansing to discuss content and procedures
January 2023	Submit updated contact information sheets for all senior management responsible for monthly servicing activities and foreclosure mitigation activities
April 2023	Submit updated contact information sheets for all senior management responsible for monthly servicing activities and foreclosure mitigation activities
July 2023	Submit updated contact information sheets for all senior management responsible for monthly servicing activities and foreclosure mitigation activities
October 2023	Submit updated contact information sheets for all senior management responsible for monthly servicing activities and foreclosure mitigation activities
See the Single Family Servicing Manual, page 4 for additional reports/timelines	

G. Disclosures.

1. Interests in Authority Programs. Authority programs include, but are not limited to, the Housing Voucher Program, any loans where the Authority is the lender, and any grants made by or administered by the Authority.

a. Does the Bidder, its officers, board members, and employees respectively, have any interests in Authority programs?

(Yes / No)

If Yes, please provide their name, title, and the Authority program for which the interests exist.

b. If the Bidder intends to use independent contractors or subcontractors to render services, do the independent contractors or subcontractors and their officers, board members, and employees respectively, have any interests in Authority programs?

(Yes / No)

If Yes, please provide their name, title, and the Authority program for which the interests exist.

2. Potential Conflicts of Interests. Potential conflicts of interest may arise from the Bidder's officers, employees, members, board members, independent contractors or subcontractors the Bidder will use to render services, if the organization enters into a contract with the Authority.

a. Is the Bidder currently under contract and/or been awarded a grant from the Authority?

(Yes / No)

If Yes, please confirm whether any potential conflict of interest will exist if the Authority enters into a contract with the Bidder.

b. Does the Bidder, its officers, board members, and employees, hold a position with another entity that may be under contract or receiving a grant from the Authority?

(Yes / No)

If Yes, include an organizational chart from each entity under contract or awarded a grant from the Authority in which the Bidder or project personnel holds a position. Include each employee's position and title within the entity. In addition, indicate whether the Bidder or the project personnel is responsible for making financial decisions in his/her capacity and what measures have been implemented to ensure that funds are not comingled.

THE AUTHORITY RESERVES THE RIGHT TO DEEM A BID NON-RESPONSIVE FOR FAILURE TO DISCLOSE A POTENTIAL CONFLICT OF INTEREST.

3. Family Members Who Work for Authority.

a. Does the Bidder, its officers, board members, and employees respectively, have family members who work for the Authority?

(Yes / No)

If Yes, please provide their name and the name of the family member currently employed at the Authority.

H. Signature Clause to be Signed by Bidder's Authorized Signatory. Insert into the proposal and have the authorized signatory sign the following signature clause at the end of the proposal:

I confirm that I have submitted this proposal on behalf of

_____ in response to the
**Michigan State Housing Development Authority's Request for Proposals for
Subservicing Mortgage Loans.**

I also confirm that I have read and understand the Authority's indemnification, copyright, data security and insurance requirements.

By: _____

Its: _____

Date: _____

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**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
REQUEST FOR PROPOSAL**

EXHIBIT D

PROJECT PERSONNEL

**CERTIFICATE VERIFYING PROJECT PERSONNEL OF THE
CONTRACTOR/SUBCONTRACTOR**

The Contractor/Subcontractor acknowledges that the following personnel are Project Personnel of the Contractor/Subcontractor:

(1) Name _____
(*Print or type name above line*)

Title with Contractor/Subcontractor _____

Is this person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes _____/No _____

(2) Name _____
(*Print or type name above line*)

Title with Contractor/Subcontractor _____

Is the person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes _____/No _____

Name of Signatory for Contractor/Subcontractor:

Printed Name: _____
(*Print or type name above line*)

Its: _____

Signature: _____

Federal Identification Number: _____

Pensioned Retirees (2007, MCL 38.68) (12/7/07 Rev)