



REQUEST FOR PROPOSALS

DATE OF ISSUE: May 2, 2023

TO: Potential Providers of Services

RE: **Request for Proposals (“RFP”) for Servicing of Home Improvement Mortgage Loans**

Quick Reference

	Date	Time
Deadline to submit questions about this RFP:	May 11, 2023	4 PM Eastern (Detroit, MI)
Anticipated date Authority will post answers to questions:	May 17, 2023	
Proposal deadline:	June 1, 2023	4 PM Eastern (Detroit, MI)
Anticipated contract begin date:	January 1, 2024	

*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 (“Authority”) is seeking an organization authorized to do business in Michigan to perform contractor services for servicing Home Improvement Mortgage Loans.

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

It is anticipated that a three (3) year contract may be awarded. At its discretion, the Authority may extend this Agreement for up to three (3) one-year periods.

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

The selected contractor will also advise and educate Authority representatives related to contractor services sought as outlined below.

The Contractor will be responsible providing monthly loan servicing, including but not limited to loan boarding, payment processing, professional and courteous customer service, reporting, file retention, delinquency management, claim processing and quality control. The Contractor will perform according to FHA and pursuant to applicable laws and regulations (collectively, "Applicable Requirements").

I. Objectives, Tasks & Activities

A. Objectives. To successfully perform the services described above, the selected contractor must satisfy the following objectives:

1. Effective January 1, 2024 transfer loans from the present Contractor and set them up on the new Contractor's system.
2. Receive future Loans originated by the various mortgage lenders that originate Authority loans and set them up on the Contractor's system.
3. Collect monthly payments from borrowers.
4. Apply the payments to principal and interest.
5. Remit payments to the Authority on a monthly basis.
6. Provide payoff statements and payment histories to borrowers when requested.
7. Process discharges of mortgages, subordinations and submit monthly reports to MSHDA on all such activity.
8. Monitor borrowers for all steps of delinquency; contact delinquent borrowers; arrange to bring the loans current, if possible; and, when necessary, process mortgage loans through foreclosure or submit Title I claims to HUD.
9. Offer and negotiate short sales and loan modifications, when appropriate.
10. Monitor the borrower through all steps of bankruptcy, death of a borrower including filing of probate papers and proof of claim.
11. Manifest Title I insured loans with HUD, review billings, and make monthly insurance premium payments.

12. File eligible Title I insured claims with HUD in accordance with HUD guidelines.

B. Activities/Responsibilities Necessary to Complete Scope of Work. To achieve the objectives, the selected Contractor shall perform the activities listed below according to applicable guidelines, mandates, or other requirements as promulgated by FHA Title I and pursuant to applicable laws and regulations:

1. Set up new loans received from originating lenders to include:
 - i. Mortgagor information
 - ii. Note Date
 - iii. Next payment due date
 - iv. Payment amount
 - v. Principal balance
 - vi. Maturity date
 - vii. Total monthly payments
 - viii. Interest rate
 - ix. Bond series or Loan Type
 - x. Title I eligible designation
 - xi. Manifest new Title I loans on FHA Connection
2. Accept payments from the mortgagors and properly apply them to the correct categories of principal and interest.
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.
5. Provide the Authority with separate month-end reports by bond series in Excel format: remittance reports, paid-in-full reports for second mortgages prepayments, curtailments, delinquencies, and payment and curtailment reversals, status of loans in claims, unsecured loan balances and trial balances.
6. Provide the Authority with monthly electronic reports of name changes for any mortgagor, changes in ownership and approved lease agreements, with required documentation.
7. Retain electronic versions of month end reports for a period of two years.
8. Remit payoff funds to the Authority within two business days of when funds were collected. Remit PMI payments monthly.

9. Ensure that the property does not become subject to any liens arising from non-payment of water or other property bills.
10. Prepare Form 1098 and Form 1099 tax reports, as applicable.
11. Include and sequence all reports by MSHDA loan number.
12. Provide complete, accurate payoff statements, in separate, defined line items.
13. Send discharges of mortgages for recording in compliance with Michigan laws.
14. Provide courteous customer service by qualified, knowledgeable staff, accessible by toll-free number.
15. Process monthly HUD billings for Title I loans.
16. Obtain access to HUD FHA Connection to run monthly claim status reports.
17. Monitor collections and loss mitigation.
18. Take proper steps to monitor and control delinquencies.
19. Process bankruptcies.
20. Process any litigation arising from the Authority's mortgage loans in consultation and cooperation with the Michigan Office of Attorney General.
21. Process deeds in lieu of foreclosures, redemptions, pre-foreclosure short sales, third party sales, and loan modifications.
22. Process Mortgage loans through foreclosure including:
 - i. Handle property inspections, maintenance and water safety, as necessary.
 - ii. Ensure that all insurances are maintained on each account.
 - iii. Ensure that real estate taxes and any property bills that may become a lien on property are paid.
 - iv. Monitor through conveyance or REO administration of property.

23. File FHA Title I claims after no-payment on account of 180 days.
24. Re-file FHA Title I claims if claim rejected for missing or inaccurate information within 60 days of rejection.
25. Process/monitor insurance claims through the settlement of claim.

II. 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.** In accordance with the State of Michigan, Department of Technology, Management & Budget, electronic Data Encryption Standard Number 1340.00.07 must be met.
- B.** In accordance with HUD Handbook 1060.2, Title I Property Improvement and Manufactured Home Loan Regulations, 24 CFR Parts 201 and 202, claims are filed according to HUD Title I Claims Filing Guide, February 16, 2023
- C.** In accordance with Authority Property Improvement Program Guidelines

III. Product Description/Guidelines

- A.** Program Guidelines -The Authority has program guidelines that provide the qualifications and parameters to the lenders and borrowers of the property improvement program.
 1. The Property Improvement Program offers low interest home improvement loans to single- family Michigan Homeowners. The property must be located in Michigan and be the owner's year-round residence. Eligible applicants must have 50% interest in the property. Land contract holders are not eligible. Homeowner labor is not allowed.
 2. The loans are originated through Participating Lenders and Community Agents within the State of Michigan.
 3. The loans are underwritten by MSHDA with the closing taking place in the originating Lenders offices. Goals for the program include expanding the lender participation to include a lender within each Michigan County.
 4. Income limits for the program are \$105,700 total household income. All borrower and co-borrower debt is considered in the calculation. All household income received by occupants over 18 years of age is considered for qualifying purposes and determination of loan interest rate.
 5. The D/I Ratio is currently at 45% (back end- total debt) and 35% (front end – 1st mortgage and PIP lien). PIP requires a mortgage on all loans greater than \$7500. These are all considered 2nd mortgages for credit

reporting purposes. The sub-servicer will be required to hold an escrow account for non-exempt county mortgages that do not hold a 1st lien. PIP will not take a position lower than 2nd position on a property.

6. Eligible improvements are permanent property improvements which substantially protect or improve the basic livability or utility or energy efficiency of the property. This includes structural additions, alterations or renovations and/or repairs, or to bring a property into compliance with state, county, municipal health, housing, building, fire and/or housing maintenance codes or other public standards applicable to housing, including replacement of a well and/or septic system upgrade or replacement.
7. Loan maximums up to the following amounts are Title I insured:
 - Single family homes up to \$25,000
 - Manufactured/Mobile Homes attached to real estate, loans up to \$25,000.
8. MSHDA no longer allows loans on single family homes that are non-Title I insured. Past non-Title I loans are considered PIP loans and are serviced with the Title I loan portfolio. The loan terms on non-Title I loans were up to 30 years amortization. The current number of loans that are non-Title I insured is less than 15% of the portfolio.
9. Current PIP loan terms are up to 20-year amortization on loans up to \$25,000 (\$25,000 for manufactured/mobile homes).
10. The sub-servicer is not required to be the custodian of the original loan documents.
11. The interest calculation is all based on daily accrual: actual days/365. There are escrow funds required in non-exempt counties. These are all FHA Title I fixed rate insured.
12. MSHDA would like to increase the new loans to a total of 100 - 150 annually. All loans are reported to the three credit reporting agencies, on a monthly basis in MSHDA's name.
13. Coupon books or monthly statements are to be sent to the borrower from the sub-servicer.
14. In the case of a foreclosure, deeds-in-lieu, short sales, third party sales and loan modification, these are rare where PIP would be in first position. These would be looked at on a case-by-case basis with MSHDA's involvement. REO administration would be required only in a foreclosure case.
15. The Authority retains the right to have final decision making in defaulting/foreclosure situation or unusual cases.
16. Electronic data dumps will need to be available on a daily basis.

V. Bidder's qualifications/Requirements

A. Bidder's Qualifications the Authority has identified the following qualifications that it believes are necessary for the successful performance and completion of the services described in the Scope of Work. The Bidder must:

1. The Contractor must provide a comprehensive listing of contracts of similar scope that it has successfully completed, as evidence of the Contractor's ability to successfully complete the services required by this Direct Solicitation. For each such contract, the Contractor must provide the name and telephone number of a contact person for the other contract party. Beginning and ending dates must also be given for each contract.
2. The Contractor must disclose all contractors it uses or would intend to use in the servicing of the Authority's loans.
3. The Contractor must provide evidence of the dollar amount and number of second mortgage loans it is currently servicing.
4. The Contractor must offer a remote inquiry system with secure access to request reports via the Internet by accessing a virtual private network and by using standard FTP protocol. The Authority will then be able to download files, such as reports, or send the Contractor files such as new loan interface files. The Contractor needs to offer easy and quick connectivity. The Contractor must provide the Authority with the ability to assign usernames and passwords to the appropriate staff for access to transaction data, screens, reports, and files.
5. The Contractor must provide user documentation, user training, training material and telephone assistance. The user documentation must be designed for easy access to the Contractor's remote inquiry system on any personal computer in the Authority's facility.
6. The Contractor will assure compliance state and federal laws involving mortgage servicing, while also diligently protecting the Authority's interest in the mortgage loans.
7. The Contractor must maintain an insured custodial trust account in a U.S. financial institution, for principal and interest. This account must be established in the name of the Authority as well as the Contractor, and the custodial institution must acknowledge the Authority's right to access these funds. The Contractor must have the ability to remit payments to the Authority daily, with no more than a two-business-day lag in payment.
8. The Contractor will not be permitted to engage in any type of collateral solicitations or cross-selling of related products.

9. The Contractor must represent and warrant that there is at the time of the response to the Direct Solicitation no conveyance or merger intended or pending that would result in the Authority's loans being subject to a transfer of servicing, i.e., the issuance of a "good-bye letter". If there is a transfer of servicing during the term of the contract, the Authority reserves the right to require that the loans be transferred to another Contractor of its choice, in which case any termination fee will be waived.
10. The Contractor must provide evidence of current Errors and Omissions Insurance. The coverage must meet or exceed Fannie Mae, Freddie Mac and the Authority's guidelines.
11. The Contractor must provide evidence of current Employee Crime and Dishonesty Insurance that meets or exceeds Fannie Mae, Freddie Mac and the Authority's guidelines.
12. The Contractor must provide three years of annual audited financial statements, as well as the most recent year-to-date statements which may be unaudited if that is all that is available. These financial statements must show to the Authority's satisfaction that the company is economically viable (has adequate positive cash flow and net worth to maintain high quality, unimpaired operations for the foreseeable future). The Contractor must also provide the results of any compliance audits conducted by HUD, within the previous 3 years.
13. The Authority plans to audit the Contractor at least annually. The Contractor must agree to provide appropriate on-site space for up to four Authority auditors and access to all files and computer records with respect to Authority loans, at no charge to the Authority.
14. The Contractor must provide an organizational chart indicating the Contractor's entire organizational structure and the relationship of the individuals assigned to the contract to the Contractor's overall organizational structure. The chart must indicate the division of servicing duties (i.e. customer relations, collections, delinquency control, foreclosure/bankruptcy) and the number of employees assigned to each section. The chart must also indicate the number of full-time equivalent employees ("FTEs") the Contractor will assign or allocate towards Authority loan servicing. FTE aggregates the amount of time spent by employees who are not assigned exclusively to Authority loan servicing and expresses their efforts as though their efforts were assigned to exclusive employees.
15. The Contractor must include information relating to its organization, personnel, and experience, including, but not limited to, references with contact names and telephone numbers, evidencing the

Contractor's qualifications and capabilities to perform the services required by this Direct Solicitation.

16. The Contractor must certify that it is an Equal Opportunity Employer as defined by applicable state and federal regulations; must comply fully with all government regulations regarding nondiscriminatory employment practices; and must comply with the provisions of the Americans with Disabilities Act.
17. The Contractor must certify that it is capable of preparing reports and will provide such reports to the Authority in a timely manner if awarded this contract.
18. The Contractor must execute a Certification asserting (among other things) that it is not currently subject to order, insolvency proceedings, any actions of judicial or governmental authorities, or secondary markets that could, in the Authority's sole judgment, impair the Contractor's ability to perform the contract.
19. The Contractor must certify that there is, at the time of the response to this Direct Solicitation, no conveyance or merger intended or pending that would result in the Authority's loans being subject to a transfer of servicing, i.e., the issuance of a "good-bye letter."
20. The Contractor must not currently be subject to orders, insolvency proceedings, any actions of judicial or governmental authorities, or secondary markets that could, in the Authority's sole judgment, impair the Contractor's ability to perform the contract. The existence of any of the foregoing must be disclosed in the proposal and up to the time of contract execution. The Contractor must include in its contract language acceptable to the Authority that, if it becomes subject to such listed events when under contract, it will immediately notify the Authority and the Authority may in its sole discretion terminate the contract.
21. The loans per servicing employee ratio must not exceed 1,100 per FTE (unless justified by special circumstances).
22. The Contractor must identify the computer software platform and programs currently used in its servicing operation. An industry-accepted full service platform (please name vendor(s), or equivalent in house platform (please describe capabilities), must be in place and must be compatible with the Authority's computer system and able to accept the transfer of loans from the Authority's current Contractor. The system must be capable of expanding and accepting add-ons that will be necessary to maintain state-of-the-art servicing capabilities over the term of the contract. The Authority uses, and will continue to use, specific software applications developed by Agate for on-line lender

loan reservations and to process and monitor loan activity. The Contractor must have the ability to receive and send electronic files of loan activity through a secure file-transfer-protocol process utilizing 128-bit SSH and SSL PGP encryption. Any information that may be otherwise sent as a hard-copy must be able to be accepted in an electronic format. The Contractor must have the ability to comply with the specific file layout as required by the software vendor for the file transfers.

23. All reports, documents and information that the Contractor submits to the Authority must be in Word, Excel, or .pdf format.
24. The Contractor must certify that it has a CRA rating of "satisfactory" or better or that the CRA is not applicable to the Contractor.
25. The Contractor must submit its current disaster recovery plan, and will be required to agree to maintain an acceptable disaster recovery plan if awarded this contract. The Contractor must also indicate how frequently the plan is tested and upgraded, and how the plan performed in its most recent test.
26. The Contractor must disclose its policy regarding the collection and/or use of confidential and/or personal data. The policy must address the security of paper and electronic data that contains confidential and/or personal.

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**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 **May 11, 2023 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 **May 17, 2023**. The Authority will hold no other question sessions or bidder's conferences.

B. Delivery of Proposal. Address questions using the subject line ***Servicing of Home Improvement Mortgage 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 **June 1, 2023 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:

1.	Experience servicing subordinate liens, education and/or certification	(50 Points)
2.	Communication skills, including clarity of proposal and writing sample	(15 Points)
3.	Adequacy of proposed methodology, staffing, and time frames for performing services	(25 Points)
4.	Reasonableness and feasibility of fee	(10 Points)

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 price 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 June 25, 2023 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. The Authority has identified the following qualifications that it believes are necessary for the successful performance and completion of the services described in the Scope of Work:
 - i. Experience providing consulting services and technical information relating to HUD-related programs;
 - ii. Experience providing consulting services and technical information specific HUD lending.
 - iii. Experience providing HUD-related program training; and
 - iv. Have experienced personnel to perform the services, or have personnel supervised by experienced staff.
- 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. Examples of Work.** The following example of recent work shall be submitted with the Bidder's proposal:
- a. Recent consultation arrangements related to HUD programs;
 - b. The scope and nature of consultation related to HUD programs;
 - c. Recent training and training syllabi related to HUD programs; and
 - d. Any examples of consultation or training deemed related to the services being sought by the Authority.

4. **Professional References.** Include professional references who can provide information regarding the Bidder's prior past performance.
5. **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

A. Information that must be submitted:

1. Contractor must show experience sub-servicing loans for households with mortgage balances averaging \$15,000, and maximums not exceeding \$50,000.
2. Contractor must show proof of meeting FHA Title I minimal net worth requirement of \$250,000 and warehouse line of credit of \$500,000.
3. Contractor must show percentage of loans (based on number of loans) with second mortgage balances averaging \$15,000, and maximums not exceeding \$50,000.
4. Familiarity with Section 143 of the Internal Revenue Code
 - i. 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)
5. Familiarity with FHA Title I Program
6. Delinquency ratio
 - i. Percentage of applicable MBA delinquency rate
7. Number of office(s) in Michigan, if applicable
8. Audit Reports
 - i. Provide three years of annual audited financial statements, as well as the most recent year-to-date statements which may be unaudited, if that is all that is available. Also provide the results of any compliance audits of the Contractor conducted by HUD or FHA within the previous three years.
9. Strength of organization's personnel
 - i. Provide the names and biographies of manager of principal servicing divisions such as: Collections/Default, Cashiering, Loss Mitigation, Investor Accounting, New Loan Setup,

Customer Service, Claims, etc. Also provide the number of employees in each division and the average years of experience.

10. Loans per servicing FTE.

11. References, including contact information

- i. List of Contractors and fees
- ii. Dollar amount of current portfolio
- iii. Number of loans and type in current portfolio

12. Detailed fee structure - must include at a minimum the fees for: Initial Conversion

- i. Monthly Sub-servicing for fixed rate loans
- ii. Monthly Sub-servicing for delinquent loans/Claims Processing
- iii. New Loans Added (on a flow basis)

13. If the fees will vary based upon the number of loans that will be sub-serviced, this must be disclosed, and the fee structure(s) must be provided

14. The fee structure may be based either on a percentage of the outstanding balance of loans serviced or on a "per loan" basis. If more than one Contractor that uses a percentage calculation is a successful bidder, all percentage bidders will be required to accept the percentage of the lowest successful percentage bidder.

Fee Example

Please calculate what your fees would be for a month in which the following facts are true. Assume that none of the categories overlap, i.e., loans that are 30 days delinquent do not include loans that are 30 days delinquent and in bankruptcy. In addition to showing what you total fee would be, please show how the fee was calculated.

SAMPLE based on 562 loans Type of loan	Number of loans where average loan is \$15,000	Total outstanding principal (in dollars)
Home improvement fixed-rate	205	\$1,524,000
Remodeler Landlord	6	82,000
In Foreclosure	1	12,000
Totals	207	1,618,000
The above totals include the following		
30 days delinquent	5	63,200
60 days delinquent	1	5,200

90+ days delinquent	17	151,800
30 days delinquent in bankruptcy	1	5,000
60 days delinquent in bankruptcy	1	10,000
90+ days delinquent in bankruptcy	1	43,800
New loans added this month	2	1,500
Loans paid off this month	2	2,500
Title I Claim Submittals	1	8,000
Loan Modification	1	10,000

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.

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.

Include a timetable indicating how the project will be scheduled.

<i>Completed Service/Project Components</i>	<i>Estimated Completion Dates</i>

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
Consulting Services Servicing Home Improvement 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)