

REQUEST FOR PROPOSALS (RFP) 2016-02

HOMEBUYER LOAN PROGRAM

for

FLORIDA HOUSING FINANCE CORPORATION

January 29, 2016

SECTION ONE INTRODUCTION

Florida Housing Finance Corporation (“Florida Housing”) is soliciting competitive, sealed responses from qualified firms to provide single family homeownership loan servicing in accordance with the terms and conditions set forth in this Request for Proposals (RFP), and any other term and condition in any contract subsequently awarded. Respondents will be selected and determined through Florida Housing’s review of each response, considering the factors identified in this RFP. Florida Housing expects to select one Respondent that proposes to provide all of the services specified in this RFP.

SECTION TWO DEFINITIONS

For purposes of this document, the following terms will be defined as follows:

“Board”	The Board of Directors of Florida Housing Finance Corporation.
“Certificate”	A Freddie Mac Certificate, Fannie Mae Certificate or Ginnie Mae Certificate, as applicable.
“Committee”	The review committee composed only of employees of Florida Housing that is established pursuant to Rule 67-49.007, Fla. Admin. Code.
“Contractor”	A person or entity providing the professional services described in Section Four of this RFP.
“Correspondent Lender”	A lender that has been approved by Florida Housing and the Servicer to originate loans under the Program but does not have the capacity to underwrite and table fund loans.
“Days”	Calendar days, unless otherwise specified.
“Effective Date”	The date the last party signs the contract that is awarded as a result of this RFP.
“Fannie Mae”	Federal National Mortgage Association, a federally chartered and stockholder-owned corporation that purchases and securitizes mortgages.
“FHA”	Federal Housing Administration, a self- funded agency of HUD that insures mortgages.

“Florida Housing”	Florida Housing Finance Corporation, a public corporation and public body corporate and politic created by Section 420.504, Fla. Stat.
“Freddie Mac”	Federal Home Loan Mortgage Corporation, a federally chartered and stockholder-owned corporation that purchases and securitizes mortgages.
“Ginnie Mae”	Government National Mortgage Association, a wholly owned corporation of HUD, which provides guarantees on mortgage revenue bonds backed by federally insured or guaranteed loans.
“Ginnie Mae Guaranty Agreement”	The agreement in which Ginnie Mae guarantees the timely payment of principal and interest on securities.
“HUD”	United States Department of Housing and Urban Development.
“Participating Lender”	A lender that has been approved by Florida Housing and the Servicer to originate loans under the Program.
“Program”	Florida Housing’s homeownership loan program.
“Respondent”	Any person or entity who has the capability in all respects to perform fully the requirements contained in this RFP, and submits a response to this RFP.
“Response”	The written submission by a Respondent to this RFP.
“RFP”	This RFP, including all exhibits referenced in this document and all other documents incorporated by reference.
“Servicer”	The firm selected and approved by Florida Housing to provide servicing for the Program as defined by the Contract.
“Subordinate Loan”	Any subordinate loans made by Florida Housing in conjunction with a first mortgage loan made under the Program.
“TBA Market”	To Be Announced Market. The market in which mortgage backed securities (MBS) are sold.

“Trustee”	A financial institution that holds fiduciary responsibility and liability to enforce the terms of the trust indentures.
“USDA RD”	An agency within the United States Department of Agriculture that is responsible for administering federal assistance, including single family loans, to rural areas of the United States.
“VA”	The United States Department of Veteran Affairs, a federal agency which provides benefits and services to veterans of the United States military, including single family mortgage loans.
“Website”	The Florida Housing Finance Corporation website, the URL of which is www.floridahousing.org .

SECTION THREE PROCEDURES AND PROVISIONS

A. The Respondent must submit an original and five copies of the Response to the Contracts Manager in a sealed envelope marked “RFP 2016-02.” Each envelope or package containing Responses must clearly state the name of the Respondent. The Response that is the original must be clearly indicated on that Response. An electronic copy of the Response must also be submitted on a CD or flash drive. Florida Housing will not accept a faxed or e-mailed Response. Florida Housing must receive any Responses on or before 2:00 p.m., Eastern Time, on February 23, 2016. Responses will be opened at that time.

Contracts Manager
 Florida Housing Finance Corporation
 227 North Bronough Street, Suite 5000
 Tallahassee, FL 32301-1329
 (850) 488-4197
 Email: Contracts.Manager@floridahousing.org

B. This RFP does not commit Florida Housing to award a contract to any Respondent or to pay any costs incurred in the preparation or mailing of a Response.

C. All services under the contract awarded are to be performed solely by the Contractor, unless subcontracted or assigned with the prior written approval and consent of Florida Housing.

D. Florida Housing reserves the right to:

1. Waive minor deficiencies and informalities;
2. Accept or reject any or all Responses received as a result of this RFP;

3. Obtain information concerning any or all Respondents from any source;
4. Request an oral interview before the Board from any or all Respondents;
5. Select for contract negotiation or for award a Response other than (or in addition to) that with the highest score in order to serve the best interests of Florida Housing and the public; and
6. Negotiate with the successful Respondent with respect to any additional terms or conditions of the contract.

E. Any interested party may submit any question regarding this RFP in writing via mail or e-mail to the Contracts Manager at the address given in Section Three, Item A. All questions must be submitted no later than 2:00 p.m., Eastern Time, on February 9, 2016. Phone calls will not be accepted. Florida Housing expects to respond to all questions in writing by 5:00 p.m., Eastern Time, on February 16, 2016. Florida Housing will post a copy of all questions received and the corresponding answers on Florida Housing's website at:

<http://www.floridahousing.org/BusinessAndLegal/Solicitations/RequestForProposals/>.

Only written responses or statements from the Contracts Manager that are posted on this website will bind Florida Housing. No other means of communication, whether oral or written, may be construed as an official response or statement from Florida Housing.

F. Between the release of the solicitation and the end of the 72-hour period following the posting of the notice of intended award, respondents to this solicitation or persons acting on their behalf may not contact any member of Florida Housing's Board of Directors or any Florida Housing employee concerning any aspect of this solicitation, except in writing to the Contracts Manager. Violation of this provision may be grounds for rejecting a response.

G. Any person who wishes to protest the specifications of this RFP must file a protest in compliance with Section 120.57(3), Fla. Stat., and Rule Chapter 28-110, Fla. Admin. Code. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat., will constitute a waiver of proceedings under Chapter 120, Fla. Stat.

H. The term of the contract will be for three years, subject to satisfactory performance at the sole discretion of Florida Housing. If the parties mutually agree in writing, the contract may be renewed three times for an additional one year period.

I. Florida Housing is not required to use the services of any selected Contractor or to assign any work to such provider, and may terminate the contract with any selected Contractor without cause and without penalty. The Contractor must give Florida Housing a minimum of 180 days' notice and continue to service existing loans.

J. Pursuant to Fla. Admin. Code R. 67-49.004, Florida Housing may modify the terms of the RFP at any point prior to the due date for Responses. A notice of such modification will be

posted on Florida Housing's Website and will be provided to potential Respondents who requested copies of the RFP. Any Respondent will have at least seven days from the date of the posting of the notice of the modification to submit or modify its Response.

K. The terms of this RFP, and any modifications thereto, will be incorporated into any contract offered as a result of this RFP. Failure of a successful Respondent to accept these obligations in the final contract may result in cancellation of the award.

SECTION FOUR SCOPE OF SERVICES

Florida Housing intends to select a master servicer that will provide purchasing, pooling, selling and servicing of Mortgage Loans and consulting on overall performance design and performance. Multiple participating lenders (currently 164 lenders) originate the loans for sale to the master servicer under FHA, VA, USDA-RD and Fannie Mae HFA Preferred products.

The Respondent must be able to provide the following services to be considered for selection under this RFP:

A. Lender Management

1. Provide lender approval to determine Master Servicer eligibility of participating lenders and execute contracts with participating lenders.

B. Loan Purchases and Process

1. Accept loans underwritten via Fannie Mae Desktop Underwriting and Freddie Mac Loan Prospector and other automated underwriting systems as agreed to by Florida Housing. Accept loans manually underwritten to VA, FHA and USDA-RD, and GNMA/Fannie Mae and Freddie Mac guidelines.

2. Purchase loans from lenders, advance funds for lender compensation, and advance funds for the Florida Housing second mortgages.

C. Lender Customer Service and Training

1. Provide quality customer service, including communication and consultation with participating lenders regarding operations issues such as the loan purchase process, final documents and servicing.

2. Hold training for lenders via teleconference or webinar as requested by Florida Housing staff.

D. Loan Review, Purchase, Pooling and Securitization

1. Perform document custodian activities, including confirmation that all Florida Housing documents are present, complete and correctly executed.
2. Perform loan-level review to ensure purchase compliance.
3. Pool loans per Florida Housing instruction.
4. Issue Government National Mortgage Association (GNMA) certificates (in the form of GNMA I or GNMA II securities) and pool and delivery loans to Fannie Mae and Freddie Mac in exchange for securities expeditiously.
5. Sell securities and/or certificates to Florida Housing expeditiously.
6. Repurchase non-conforming loans for resale to originating lender.
7. Sell newly originated whole loans via the Fannie Mae cash window.

E. Loan Servicing

1. Service purchased, pooled and sold loans.
2. Service first mortgages in compliance with Ginnie Mae, Fannie Mae, and Freddie Mac requirements.
3. Consult with Florida Housing on program guidelines, Ginnie Mae, Fannie Mae and Freddie Mac requirements.
4. Consult with Florida Housing regarding regulatory compliance.
5. Provide Florida Housing, with the data or reports required for securitization, IRS reporting, Preliminary Official Statement/Official Statement development, portfolio management and lender performance review. Provide bond accounting information that includes but is not limited to prepayments and curtailments.
6. Provide information on a quarterly basis as to the number of lender loan repurchases.
7. Purchase loans on a daily basis and warehouse loans as needed until such loans are pooled and settled.
8. Service junior liens.
9. Provide loss mitigation strategy that supports successful homeownership.
10. Import data from an origination system.

12. Provide customer service orientation to participating lenders and collaborative business partner with Florida Housing.

SECTION FIVE CERTIFICATION

Do not reproduce the language of Section Five in the Response. By inclusion and execution of the statement provided in Section Six, subsection I, of this RFP, each Respondent certifies that:

A. The Respondent submits this Response without prior understanding, agreement, or connection with any person or entity submitting a separate Response for the same services. However, any agreement with a person or entity with whom the Response is jointly filed and such joint filing is made clear on the face of the Response will be an exception so long as the Response is in all respects fair and without collusion or fraud.

B. Any material submitted in response to this RFP is a public record pursuant to Chapter 119, Fla. Stat., and subject to examination upon request, but only after Florida Housing provides a notice of decision pursuant to Section 120.57(3), Fla. Stat., or within 30 days after the Response is opened, whichever is earlier.

C. The Respondent, if awarded a contract under this RFP, will comply with Section 420.512(5), Fla. Stat. For the purpose of Section 420.512(5), Fla. Stat., “Prohibited Business Solicitation Communications” is defined by Section 420.503(32), Fla. Stat.

D. The Respondent is in compliance with Section 287.133(2)(a), Fla. Stat.

E. The Respondent understands and agrees to cooperate with any audits conducted in accordance with the provisions set forth in Section 20.055(5), Fla. Stat.

F. Pursuant to Section 119.0701(2), Fla. Stat., the Respondent, if awarded a contract under this RFP, will be required “to comply with public records laws, specifically to:

a. Keep and maintain public records that ordinarily and necessarily would be required by the public agency in order to perform the service.

b. Provide the public with access to public records on the same terms and conditions that the public agency would provide the records and at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law.

c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law.

d. Meet all requirements for retaining public records and transfer, at no cost, to the public agency all public records in possession of the contractor upon termination of the contract and destroy any duplicate public records that are exempt or confidential and

exempt from public records disclosure requirements. All records stored electronically must be provided to the public agency in a format that is compatible with the information technology systems of the public agency.”

Notwithstanding anything contained herein to the contrary, the provisions and requirements of this paragraph will only apply if and when the Contractor is acting on behalf of Florida Housing.

G. The Respondent acknowledges that if awarded a contract it will be prohibited from engaging in activities in connection with services related to Florida Housing transactions that produce direct or indirect financial gain for the Respondent other than for the compensation agreed upon in the contract that results from this RFP, unless that Respondent has Florida Housing’s written consent after Florida Housing has been fully informed of such activities in writing.

H. The Respondent acknowledges that if awarded a contract it will be prohibited from engaging in any actual, apparent, or potential conflict of interest. Should any such actual, apparent, or potential conflict of interest come into being subsequent to the effective date of the contract and prior to the conclusion of the contract, the Respondent will provide notification (Notice of Conflict of Interest) to Florida Housing, through first class certified mail, return receipt requested, within ten (10) working days, seeking consent from Florida Housing’s Executive Director. If the Respondent is found to be in non-compliance with this provision, without written consent from Florida Housing’s Executive Director, any compensation received in connection with the contract will be subject to forfeiture to Florida Housing.

I. The Respondent, in submitting this Response, acknowledges and agrees that the terms and conditions of this RFP, as well as any modifications thereto, will be incorporated into any contract offered as a result of this RFP.

J. CERTIFICATION STATEMENT:

THE FOLLOWING WILL BE REPEATED IN THE RESPONDENT’S RESPONSE AND SIGNED BY AN INDIVIDUAL AUTHORIZED TO BIND THE RESPONDENT. THIS IS A THRESHOLD ITEM AND FAILURE TO INCLUDE THE CERTIFICATION STATEMENT BEARING AN ORIGINAL SIGNATURE WILL RESULT IN REJECTION OF THE RESPONSE.

“I agree to abide by all conditions of RFP 2016-02 and certify that all information provided in this Response is true and correct, that I am authorized to sign this Response as the Respondent and that I am in compliance with all requirements of the RFP, including but not limited to, the certification requirements stated in Section Five of this RFP.”

Authorized Signature (Original)

Print Name and Title

SECTION SIX INFORMATION TO BE PROVIDED IN RESPONSE

In providing the following information, restate each item and sub-item (with its letter and number), and limit your Response to one bound volume. Responses to the items must be included immediately after the restated items without any reference to any appendix.

A. REQUIRED DOCUMENTATION

In addition to being able to provide the services listed in Section Four, the Respondent must meet the following requirements to be considered for selection under this RFP:

1. Provide documentation demonstrating that the Respondent:
 - a. Is approved by Ginnie Mae to sell and service mortgage loans having FHA Insurance or a VA Guaranty, an RHS Guaranty, or a HUD Guaranty;
 - b. Is a FHA/VA-approved mortgagee;
 - c. Meets all the issuer eligibility requirements of Ginnie Mae; and
 - d. Is approved by Ginnie Mae to issue mortgage backed certificates guaranteed by Ginnie Mae.
2. Provide documentation demonstrating that the Respondent is approved by Fannie Mae and Freddie Mac to sell and service conventional mortgage loans, meet all of the issuer eligibility requirements of Fannie Mae and Freddie Mac and is approved by Fannie Mae and Freddie Mac to deliver qualified mortgage loans to Fannie Mae and Freddie Mac to back Fannie Mae and Freddie Mac Certificates, respectively, and is approved to service such mortgage loans.
3. Provide documentation demonstrating that the Respondent has at least three years of current experience with state and local housing finance authorities in a mortgage revenue bond mortgage backed securities (MBS) program (threshold applies to the company not individual employees of the company).
4. Provide evidence that the Respondent is qualified to do business in the State of Florida.
5. Provide evidence that the Respondent is a financial institution qualified to service loans in the State of Florida.
6. Provide evidence that the Respondent has the ability to service Subordinate Loans and is able to purchase loans on a daily basis.

7. Provide evidence that the Respondent can provide a current attestation report, in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16, Service Organization Controls (SOC) as issued by the AICPA, or superseding guidance, addressing controls at the organization relevant to the organization's processing for Florida Housing. This report, at a minimum a SOC 1 Type 2 report, should be performed at least annually covering a period of 12 months. For the successful Respondent, the report must cover, at a minimum, 6 months of the Florida Housing fiscal year (January through December) being audited. If a minimum of 6 months of the Florida Housing fiscal year is not covered by the report, a bridge letter for the period not covered must be provided. A copy of the report, and bridge letter when required, should be provided to Florida Housing's contracts manager upon issuance but must be provided no later than the last day of the first quarter of each calendar year.

B. GENERAL INFORMATION

1. Provide an overview of the Respondent's firm that includes the length of time that the Respondent has been in business, with reference to any significant changes in the management and/or structure or holding company, including any mergers that occurred in the last three years or are expected to occur.

2. Describe any ongoing or planned systems integration and its impact on human resources and systems capacity.

3. Describe any merger-related costs and their impact on the Respondent's capital requirements of local, state or federal regulatory entities.

4. Identify any servicing contracts that expired and were not renewed in the past 12 months. Identify any servicing contracts that were terminated before expiration. Include an explanation for each termination.

5. Provide the total number of HFA and non-HFA loans purchased and the total number of HFA and non-HFA loans currently serviced by your company as of the end of your most recent fiscal year

C. WORK PLAN FOR SCOPE OF SERVICES

Describe the Respondent's ability to provide the services required in Section Four of this RFP. Include a list of HFA's currently being served and the composition of the portfolio(s) currently being serviced, including loan type, property type, and geographic location.

D. EXPERIENCE AND RESOURCES

1. List the names and titles of all the Respondent's personnel who will be assigned to perform the services requested in Section Four of this RFP.

2. Describe the approach to maintaining and ensuring compliance with policies and procedures manuals for employees.

3. Describe the identified personnel’s assigned responsibilities, length of time in the employ of the Respondent, and provide resumes of the identified personnel.

4. List the person who will be the primary contact for Program service and support. State where located, hours of availability, and list the other clients for which this person also serves as a primary contact.

E. SYSTEM SOFTWARE

1. Describe the system and software used for Program administration and loan servicing. Include a description of the reporting capabilities of the system, identify the types of reports that Staff will be able to download or access from the system independently, and indicate the system’s capacity to import historical program data for the purposes of analysis and reporting. (Note: Florida Housing may require that the Respondent provide a software demonstration.)

2. Describe the system’s compatibility with HUD’s tracking system currently called Integrated Disbursement and Information Systems (IDIS), and describe the commitment of the Respondent to continuing compatibility with any successor HUD tracking system.

3. Describe your business continuity plan in the event of computer system failure, natural disasters, etc. Describe any Service Level Agreements with third-party providers of online loan reservation and tracking systems.

F. FEES

The selected Servicer will pay to Florida Housing a Servicing Release Premium (SRP). For this section, please provide the following:

1. SRP’s for Ginnie Mae, Fannie Mae and Freddie Mac MBS for each of the servicing structures listed in Table A below.

TABLE A						
SERVICING RELEASE PREMIUMS						
Servicing Release Premium (%)						
Monthly servicing fee	0.190%	0.315%	0.440%	0.565%	0.690%	0.250%
FHA						N/A
RD						N/A
VA						N/A
FNMA HFA Preferred	N/A	N/A	N/A	N/A	N/A	
FNMA HFA Preferred Risk Share	N/A	N/A	N/A	N/A	N/A	

As of 1/22/2016 the government lending rate was 4.75% and the conventional lending rate 4.625%. The minimum FICO is 640 and the average home loan amount is \$126,611.

2. Upfront and/or ongoing fees to be charged for subordinate mortgages.
3. Identify any other fees or expenses payable by Florida Housing or borrower or seller in connection with your purchase of loans and the creation of MBS.

NOTE: Program support costs shall be borne by the Respondent and include all costs relating to providing services required under this contract. These services include, but are not limited to: new lender review and monitoring, lender training expenses, lender compliance manuals, loan reservation and tracking system, and any cost or fee incurred in carrying out the obligations of the Respondent under this RFP and Contract. Florida Housing will not reimburse the Respondent for any costs incurred prior to, during, or after the contract term.

FINAL FEE SCHEDULE WILL BE SUBJECT TO NEGOTIATION.

G. LOSS MITIGATION

1. Describe your loss mitigation strategy for Program loans.
2. What is your servicing tier ranking/rating with HUD, Freddie Mac and Fannie Mae? What is your success rate?
3. List years of experience in management and staff engaged in loss mitigation efforts.
4. What is the default servicing make-up between different segments of your team (i.e. collections, bankruptcy, foreclosure, etc.). How do they interact?
5. What is your process for outreach and solicitation to borrowers?
6. What is your philosophy in loss mitigation efforts?

H. LENDERS

1. Describe the Respondent's ability to provide Lender communication, training and consultation. Additionally, describe Lender performance evaluation process and reporting.
2. Describe the Respondent's process for assisting Staff in assessing and approving new Lender applications for participation in the Program.

I. DRUG-FREE WORKPLACE

If the Respondent has implemented a drug-free workplace program, the Respondent must submit the following certification indicating that it meets all of the requirements of Section 287.087, Fla. Stat.:

I hereby certify on behalf of the Respondent, under the terms of RFP 2016-02, that the Respondent has implemented a drug-free workplace program pursuant to Section 287.087, Fla. Stat.

Authorized Signature: _____
Print Name: _____
Print Title: _____

J. MINORITY BUSINESS ENTERPRISE

If the Respondent is a minority business enterprise as defined in Section 288.703, Fla. Stat., the Respondent must submit the following certification:

I hereby certify on behalf of the Respondent, under the terms of RFP 2016-02, that the Respondent is a “minority business enterprise” as defined in Section 288.703(3), Fla. Stat.

Authorized Signature: _____
Print Name: _____
Print Title: _____

K. CERTIFICATION (Mandatory Item)

FAILURE TO INCLUDE THE CERTIFICATION STATEMENT LOCATED IN SECTION FIVE OF THIS RFP BEARING AN ORIGINAL SIGNATURE WILL RESULT IN REJECTION OF THE RESPONSE.

**SECTION SEVEN
EVALUATION PROCESS**

The individual Committee members will independently evaluate the Responses by reviewing the answers to each of the items identified in Section Six of this RFP and assigning points up to the maximum points allowed for each item.

The points available for items in Section Six are to be evaluated are as follows:

<u>Item Reference</u>	<u>Maximum Points</u>
B. General Information.....	20
C. Work Plan for Scope of Services.....	40
D. Experience and Resources	35
E. System Software	45
F.1. Fees	60
G. Loss Mitigation	35
H. Lenders.....	50
Total Points Available.....	285

In the event of a tie, Florida Housing will give preference in the award process to any Response certifying that a drug-free workplace has been implemented in accordance with Section 287.087, Fla. Stat. If a tie continues to exist, Florida Housing will give preference to minority business enterprises as defined in Section 288.703, Fla. Stat.

The Committee will conduct one or more public meetings during which members will discuss their evaluations and develop a recommendation or series of recommendations to the Board. The Committee's recommendation will be based on the cumulative scoring and information gathered from the non-scored items. The Board may use the Responses, the Committee's scoring, the non-scored items in the Responses, any other information or recommendation provided by the Committee or staff, and any other information the Board deems relevant in its selection of Respondents to whom to award a contract.

SECTION EIGHT AWARD PROCESS

Florida Housing will provide notice of its decision, or intended decision, for this RFP on Florida Housing's Website the next business day after the Board's decision. After posting, an unsuccessful applicant may file a notice of protest and a formal written protest in accordance with Section 120.57(3), Fla. Stat. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat. or failure to post the bond or other security required by law within the time allowed for filing a bond will constitute a waiver of proceedings under Chapter 120, Fla. Stat.