



Request for Proposal: Master Servicer

MONTANA BOARD OF HOUSING
301 South Park, Suite 240
PO Box 200528
Helena, Montana 59620

September 6, 2023

Proposals must be submitted in accordance with all instructions contained within this RFP and received by MONTANA BOARD OF HOUSING no later than 11:59 p.m., Mountain Daylight Time (MDT), on October 4, 2023.

EVENT	DATE
RFP Issued	9/6/2023
Deadline for Receipt of Written Questions	9/20/2023
Deadline for Posting Written Responses to the State's Website	9/27/2023
RFP Response Due Date	10/4/2023
Public Notice of Intent to Award Contract	11/1/2023
MBOH Board Meeting for Master Servicer Selection	11/13/2023
Due Diligence selected Master Servicer complete	1/15/2024
Intended date for contract award*	1/31/2024

*The dates above identified by an asterisk are included for planning purposes. These dates are subject to change.

The Montana Board of Housing, an agency of the State of Montana ("Board," "MBOH" or "State") issues this Request for Proposal ("RFP") seeking a contractor to serve as Master Servicer for the Board's Single-Family Residential Mortgage Loan program. A more complete description of the services to be provided is set forth below.

Offerors shall carefully review the entire RFP and must comply with all RFP provisions. Proposal submission requirements and instructions for this RFP process, including the evaluation process and criteria, are described in detail below. References herein to the "Master Servicer" refer to the Offeror and/or any Offeror awarded the contract that ultimately executes a Master Servicer Agreement ("Agreement" or "Contract") with MBOH, as indicated by the context. References herein to the "Board" shall mean MBOH staff, except where otherwise noted or indicated by the context.

INTRODUCTION AND BACKGROUND

The Board was created under the Montana Housing Act of 1975. The Board, comprised of seven members appointed by the Governor and confirmed by the Montana Senate, provides policy direction for MBOH staff. MBOH is administratively attached to the Montana Department of Commerce, and its powers and duties are established primarily in Title 2, Chapter 15; and Title 90, Chapter 6, Parts 1, 5 and 6, of the Montana Code Annotated. The following MBOH programs are subject to the policy direction of the Board:

- Homeownership Program
 - Reverse Annuity Mortgage ("RAM") Program
 - Veterans' Homes Loan Mortgage Program
- Mortgage Servicing
- Multifamily Loan Program
- Low Income Housing Tax Credit Program
- Housing Montana Fund

MBOH issues Mortgage Revenue Bonds ("MRBs") and uses bond proceeds to purchase the single-family residential mortgage loans that qualify in accordance with IRS income, purchase price, and first-time homebuyer requirements. MBOH acquires single-family residential mortgage loans from approximately 35 approved participating lenders in the State of Montana. MBOH currently reviews the qualifications of lenders on an annual basis in accordance with its Lender Approval Monitoring Plan ("LAMP"), which was developed in accordance with and reviewed by Freddie Mac, in anticipation of incorporating a conventional program in the future.

Loans are acquired on a service released basis from its participating lenders and include first mortgages and related second (downpayment assistance) mortgage options. MBOH will continue to service its existing portfolio.

MBOH establishes and adjusts first mortgage loan program interest rates based upon pricing established in the MRB market, in partnership with its financial team and financial advisor. Additionally, MBOH offers two second mortgage loan (down payment assistance) options, which consist of an interest bearing 15-year amortizing loan and a zero percent deferred loan structure. For loans purchased in 2022 and 2023, approximately 90% of borrowers opted for the 15-year amortizing loan with the remaining 10% opting for the Zero Percent Deferred loan. Historically, MBOH has not provided a downpayment assistance program in the form of a grant.

Of the approximate 35 current MBOH participating lenders, nearly all are members of the Mortgage Electronic Registration System ("MERS") excluding one participating lender who originates less than 1% of MBOH loans per year. Additionally, MBOH currently utilizes the Emphasys Loan Origination Software and uses Perceptive for imaged documentation.

As of August 11, 2023 MBOH had a first mortgage locked pipeline of \$39,957,037 at an average note rate of 5.58%, average loan balance of \$277,479 and an average mid-fico score of 681. Recent program changes, including adoption of higher purchase price limits, have attributed to this increase in loan production where the average loan balance has changed from \$234,824 and the average mid-fico score from 662 in contrast to loan acquisitions through 2023. Additional details can be found on Exhibit A.

MBOH projects its 2023 loan acquisition volume could easily reach \$100 million, resulting in growth of nearly 25% over the prior year.

In calendar year 2022 and YTD 2023, MBOH purchased a total of \$123,779,075 million of FHA, VA and USDA loans from its participating lenders. Additional details can be found on Exhibit B and Exhibit C.

Respondents to this RFP are encouraged to review the MBOH website, including its listing of loan programs and participating lender details, at <https://housing.mt.gov/Homeownership/Lenders/>.

I. RFP FRAMEWORK

This Request for Proposal ("RFP") is part of a strategic shift in MBOH's business model to move into the secondary market, with the goal of issuing Mortgage-Backed Securities ("MBS") for delivery in either the MRB market or the To Be Announced ("TBA") secondary market. Additionally, MBOH may sell whole loans to either of the Government Sponsored Enterprises ("GSEs").

The Master Servicer will be required, for both the first mortgage loans and related second mortgage loans, to review, purchase, perform pre-funding quality control, perform post-funding quality control, manage investor quality control and repurchase requests, and meet loan servicing and reporting requirements for Ginnie Mae and the GSE's, and for the related second mortgage loans, for MBOH.

The Master Servicer will acquire all right, title, and interest in the loans as required to service the mortgage loans and issue the MBS in accordance with GSE or Ginnie Mae requirements, or to deliver to the GSEs under a Whole Loan commitment.

Under the MRB structure, MBOH will continue to review all loans to ensure they meet IRS requirements and will coordinate the approval or suspension of such loans with the Master Servicer.

- a. **Ginnie Mae:** MBOH presently purchases FHA, VA, and USDA residential single-family mortgage loans that meet IRS MRB requirements. New loans will be pooled into Ginnie Mae MBS with the Master Servicer being the Issuer and Servicer of record. MBOH anticipates that its initial change of business structure will shift FHA, VA and USDA loan production to the Ginnie Mae MBS model. The Master Servicer will be the Issuer and Servicer and will deliver the MBS back to MBOH or its designated third-party for delivery under the applicable MBOH secondary market sale structure.
- b. **Freddie Mac:** MBOH is an approved Seller/Servicer with Freddie Mac. It is the goal of MBOH to introduce Freddie Mac's Conventional Conforming HFA Advantage product and to include such business within the Agreement. MBOH seeks a Master Servicer who can support this product design and implementation with MBOH and its participating lenders as part of this RFP.
- c. **Fannie Mae:** MBOH is presently not approved with Fannie Mae. MBOH intends to eventually introduce Fannie Mae's HFA Preferred product and to include such business within the Agreement. MBOH seeks a Master Servicer who can support this product design and implementation within MBOH and its participating lenders as part of this RFP.

To enable MBOH to determine the capabilities of an Offeror to perform the services specified in this RFP, the Offeror must affirm that it meets, or address its ability to meet and its approach to meeting, each of the following requirements. The Offeror must address each item thoroughly and in detail. In addition to a detailed response to each item within Sections II and III, Offeror must acknowledge that it has read, understands, and will comply with each section/subsection. If Offeror cannot meet a particular requirement, it must provide a detailed explanation. Proposals taking exception to or failing to meet any requirements listed in this section may be found nonresponsive and not considered further.

II. MASTER SERVICER REQUIREMENTS AND ATTESTATIONS

1. The Master Servicer must be approved and presently in good standing with Freddie Mac, Fannie Mae, and Ginnie Mae as a Seller / Servicer and Issuer. The response must provide a listing with the dates of approval and its Seller / Servicer numbers. The Master Servicer must also be approved and presently in good standing with FHA, VA, and USDA, provide its dates of approval, and approval identification numbers.
2. The Master Servicer must provide an overview of the firm, including the full legal name of the institution, state of organization and supervisory and regulatory authorities that oversee the institution. If the Master Servicer anticipates doing business under a DBA, this information must be provided.
3. The Master Servicer must provide copies of its most recent audited financial statements, including any supplemental reports, and statements for the past three years. The Master Servicer must attest that its earnings and/or losses are not significant enough to require any additional reporting by the GSEs and/or Ginnie Mae.

The Master Servicer must attest that it meets or exceeds published liquidity requirements, and present and future known capital requirements, of the GSEs and Ginnie Mae. The Master Servicer must disclose any material and adverse internal or external audit reports and findings, and provide the applicable response, remediation action and status for all such reports and findings.

4. The Master Servicer must meet and must provide a letter signed by its Chief Financial Officer certifying that it meets all financial, liquidity and other HFA specific capital requirements as published (present and future) by the GSEs and Ginnie Mae. Such letter must also certify that: (a) the Master Servicer has not been advised of any pending adverse action of any FHA Mortgagee Review Board including, but not limited to, any letter of reprimand, probation, suspension or withdrawal of FHA lender or mortgagee approval, or the imposition of a fine; and (b) there are no material and adverse internal or external audit reports and findings that would impact the Master Servicer's ability to maintain all applicable Seller / Servicer approvals.

5. The Master Servicer must provide a letter certifying that it meets Ginnie Mae's Minimum Portfolio Servicing Spread Requirements and has a process in place to monitor its compliance with such requirements.

6. The Master Servicer must attest to and maintain adequate Fidelity, Errors and Omission's Insurance, and Mortgage Impairment Insurance as required by the State of Montana, GSEs and Ginnie Mae as of the date of contract execution. The State of Montana's current requirements include:

a. General Requirements: The Master Servicer shall maintain and shall assure that its representatives, assigns, and subcontractors maintain for the duration of the Agreement, at their own cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the duties and obligations in the Agreement by the Master Servicer its agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission. The State, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for liability arising out of activities performed by or on behalf of Master Servicer, including the insured's general supervision of Contractor, products, and completed operations, and the premises owned, leased, occupied or used.

b. Primary Insurance: The Master Servicer's insurance coverage shall be primary insurance with respect to the State of Montana, its elected or appointed officers, officials, employees, or volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by State, its officers, officials, employees, or volunteers shall be excess of Master Servicer's insurance and shall not contribute with it.

c. General Liability Insurance: At its sole cost and expense, the Master Servicer shall purchase occurrence coverage with combined single limits for each wrongful act of a minimum of \$1 million per occurrence and \$2 million aggregate per year to cover such claims as may be caused by any act, omission, negligence of Master Servicer or its officers, agents, representatives, assigns, or subcontractors.

d. General Provisions: All insurance coverage shall be placed with a carrier licensed to do business in the State of Montana or by a domiciliary state and with a Best's rating of at least A-, or by a public entity self-insured program either individually or on a pool basis as provided by Title 2, MCA. All certificates and endorsements are to be received by MBOH prior to beginning any activity provided for under the Contract. The Master Servicer shall notify MBOH immediately of any material change in insurance coverage, such as changes in limits, coverage, change in status of policy, etc. The Department reserves the right to request complete copies of the Master Servicer's insurance policies at any time, including endorsements.

7. The Master Servicer agrees and certifies in writing that any Agreement completed between MBOH and the Master Servicer will be governed by the laws of Montana, that any litigation concerning the Agreement must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and that each party shall pay its own costs and attorney fees, except as otherwise provided in the Master Servicer contract.

8. The Master Servicer must provide a copy of its most recent Service Organization Control Report (SSAE16).

9. The Master Servicer must describe any recent (within the previous year), pending or planned changes in the management and/or structure of the Master Servicer.

10. The Master Servicer must provide a current Organizational Chart, including resumes for key leadership and management representatives who are involved with this RFP response and have direct management oversight for the activities contemplated by this RFP.

11. The Master Servicer must provide the location(s) of Master Servicer's main office and the location(s) of office(s) in the State of Montana, if applicable. Additionally, the Master Servicer must provide the addresses of the office location(s) that will service MBOH mortgagors, including details with respect to remote/virtual or hybrid (virtual/in-office) business operations.

12. The Master Servicer must provide summary single-family loan delinquency by loan count, and unpaid principal balance by delinquency category, i.e., 30-60 days delinquent, 61-90 days delinquent, more than 90 days delinquent, real estate owned, foreclosures and loans within the loan modification pipeline. This summary will show information in total for all loans serviced and then with sub-categories by investor name, i.e., Ginnie Mae and the GSEs. Such delinquency information for the current year will include a trend report, by each quarter and year-to-date. Information for the previous two calendar years will also be provided as of the end of each fiscal year.

13. The Master Servicer must provide a narrative that details its collection, loss mitigation efforts, and outreach to bring loans current with its mortgagors. This narrative must include descriptions of the processes and cycle times that the Master Servicer has in place to manage the loan-modification processes as required by Ginnie Mae. If the Seller / Servicer is not re-pooling modified loans (that have been purchased out of existing Ginnie Mae pools), back into a Ginnie Mae pool, it must describe its existing risk management framework for holding the loans in portfolio.

14. The Master Servicer must provide the most currently available information regarding its Servicer Ranking with Ginnie Mae and each of the GSEs.

15. The Master Servicer must attest that there is or is not any litigation, arbitration, or regulatory proceedings against it that are/were pending, adjudicated, or settled in the last three years. The Master Servicer must provide a list summarizing each such matter, if any, including the matter name, parties, nature and disposition or current status, and must attest that the pending items will not materially impact the services contemplated by this RFP.

16. The Master Servicer must demonstrate that it has reliable and reputable experience in servicing single-family residential mortgage loans in accordance with the applicable GSE or Ginnie Mae requirements and is capable of servicing related second mortgage loans (downpayment assistance or deferred second mortgage loan structures) loans on behalf of MBOH as the investor.

17. The Master Servicer must demonstrate a diverse knowledge base in understanding loan programs (first and second mortgage loans) that are acquired from participating lenders by State Housing Finance Agencies ("HFAs") and structured for sale in the secondary market via MRBs, a Mortgage-Backed Security and/or sold on a Whole Loan basis.

18. The Master Servicer must provide no less than three client references, including their contact information, that support its adeptness in managing processes in partnership with multiple and varied HFAs as a Master Servicer. This includes functions such as loan registration, data, and documentation review to meet investor requirements, loan purchase, mortgage-backed securitization processes, Whole Loan delivery processes, quality control standards and processes, loan repurchase rebuttal and response processes, and all loan servicing requirements as established by Ginnie Mae and the GSEs.

19. The Master Servicer must summarize the technology tools and resources it has in place to manage the services under this RFP. This includes a description of the reporting processes in place which will be used in managing the loan pipeline with MBOH. The Master Servicer must also include a summary recap for year-to-date 2023, and annual 2022 and 2021 loan acquisitions that shows cycle times for its clients throughout the life of loan cycle. Examples include date of reservation, date of file receipt, date of file review, date of suspense, date suspense cleared, date loan purchased, date loan pooled, and date loan boarded to the loan servicing system.

20. The Master Servicer must provide a summary report that shows the number of Ginnie Mae Pools that it has issued within the past eighteen months, pool issue date, and final pool certification date. The report will calculate the months from issue date to final pool certification date and will note the number of pools not certified by the Document Custodian according to Ginnie Mae requirements.

21. The Master Servicer must demonstrate that it has adequate warehouse funding sources to support the Agreement in addition to its other obligations under its own loan production model, other agreements, and its overall business model. Such information will note if any warehouse lenders have given notice to renegotiate or terminate their warehouse line agreements with the Master Servicer. The Master Servicer must attest that these warehouse lines are not the result of the Master Servicer borrowing against the value of its mortgage servicing rights portfolio value, or any other non-traditional form of financing agreement.

22. If the Master Servicer utilizes outsourcing firms for services to Third-Party Vendors, the Master Servicer must provide a listing of such firms. The Master Servicer must also provide a copy of its Third-Party Vendor Oversight Plan and describe its monitoring processes when outsourcing

services.

23. The Master Servicer must provide documentation that it is authorized and registered to conduct business in accordance with various Federal, Montana, and local laws and requirements under its name, its affiliates or a DBA that would be part of the Agreement.

24. The Master Servicer must attest that it is current as a MERS Member and compliant with all MERS Annual Attestation, Reporting, and Quality Control requirements.

25. The Master Servicer must comply with all State of Montana Internet Technology Policies and Standards. The Master Servicer is expected to be familiar with the State of Montana IT environment. All services and products provided as a result of this RFP shall comply with all applicable State of Montana IT policies and standards in effect at the time the RFP is issued. If Master Servicer cannot comply with any applicable Policy or Standard, it must request an exception by posting the requested changes to the Q&A Board by the deadline set for question submittal. It will be the responsibility of the State to deny the exception request or to seek a policy or standards exception through the State CIO. The links below provide information on State of Montana IT strategic plans, current environment, policies, and standards.

State of Montana Information [Technology Strategic Plan](#)

State of Montana Information [Technology Environment](#)

State of Montana [IT Policies](#)

If Master Servicer proposes to use third party software, the proposed software must meet the requirements of the State of Montana Approved Enterprise Software List ("List"). The List will be made available to Master Servicer upon written request to the Procurement Officer. The Master Servicer's failure to request the List does not excuse or release it from the obligation to comply with all the requirements of the List.

The Department of Administration, under the provisions of 2-17-514, MCA, retains the right to cancel or modify any contract, project, or activity that is not in compliance with the Department's Plan for Information Technology, State Strategic Plan for Information Technology, or any Statewide IT policy or standard in effect as of the date of contract execution. In the event of such termination, MBOH will pay for products and services delivered to date and any applicable termination fee specified in the statement of work or work order. Any modifications to the Master Servicer Contract must be mutually agreed to by the parties.

26. The Master Servicer must certify it has in place active monitoring and reporting requirements as established by the GSEs which include:

- a. Quality Control and Compliance Plan. This includes the ability of internal staff to put in place and manage a quality control plan in the event of delay, or non-performance by a Third-Party Vendor.
- b. Business Continuity Disaster Recovery Plan.
- c. IT Technology Plan.
- d. Change Management Plan.

- e. Enterprise Risk Management Plan.
- f. Internal Audit Plan.
- g. Third-Party Vendor Oversight Plan.
- h. If the Master Servicer outsources its loan servicing functions to a third-party Sub-Servicer, it must disclose such arrangement and attest that it has in place a specific oversight plan and team dedicated to oversight and reporting regarding the activities of the Sub-Servicer.
- i. MERS compliance including authorized signers, QA Plan and Annual Report.
- j. Other applicable monitoring processes as required by either of the GSEs.

27. The Master Servicer must agree to a Master Servicing Agreement on terms negotiated with, and acceptable to, MBOH for a term of not less than three (3) years, with an option for MBOH to renew the Agreement, within six (6) months of the expiration date of the initial Agreement term, for an additional period as specified in the Proposal. In addition, the Parties may mutually agree in writing to renew the Master Servicing Agreement. Under Montana law, the Master Servicing Agreement, including any renewal terms, may not exceed a total of seven (7) years.

III. SCOPE OF SERVICES

Phase I – Ginnie Mae Model:

Subject to a Master Services Agreement executed by MBOH and the successful Offeror, the terms of the engagement must address specific roles and responsibilities performed for MBOH by the Master Servicer for the Ginnie Mae MBS business model. The Master Servicer must offer pricing for the acquisition of the residential mortgage loan servicing rights on FHA, VA, and USDA loans that are formed into either a Ginnie Mae I or Ginnie Mae II MBS.

Pricing Details: The Master Servicer must provide a pricing template/grid for Ginnie Mae II pooling structures at various net service rates ranging from 19.5 basis points up to 69.0 basis points and must also provide language that states how the “par rate” is calculated, including pricing changes for loans that are less than or above the “par rate.” The Master Servicer must state the number of months for which the pricing is guaranteed and provide details regarding its timeline and notice provisions which impact new pricing terms under the Agreement.

Other Pricing Overlays, Program Variances, or Fees:

1. The Master Servicer must also provide any underwriting, credit or risk associated overlays that would apply to the pricing of the loans as a positive or a negative to the pricing template noted above.
2. The Master Servicer must also provide a narrative description regarding any other items in existing MBOH loan programs that the Master Servicer would not agree with or that would be unacceptable for purchase by the Master Servicer. Examples include but are not limited to minimum fico score, DTIs, property type, borrower requirements, manually underwritten loans, and MBOH homebuyer education requirements.

3. The Master Servicer must disclose any other or additional amounts or fees that would be charged to either the participating lender or MBOH, including any such amounts or fees for the first or related second mortgage loans including but not limited to: (a) loan file review; (b) suspend fees; and (c) wire transfer fees, etc.

4. The Master Servicer must also disclose in the pricing template any potential financial costs that could be imposed on or charged back to MBOH, including but not limited to reimbursement of the service-released premium for early loan payoffs, early payment default provisions, and/or expenses or costs due to investor repurchase demands.

Master Servicer roles and responsibilities:

The Master Servicer will be responsible for participating lender orientation and pipeline management, including the registration, receipt, and timely review of all loan documentation. This includes the review of automated underwriting system ("AUS") findings, ensuring the loan documentation confirms the findings and that FHA, VA, USDA, Ginnie Mae and GSE requirements are met. Additionally, the Master Servicer will be responsible for validating that the related second mortgage loan and supplemental documentation meets MBOH requirements.

The Master Servicer will service the first mortgage loan in accordance with Ginnie Mae and GSE standards and will service the second mortgages in accordance with MBOH standards on behalf of MBOH, the investor of record.

The Master Servicer must describe and demonstrate its ability and existing processes to perform at least the following:

Loan Acquisition Functions:

1. Ability to track the loan and generate cycle time and deficiency reports that summarize cycle time and document deficiency gaps. Pipeline management starts from time of registration through receipt of all trailing documents.
2. Receipt of loan documentation via upload through a secure and protected imaged document repository. MBOH will have access to such document repository on an ongoing basis.
3. Review of all loan documentation within five (5) business days of receipt. Such review will include validation that the documentation matches the final AUS approval.
4. Provide review status in electronic reporting format regarding documentation that is acceptable, or not acceptable (suspended loan) back to participating lender upon decision date.
5. Maintain a regular process to follow-up and resolve suspend conditions with the participating lender within five (5) business days from the initial and any subsequent suspend date and to track type of suspense condition and deficiency.
6. Maintain a process to flag loans for lock extensions based upon interaction with MBOH for decision.

7. Purchase a loan (funding) within two (2) business days of decision.
8. Manage all processes as required by MERS to effect timely transfer from the participating lender to insure it has all right title and interest in the first mortgage loan.
9. Review and purchase the related second mortgage loan and hold, as Document Custodian for MBOH as the investor, performing all loan servicing functions throughout the life of the loan.

Technology / Reporting:

1. MBOH uses and will continue to use, at its discretion, Lender Online through Emphasys Software for on-line lender loan reservations and to process, track, and monitor loan activity. The Master Servicer must have the ability to upload and download data to and from MBOH using the Single Family and Loan Tracker modules of Lender Online. The Master Servicer must have the ability to comply with the specific file-layout as required by the software vendor for the file transfers.
2. MBOH and Master Servicer will develop an automated Lender Online System ("LOS") system data feed to capture all loan registration information for the first and second mortgage loans once the loan is locked-in (reserved) based upon MBOH daily pricing schedules. Such interface will be prompted from MBOH Emphasys database and will occur daily.
3. The LOS of both the Master Servicer and MBOH will identify each organizations loan number for both the first and second mortgage loans. Such loan number sequencing will be determined as part of the initial data mapping activities that occur between both firms.
4. The Master Servicer will provide a daily LOS data feed to MBOH regarding the loan pipeline, including any designation codes that provide MBOH with the loan status. Master Servicer and MBOH will develop Master Servicer reporting that enables MBOH to monitor and understand the status of the loan from receipt, suspense, purchase and subsequent delivery and certification of the MBS with the Ginnie Mae and/or GSE document custodian. The Master Servicer must provide sample reports as part of their response that addresses overall pipeline management processes.
5. The Master Servicer will outline how access will be provided to MBOH for all single-family and related second mortgage loan documentation, as retained in the Master Servicer's document imaging system. Additionally, it will provide any applicable imaging taxonomy index that may be in place.
6. The Master Servicer must describe the reporting processes it has in place to manage and mitigate loan risk, examples include:
 - a. Lender report cards;
 - b. Cycle time analysis by Lender;
 - c. Quality Control Reports and Remediation Plan;
 - d. Delinquency reports in summary and by Lender;
 - e. Listing of loans in an Early Payment Default (EPD), including EPD cause; and
 - f. Listing of all loans that have a current, rescinded, or completed repurchase request listed by investor and participating lender.

Loan Purchasing / Funding Capacity:

1. The Master Servicer must have (a) processes in place to purchase loans on each business day, with generation of a wire-transfer to the participating lender's bank account; and (b) internal controls in place, such as requiring a dual sign-off by authorized representatives of the Master Servicer. The Master Servicer will outline their process for changes to a participating lender's wire-information, including any coordinating role of MBOH.
2. Calculations for loan purchase will be based upon the current locked in rate and discount, accrued interest up until the day prior to loan purchase, and any additional fees due to the participating lender.
3. As of the date of the purchase of loan from the participating lender, Master Servicer will provide an additional purchase advice that remits to MBOH the cash value paid for the Mortgage Servicing Rights ("MSR"). Payment will occur via wire-transfer to MBOH on the day the purchase of the loan occurs by the Master Servicer to the participating lender.
4. MBOH will provide funds for purchase of the related second mortgage loan and will incorporate such mutually acceptable payment provisions in the Agreement.

Pooling / Loan Delivery:

1. The Master Servicer will provide a pool allocation list and coordinate such allocation of loans with MBOH in a timely manner. The Master Servicer will also include a current pooling calendar that demonstrates the sequence of events, and that identifies pooling frequency dates, and loan purchase cut-off dates for the current month's Issue Date. If this calendar is different for the issuance of a MBS under a MRB structure compared to a MBS under a TBA settlement, the Master Servicer must provide that information. This information must be provided within the respondent's Proposal and will be further defined in the Agreement. The Master Servicer will receive direction from MBOH regarding the allocation of loans to pools, pool issue date, establishment of the net service fee rate, and the MBS coupon rate.
2. The Master Servicer will be responsible for all activities required to complete the issuance of a Ginnie Mae MBS or any other requirements of the GSEs. This includes correct delivery of all data and documentation as required by the Master Servicer document custodian to receive timely initial certification, pool issuance or Whole Loan purchase and timely delivery of the MBS, either for MBOH to purchase the MBS or to make timely delivery of the MBS to its secondary market investor.
3. The Master Servicer will provide, within one (1) business day of Initial Certification, a copy of the signed and Initially Certified pooling paperwork as approved by the Document Custodian.
4. The Master Servicer will directly manage and oversee the Document Custodian in accordance with Ginnie Mae and/or GSE requirements. This may include periodic on-site reviews of the Document Custodian's office and the receipt of its annual audit letter validating the document custodian maintains and has in place all applicable requirements.

Post Closing:

1. The Master Servicer interacts with the MBOH participating lender for the receipt of trailing documents delivered after the loan purchase date and has adequate reporting processes in place between its Loan Origination System (“LOS”) and MBOH’s LOS to transfer post-closing reports via a secure-file process.
2. The Master Servicer has adequate staff with applicable experience level to audit all trailing documents, address corrections, and resolve discrepancies to ensure the final documentation meets FHA, VA, USDA, GSE, and Ginnie Mae requirements.
3. The Master Servicer will ensure that the Ginnie Mae MBS receives final pool certification three months prior to Ginnie Mae’s final pool certification requirements. If final pool certification is not accomplished within three months prior to Ginnie Mae’s requirements, the Master Servicer and MBOH will collectively coordinate and mitigate defective loans with the participating lender.
4. On a quarterly basis, the Master Servicer will provide a detailed listing to MBOH of each pool issued, the issue date, pool number, number of loans in the pool, number of loans with documents that are outstanding, document type and defect reason, by participating lender.
5. If the Master Servicer has issues with a participating lender regarding the timely receipt or accuracy of such trailing documents, has concerns that a loan does not meet insuring and/or guaranteeing requirements as required by FHA, VA or USDA, or a private mortgage insurance company, or has determined the loan does not meet any other requirements; such issues will be addressed immediately, and in writing, with MBOH.
6. If Master Servicer determines a loan does not meet Ginnie Mae pooling requirements or the insuring, guaranteeing standards of FHA, VA, or USDA which results in the loan being classified as a “Defective Loan” per the Ginnie Mae Guide, Master Servicer will interact with MBOH prior to notice of such Defective Loan status being provided to Ginnie Mae to address whether the issue can be resolved prior to such notice. Such communication will occur within 48 hours of the loan being determined as not meeting Ginnie Mae requirements.

Quality Control and Third-Party Vendor Oversight:

1. The Master Servicer must disclose in writing any findings as the result of an audit in the past three (3) years from either of the GSEs, Ginnie Mae, FHA, VA or USDA related to any alleged lapse of Quality Control or Third-Party Oversight standards.
2. The Master Servicer must demonstrate it has experienced staff that is adept in understanding, implementing, reporting on, and addressing quality control issues that surface, and operates in accordance with its Quality Control Plan, which is updated on no less than an annual basis. The Master Servicer must attest that its Quality Control Plan meets all requirements of the GSEs, Ginnie Mae, FHA, VA and USDA, as applicable.
3. The Master Servicer Quality Control plan must have in place Pre-Funding, Post Closing, Early Payment Default activities, including any other Loan Servicing Quality Control functions as required by FHA, VA, USDA, Ginnie Mae, the GSEs, and MERS.

4. If the Master Servicer outsources its loan servicing functions to a sub-servicer, then it must provide a copy of its Master Servicing / Sub-Servicer Oversight Plan and attest that it has regularly met the requirements for such plan, which meets the GSE and Ginnie Mae standards. It must also provide an Organizational Chart with resumes for those individuals who manage the Master Servicing Oversight responsibilities as outlined in its Plan.
5. If the Master Servicer outsources the Quality Control activities to a Third-Party vendor, it must have in place a Third-Party Oversight Process and manage it in accordance with GSE requirements. The Master Servicer must monitor the performance of Third-Party Quality Control Vendors on a regular basis, conducting new audits of the files that were reviewed by the vendor to ensure the accuracy and quality of the work performed by the Vendor, as required by the GSEs.
6. The Master Servicer must have on its staff experienced individuals with quality control and compliance background who can manage if not absorb quality control functions in-house in the event the Third-Party Vendor is unable to meet cycle times and reporting as required by the GSE's.
7. The Master Servicer must be transparent and provide MBOH with periodic reports on the percentage and number of loans that are reviewed under its Quality Control Plan, including the selection protocol for any loans in a high-risk category on a quarterly basis.

Loan Servicing / Financial Obligations:

1. The Master Servicer must have staff with diverse knowledge in all aspects of servicing mortgage loans, and that follows the requirements of Ginnie Mae and the GSE's, or other requirements that may result from mandated regulatory changes in the industry.
2. The Master Servicer must have processes in place that report to its leadership delinquency, foreclosure, loss mitigation, loan modifications for re-pooling or portfolio, forbearance, real estate owned, and foreclosure activity. Such process must provide for the use of such information by the Master Servicer leadership team to ensure it has adequate funding resources to promptly repurchase as necessary to comply with various Mortgage Delinquency and Default Provisions as published by Ginnie Mae and/or the GSEs, as applicable.
3. The Master Servicer must fund any advances for Principal and Interest to the security holders as required by Ginnie Mae and/or the GSEs.
4. The Master Servicer will be responsible for all other financial and operational obligations that result from loan repurchase actions made by the Master Servicer including loan modification activity, and the re-pooling of such loans in accordance with Ginnie Mae requirements.
5. The Master Servicer will service second mortgages on behalf of MBOH as the investor. Such remittances will be based upon an actual/actual remittance cycle where only those payments that are collected are remitted back to MBOH. Such remittance dates and reporting will be in the form required by MBOH with reports and funds remitted by the 5th of the month.
6. The Master Servicer must comply with applicable Real Estate Settlement Procedures Act (RESPA) escrow account analysis regulations, including permissible cushion or reserve (no

greater than 1/6 of the estimated total annual payments; two months of the borrower's escrow payments to the servicer or a lesser amount specified by state law or the mortgage document). In addition, the Master Servicer must comply with applicable state of Montana law, including 71-1-113, Montana Code Annotated: "Limit on the amount of funds on reserve. Except as provided in 71-1-114, if a lending institution requires a borrower under a mortgage or trust indenture of real property to include in the borrower's regular payment [an] additional payment [for deposit] into a reserve fund held by the lending institution for the future payment of property taxes, insurance premiums, and other expenses, the amount of funds on reserve may not exceed 110% of the projected amount needed to pay those expenses".

In addition, 71-1-114, Montana Code Annotated states: "If the borrower desires, the lending institution and borrower may enter into a written contract in which they agree that the funds on reserve exceed 110% of the reasonable amount needed to pay such expenses."

Participating Lenders / Loan Program Administration:

1. MBOH currently evaluates, approves, suspends, or terminates a participating lender, in accordance with its requirements, including but not limited to applicable State of Montana laws and regulations. It also conducts an annual recertification process in accordance with Freddie Mac requirements. The Master Servicer must address how this process would interface with the existing Master Servicer processes, including potential changes. The Master Servicer must provide a short description of the written contractual obligations between the Master Servicer and MBOH participating lenders, including the contract name the Master Servicer will utilize between their agency and the participating lender.
2. Conduct ongoing originating lender training using current technology that is interactive, as well as face-to-face training sessions with originators as part of MBOH training efforts. Participate in meetings and training sessions with participating lenders as necessary and when requested by MBOH.
3. Any lender performance provisions will be further defined between the Master Servicer and MBOH in the Master Servicing Agreement, under which the Master Servicer will consult with MBOH prior to addressing the suspension or termination of any participating lender relationship.
4. The Master Servicer will address loan program changes that it deems necessary on a proactive and timely basis. The Master Servicer and MBOH will agree that loan program changes that would impact communication to its participating lender base will include addressing the ability to honor the existing locked loan pipeline. However, this will also provide for adequate time to make changes to all written documentation, loan origination system configurations, and any notice provisions that exist between MBOH or the Master Servicer with such participating lenders. MBOH will require no less than a ninety (90) day notice of such changes. Each party will work in mutual cooperation to administer such changes in a timely manner.
5. The Master Servicer will work in tandem with MBOH regarding the transition of existing participating lenders to ensure customer service integrity, and an effective transition.

The following exhibits are included in this RFP:

- Exhibit A - Locked Pipeline
- Exhibit B - 2022 Loan Production
- Exhibit C - 2023 Loan Production
- Exhibit D - Equal Pay for Montana Women
- Exhibit E - Trade Secret Affidavit

Additional State of Montana Contracting Requirements:

Equal Pay for Montana Women: Offerors must submit a completed statement (Exhibit D) regarding promoting equal pay for Montana women in accordance with Executive Order No. 12-2016. Such statement shall be a separate cover letter, signed by a duly authorized officer in the form attached as Exhibit A and incorporated herein by reference.

Verification of Nondiscrimination Against Firearms Entities/Trade Associations: Offerors must submit a written verification that the Offeror: (a) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (b) will not discriminate against a firearm entity or firearm trade association during the terms of any contract it is awarded under this RFP. Such verification must comply with, and all words and phrases used in this paragraph are defined as provided in, HB 356, Ch. 193, Mont. L. 2023. If Offeror cannot so verify, it must submit a statement to that effect. If Offeror determines that the provisions of HB 356 do not apply to Offeror or the contract to be awarded under this RFP, Offeror shall submit a statement setting forth in detail the basis for such determination. A copy of HB 356 may be obtained from <https://leg.mt.gov/>.

IV. GENERAL REQUIREMENTS, CONDITIONS AND RESTRICTIONS:

By submitting a Proposal in response to this RFP, the Offeror acknowledges and agrees that all of the following General Requirements, Conditions and Restrictions apply to this RFP and are binding on the Offeror. Additionally, Offeror acknowledges that the following requirements are non-exclusive, and that MBOH reserves the right to require additional terms in the final Agreement.

REVIEW RFP

Offerors shall carefully review the entire RFP terms and conditions. Offerors shall promptly notify the procurement officer through the Question-and-Answer process set forth in Section V of any ambiguity, inconsistency, unduly restrictive specifications, or error that they discover. In this notice, the Offeror shall include any terms or requirements within the RFP that preclude the Offeror from responding or add unnecessary cost. Offerors shall provide an explanation with suggested modifications. The notice must be received by the deadline for questions set forth in the RFP. MBOH will determine any changes to the RFP.

ACCEPTANCE/REJECTION OF PROPOSALS

MBOH reserves the right to accept or reject any or all Proposals, wholly or in part, and to make awards in any manner deemed in the best interest of the State.

ALTERATION OF SOLICITATION DOCUMENT

In the event of inconsistencies or contradictions between language contained in MBOH's solicitation document and an Offeror's response, the language contained in MBOH's original solicitation document will prevail. Intentional manipulation and/or alteration of solicitation document language will result in the Offeror's disqualification and possible debarment.

AUTHORITY

The RFP is issued by Montana Board of Housing under Montana Code Annotated § 18-4-304, and Administrative Rules Montana 2.5.602, and pursuant to authority delegated to MBOH from the Montana Department of Administration. The RFP process is a procurement option allowing the award to be based on stated evaluation criteria. The RFP states the relative importance of all evaluation criteria. The State shall use only the evaluation criteria outlined in this RFP.

DEBARMENT

Offeror certifies, by submitting this Proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction (contract) by any governmental department or Agency. If Offeror cannot certify this statement, attach a written explanation for review by MBOH.

FAILURE TO COMPLY WITH INSTRUCTIONS

Offerors failing to comply with the instructions for submitting a Proposal may be subject to point deductions. Further, MBOH may deem a Proposal nonresponsive and disqualify it from further consideration if it does not follow the response format, is difficult to read or understand, or is missing requested information.

FAILURE TO HONOR PROPOSAL

If an Offeror to whom a contract is awarded refuses to accept the award and contract or fails to deliver in accordance with the contract terms and conditions, the Department of Administration may, in its discretion, suspend the Offeror for a period of time from entering into any contracts with the State of Montana.

OFFER IN EFFECT FOR 120 CALENDAR DAYS

Offeror agrees that it may not modify, withdraw, or cancel its Proposal for a 120-day period following the RFP closing date or receipt of best and final offer, if required.

OFFEROR'S REPRESENTATIONS – SIGNATORY AUTHORITY, AND NO COLLUSION

Offeror represents that the person submitting the response to this RFP is authorized to legally bind the Offeror to the Proposal. The Offeror may not withdraw the Proposal for lack of authority. Offeror shall provide proof of authority of the person signing the RFP to bind the Offeror upon MBOH's request. The Offeror further represents that the Proposal has been made without collusion.

OWNERSHIP OF TIMELY SUBMITTED MATERIALS

The State owns all materials submitted in response to this RFP.

RESULTING CONTRACT

This RFP and any addenda, the Offeror's RFP response, including any amendments, a best and final offer (if any), and any clarification question responses or other terms required by MBOH shall be incorporated by reference in any resulting contract.

STATE NOT RESPONSIBLE FOR PREPARATION COSTS

Offeror is solely responsible for all costs it incurs prior to contract execution in connection the RFP process, including preparing and submitting its Proposal to MBOH and any travel expenses incurred by Offeror.

STATE'S RIGHT TO INVESTIGATE AND REJECT

MBOH may make such investigations as deemed necessary to determine the Offeror's ability to provide the supplies and/or perform the services specified. MBOH reserves the right to reject a Proposal if the information submitted by, or investigation of, the Offeror fails to satisfy the MBOH's determination that the Offeror is properly qualified to perform the obligations of the contract. This includes MBOH's ability to reject the Proposal based on negative references.

STATE'S RIGHTS RESERVED

While MBOH has every intention to award a contract resulting from this RFP, issuance of the RFP in no way constitutes a commitment by MBOH to award and execute a contract. Upon a determination such actions would be in its best interest, MBOH, in its sole discretion, reserves any right provided to it by Montana law, including the right to:

- Cancel or terminate this RFP (18-4-307, MCA);
- Reject any or all Proposals received in response to this RFP (ARM 2.5.602);
- Waive any undesirable, inconsequential, or inconsistent provisions of this RFP that would not have significant impact on any Proposal (ARM 2.5.505);
- Not award a contract, if it is in the State's best interest not to proceed with contract execution (ARM 2.5.602); or
- If awarded, terminate any contract if MBOH determines adequate state funds are not available (18-4-313, MCA).

UNDERSTANDING OF SPECIFICATIONS AND REQUIREMENTS

By submitting a response to this RFP, Offeror acknowledges it understands and shall comply with the RFP specifications and requirements.

RFP Schedule: The schedule for this RFP process is set forth above on page 1.

Single Point of Contact: The procurement officer in charge of this procurement is Joseph DeFilippis, MBOH Operations Manager. From the date this Request for Proposal ("RFP") is issued by posting on the MBOH website until an Offeror is selected and announced by the procurement officer, the procurement officer is the single point of contact for MBOH and the State regarding this RFP. Contact information for the single point of contact is: Joseph DeFilippis, MBOH Operations Manager at joseph.defilippis@mt.gov.

Contact with any MBOH or State representative (other than the procurement officer) regarding this procurement, whether in person or via phone call, email, or text message, is not permitted once this RFP is posted on the MBOH website, except as directed or authorized by the procurement officer. Any unauthorized contact may disqualify the Offeror from further consideration.

Question and Answers: Email contact is the only method to address questions.

Offerors having questions regarding this RFP, including questions regarding clarification or interpretation of any provision of this this RFP, must be directed via email communication to the procurement officer, Joseph DeFilippis, MBOH Operations Manager at joseph.defilippis@mt.gov.

Submission of questions by contact in person or via phone call or text message with the procurement officer is not permitted.

All questions must be submitted as stated above on or before **September 20, 2023**. Clear reference to the section, page, and item in question must be included in the question. Questions received after the deadline may not be considered. MBOH will post responses to all questions submitted to joseph.defilippis@mt.gov by the deadline. Written responses to all questions submitted by the deadline will be publicly posted on the MBOH website at <https://housing.mt.gov/Meetings-Events-Training/Request-For-Proposal> for all respondents to review. Responses to questions will not be emailed or otherwise communicated to Offerors except through such website posting. MBOH will not publish the name of the firm or individual who posed the question.

Any form of interpretation, correction, or change to this RFP, other than as expressly provided in this RFP, will not be binding upon MBOH or the State. If MBOH issues an addendum to this RFP, Offerors shall sign and return with their RFP Proposal an Acknowledgment of Addendum for any addendum issued by MBOH.

Proposal Due Date: October 4, 2023

Proposal Submission and Format: All Proposals must be valid for at least 120 calendar days after the Proposal Due Date and be received by MBOH via email to the State of Montana Secure File Transfer Service (“FTS”) no later than 11:59 p.m. Mountain Daylight Time on the Proposal Due Date of October 4, 2023. Instructions for how to access File Transfer Service, including how to create an account, log-in and submit documents, is available at <https://transfer.mt.gov/Home/Instructions>. The Proposal must be submitted via FTS to MBOH Operations Manager at Joseph.DeFilippis@mt.gov.

Proposals must be received as specified above no later than 11:59 p.m., Mountain Daylight Time, on October 4, 2023. Offeror is solely responsible for assuring submission by the designated submission deadline. Regardless of cause, the State shall not accept late Proposals. Late Proposals will automatically be disqualified from consideration.

Offerors must organize their Proposal into sections that follow the format of this RFP. Proposals must address all requirements, questions, and standards as outlined in this RFP (including but not limited to all of Sections II and III and the subsections included therein) in accordance with the instructions included in this RFP, including Section I, and must include also include copies of all supplemental documentation as requested.

For each item, restate the section/subsection number and the text immediately prior to your written response. If making reference to materials located in another section of the Proposal, specific page numbers and sections must be noted. The valuator/Evaluation Committee is not required to search through the Proposal or literature to find a response.

The Proposal must be received in a readable electronic PDF format, with a subject line of “Master Servicer Response”. Proposals must be signed by an individual who is authorized on behalf of the Offeror to sign and submit such Proposal and will also include the authorized individual’s direct phone number. However, any numerical calculations or analysis must be submitted in an Excel format. No other format is acceptable. Neither faxed nor hard paper copies will be accepted or evaluated.

Revisions to this RFP: MBOH does not anticipate making changes to this RFP. However, if revisions surface prior to the Proposal Due Date MBOH will provide a notice of revision on its website, labeling the RFP as “Revised” and reserves the right to extend the Proposal Due Date. If changes occur after the Proposal Due Date, MBOH will advise each firm that responded to the RFP via email communication regarding such changes and will extend the overall Proposal Due Date by no less than thirty (30) calendar days. Any form of interpretation, correction, or change to this RFP, other than as expressly provided in this RFP, will not be binding upon MBOH or the State. If MBOH issues an addendum to this RFP, Offerors shall sign and return with their RFP Proposal an Acknowledgment of Addendum for any addendum issued by MBOH.

Modifications to Proposals: An Offeror may not modify its Proposal any time after the Proposal Due Date, or if applicable, an extended Proposal Due Date, except in direct response to a request from MBOH for clarification.

Receipt of Proposals and Public Inspection:

Public Information: Subject to exceptions provided by Montana law, all information received in response to this RFP, including copyrighted material, is public information. Before awarding a contract, MBOH shall provide a notice of intent to award a contract and allow for seven days of written public comment regarding the proposed award. Before releasing the proposals and other information received from Offerors, the procurement officer shall evaluate whether the public disclosure must be limited as required by Montana Code Annotated §§ 18-4-303 and 18-4-304. The exceptions to this requirement are: (1) bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, chapter 14, part 4, MCA, that have been properly marked, separated, and documented; (2) matters involving individual safety as determined by the State; and (3) other constitutional protections (collectively, “Confidential Information”). See Montana Code Annotated § 18-4-304.

Procurement Officer Review of Proposals: Upon opening the Proposals in response to this RFP, the procurement officer will review the Proposals for information that meets the exceptions referenced above, providing the following conditions have been met:

- a. Confidential Information (including any provided in electronic media) is clearly marked and separated from the rest of the Proposal. The Proposal must be submitted both in an unredacted form (with all Confidential Information visible) and a redacted form (with all Confidential Information redacted). The unredacted and redacted versions of the Proposal must be clearly marked as such.
- b. The Proposal does not contain confidential material in the cost or price section.
- c. An affidavit from the Offeror's legal counsel attesting to and explaining the validity of the Confidential Information and/or trade secret claim as set out in Title 30, chapter 14, part 4, MCA, is attached to each Proposal containing trade secrets. Counsel must use the State of Montana "Affidavit for Trade Secret Confidentiality" form (Exhibit E) in requesting the trade secret claim. This affidavit form is also available on the [State's website](#) or by calling (406) 444-2575.
- d. Information separated out under this process will be available for review only by the procurement officer, the evaluator/evaluation committee members, and limited other designees. Offerors shall pay all of its legal costs and related fees and expenses associated with defending a claim for confidentiality should another party submit a "right to know" (public records) request.

Interviews: MBOH reserves the right to extend interviews to the leadership team of any one or more Offerors upon review of the Proposals. The Offeror will make available team members who will be responsible and manage the performance provisions of this engagement. The Offeror will provide available dates and times so that such interviews can be scheduled in a prompt manner.

On-Site Due Diligence: MBOH reserves the right to conduct on-site due diligence of any one or more Offerors, which may include meetings with the Offeror at its office location with the individuals who will manage the engagement. Each party will be responsible for its own incurred expenses.

Classification and Evaluation of Proposals:

Classification of Proposals as Responsive or Nonresponsive: MBOH, through the procurement officer and/or Evaluation Committee, shall classify all Proposals as either "responsive" or "non-responsive" (ARM 2.5.602). MBOH may deem a Proposal nonresponsive if: (1) any of the required information is not provided; (2) the submitted price is found to be excessive or inadequate as measured by the RFP criteria; or (3) the Proposal does not meet RFP requirements and specifications. MBOH may find any Proposal to be nonresponsive at any time during the procurement process. If MBOH deems a proposal nonresponsive, it will not be considered further.

Determination of Responsibility: The Evaluation Committee shall determine whether an Offeror has met the standards of responsibility consistent with ARM 2.5.407. An Offeror may be determined non-responsible at any time during the procurement process if information surfaces that supports a non-responsible determination. If an Offeror is found non-responsible, the procurement officer will notify the Offeror by mail. The determination will be included within the procurement file.

Evaluation of Proposals: An evaluation committee shall evaluate all responsive Proposals based on criteria stated in this RFP (including but not limited to Section VI) and recommend an award to the highest scoring Offeror. After receipt of Proposals and prior to the recommendation of award, the procurement officer may initiate discussions with one or more Offerors should clarification be necessary. In scoring against stated criteria, the evaluation committee may consider such factors as accepted industry standards and a comparative evaluation of other Proposals in terms of differing price and quality. These scores will be used to determine the most advantageous offering to the State.

Completeness of Proposals: Selection and award will be based on the Offeror's Proposal and other items outlined in this RFP. Proposals may not include references to information such as Internet websites, unless specifically requested. Information or materials presented by Offerors outside the formal Proposal or subsequent discussion, negotiation, or best and final offer, if requested, will not be considered, will have no bearing on any award, and may result in the Offeror being disqualified from further consideration.

Best and Final Offer: Under Montana law, the procurement officer may request a best and final offer if additional information is required to make a final decision. MBOH reserves the right to request a best and final offer based on price/cost alone or on any or all RFP requirements.

Evaluation Committee Recommendation for Contract Award: The evaluation committee shall provide a written recommendation for contract award to the procurement officer that contains the scores, justification, and rationale for the decision.

The procurement officer shall review the recommendation to ensure its compliance with the RFP process and criteria before concurring in writing with the evaluation committee's recommendation.

Notice of Intent to Award Contract: Upon the procurement officer's concurrence with the evaluation committee's recommendation, MBOH shall provide to the public notice of intent to award a contract to the successful Offeror and of seven (7) days to submit written comments regarding the proposed award, in accordance with Montana Code Annotated §§ 18-4-304 (as amended by SB 51, Ch. 489, L. 2023).

Board Award of Contract: Following expiration of the seven (7) day public comment period, the evaluation committee's written recommendation, the procurement officer's written concurrence and any written public comments received shall be presented to the Board of Housing at a duly noticed public meeting for an award determination.

Request for Documents Notice: Upon the Board's award of a contract, if any, and in accordance with the Contract Process outlined on page 22 of this RFP, the procurement officer shall request from the highest scoring Offeror the required documents and information, such as a form of contract (between MBOH and the Master Servicer as well as the form of contract between the Master Servicer and MBOH participating lenders), insurance documents, contract performance security, an electronic copy of any requested material (e.g., response to clarification questions, and/or best and final offer), and any other necessary documents. Receipt of this request does not constitute a contract and no work may begin until a contract signed by all parties is in place. The procurement officer shall notify all other Offerors of MBOH's selection. The award is subject to MBOH due diligence and execution of a contract as provide below.

Time of Decision: The timing of the award, if any, is subject to coordination of travel plans, vacations schedules for both MBOH personnel and the Respondent's similar schedules. MBOH anticipates that an award decision will occur in approximately 45 calendar days from the Proposal Due Date. MBOH will negotiate and execute a contract with a firm which best meets the requirements of this RFP, determined as provided herein, following a due diligence period and to occur in approximately 120 calendar days from the Proposal Due Date. Cost or pricing is not the sole consideration for the contract award.

Award Determination: MBOH will advise the Offerors of the Board's award decision in writing, via email communication to the individual who signed such Proposal on behalf of the Offeror. Until the Award Determination occurs, no employee, agent, or representative of the Master Servicer will disclose in writing or in verbal conversation the proposed terms or conditions with any other party.

Contract Process: The highest scoring Offeror must provide a proposed form of Contract, including all exhibits, within thirty (30) days of notification of the Award Determination, and to work with MBOH to finalize a Contract based upon reasonable, mutually agreeable terms as promptly as feasible, including any Contract terms required by the State or MBOH. The Contract must reflect and incorporate the RFP requirements and the Master Servicer's Proposal. The Contract will include a timeline with clearly defined dates and deliverables that will be met by the Master Servicer and MBOH post Contract execution. Additionally, the Contract will provide that MBOH works with a Project Manager at the Master Servicer who will coordinate all elements of the transition of MBOH activities to the Master Servicer, with periodic check-in calls with MBOH primary point of contact(s).

If the Contract includes the execution of any Third-Party Agreements, this documentation will be part of the contracting process. The Master Servicer will facilitate and coordinate such conference calls, as applicable, with such Third-Party firms.

The Master Servicer understands and acknowledges that the State of Montana requires that certain provisions be included in its contracts and that Montana law may not permit the inclusion of certain provisions preferred by the contractor, including terms not referenced herein.

If the highest scoring Offeror and MBOH are unable to agree on Contract terms within a reasonable time, determined in the discretion of MBOH, after Master Servicer's notification of the Contract award, MBOH may move to the next highest scoring Offeror or cancel the RFP. Work under the Contract may not begin until the Contract is signed by all parties.

V. EVALUATION CRITERIA AND SCORING GUIDE

The Evaluation Committee will evaluate the overall RFP response, quality of response and level of detail. Each Evaluation Committee Member will score each proposal independently.

The Evaluation Committee will then use a consensus scoring methodology to determine the final score for each response based up the following:

Exceeds Requirement (Four Points) = A response exceeds the requirement when it is a highly comprehensive, excellent reply that goes beyond the requirement of the RFP to provide added value. In addition, the response may cover areas not originally addressed within the RFP and/or include additional information and recommendations that would prove both valuable and beneficial to the Offeror. The response includes a full, clear, detailed explanation of how the solution fits the requirement. No significant errors in technical writing.

Meets Requirement (Three Points) = A good response that fully meets the requirement and demonstrates and explains in a clear and concise manner a thorough knowledge and understanding, with no deficiencies noted regarding technical approach.

Partially Meets Requirement (Two Points) = A fair response that minimally meets most of the requirement set forth in the RFP but may have one or more deficiency, such as significant technical errors or typos. The Offeror demonstrates some ability to comply or has explained partly how their solution fits the requirement.

Failed to Meet Requirement (Zero Points) = A failed response does not meet the requirement set forth in the RFP. The Offeror has not demonstrated sufficient knowledge of the subject matter or has substantially failed to explain how their solution meets the requirement.

Section II and III will be scored in accordance with the following overarching evaluation criteria, as applicable:

1. Ability of Master Servicer to meet all requirements as stated in this RFP, as demonstrated by its narrative explanation/demonstration and documentation provided in its Proposal.
2. The Master Servicer's ability and capacity to provide the services outlined in the RFP.

3. The Master Servicer is in good standing with the GSEs and Ginnie Mae as a Seller and Servicer and with FHA, VA, and USDA.
4. The Master Servicer can demonstrate it has relevant and tenured experience in providing Master Servicer services and has worked with multiple and varied HFAs.
5. The Master Servicer must be capable of meeting or exceeding all financial and capital requirements of the GSEs and Ginnie Mae.
6. The Master Servicer presently has and does not anticipate it will not have the financial capacity to purchase all right title and interest in the single-family mortgage loans, make payment for the MSR to both MBOH, and its participating lenders.
7. Master Servicer's ability and capacity to support Freddie Mac Conventional Conforming HFA Advantage product design and implementation with MBOH and its participating lenders (see Section I).
8. Master Servicer's ability and capacity to support Fannie Mae HFA Preferred product design and implementation with MBOH and its participating lenders (see Section I).
9. Pricing details and other pricing overlays, program variances or fees
10. Any other criteria set forth in this RFP.

In addition to the zero (0) to four (4) point methodology noted above, the following are the relative maximum points and weight (%) for each evaluated section of this RFP:

- Section II includes a maximum of 108 points, weighted at 32% of the overall score.
- Pricing details and other pricing overlays, program variances or fees includes a maximum of 20 points, weighted at 20% of the overall score.
- Section III (excluding pricing details and other pricing overlays, program variances or fees) includes a maximum of 192 points, weighted at 48% of the overall score with each of the eight (8) subsections equal to 6%
- Exhibits D, E and F will be rated Pass / Fail or Not Applicable (i.e., in event Offeror does not indicate Trade Secrets).

The Master Servicer will submit the following statement in a separate cover letter, signed by a duly authorized officer:

Exhibit D

Equal Pay for Montana Women

Executive Order No. 12-2016 promoting equal pay for Montana women directs the Department of Administration to include incentives in the RFP process for contractors who engage in best practices to promote wage transparency. These best practices include the following:

- a. posting salary ranges in employment listings;
- b. certifying that the contractor will not ask about wage history in employee interviews; and
- c. certifying that the contractor will not retaliate or discriminate against employees who discuss or disclose their wages in the workplace.

☐ No, I do not agree.

Company Name (Clearly Printed): _____

Authorized Signature: _____

Date: _____

Statement of Compliance with Equal Pay for Montana Women

The Master Servicer is indicating it will comply with Executive Order No. 12-2016.

☐ Yes, I agree and will comply with the best practices to promote wage transparency outlined in Executive Order No. 12-2016.

Company Name (Clearly Printed): _____

Authorized Signature: _____

Date: _____