



**Massachusetts Housing Finance Agency**

**One Beacon Street  
Boston, MA 02108**

**Request for Information to Improve Lender Recertification  
Process**

## **TABLE OF CONTENTS**

### Section

- I. STATEMENT OF PURPOSE
- II. BACKGROUND
- III. CONTENT OF RESPONSES
  - A. Experience and Qualifications
  - B. Due Date and Point of Contact
  - C. Summary
- IV. ADDITIONAL PROVISIONS
  - A. Confidentiality
  - B. Rights of MassHousing
  - C. Use of Respondent's Request for Information

## **I. STATEMENT OF PURPOSE**

MassHousing is requesting submissions pursuant to this Request for Information (RFI) to improve our lender recertification process for our single-family division, specifically around reviewing financial statements<sup>1</sup>, insurance<sup>2</sup>, and conducting periodic reviews. Please note that this Request for Information (RFI) is for informational purposes only, and no contract will be awarded as a result. A firm or organization's response to the RFI—or lack thereof—will have no impact on the evaluation of responses to any subsequent Request for Proposals (RFP) released. Responses will be used solely for information and planning purposes.

## **II. BACKGROUND**

MassHousing provides mortgage financing and related services targeting the affordable housing market in Massachusetts. Created in 1966 by an act of the Massachusetts Legislature, MassHousing operates as a self-supporting, independent authority of state government. MassHousing raises mortgage capital through the issuance of taxable and tax-exempt revenue bonds and is organized around six primary business lines: Rental Business Development, Rental Underwriting, and Rental Management, Home Ownership Lending Operations, Home Ownership Productions, Home Ownership Servicing and Operations, and the Mortgage Insurance Fund. Support services such as accounting and financial reporting, legal, and information technology are provided by a group of corporate offices.

MassHousing's Rental Management business line oversees a portfolio comprised of mortgage loans originated by MassHousing's Rental Business Development and Rental Underwriting business lines, and this entire portfolio is serviced in-house. MassHousing's servicing of this portfolio includes regulatory oversight and compliance with requirements stemming from various housing subsidy contracts. Rental Management also provides regulatory and subsidy contract administration services to other entities, principally the United States Department of Housing and Urban Development ("HUD").

MassHousing's Home Ownership Servicing and Operations business line oversees a portfolio of single-family mortgage loans to first time homebuyers and other qualified borrowers. These loans were originated by MassHousing-approved lenders across the state under MassHousing's auspices and then subsequently purchased and serviced by MassHousing.

The Mortgage Insurance Fund ("MIF") was established to provide an additional source of primary mortgage insurance for certain borrowers. MIF is the primary insurer for single-family loans made by MassHousing and is also an insurer approved by the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal National Mortgage Association (Fannie Mae) and Massachusetts community banks and credit unions.

For additional information about MassHousing, please visit our web site at [www.MassHousing.com](http://www.MassHousing.com). For a detailed overview of MassHousing, including its financials, please review the most recent MassHousing Information Statement, and Annual Report. Both of these documents as well as others can be found on MassHousing.com website at <https://www.masshousing.com/en/about/investors>.

## **III. CONTENT OF RESPONSES**

---

<sup>1</sup> See question 42 in Attachment A for a more detailed description of the requested documents

<sup>2</sup> MassHousing requires evidence of Errors and Omissions Insurance, Fidelity Bond Insurance and Surety Bond Insurance, if needed. The lender must also obtain a direct surety bond to cover any officers (including its principal owner) if they cannot be covered by the fidelity bond.

The Home Ownership Production is the focus of this RFI. This RFI is designed to elicit all information considered essential to informing any possible future RFP regarding the Lender Recertification process. There is no intent to limit the content of the requests for information. Respondents may include such additional information as may be appropriate, or offer alternate solutions, but should not exclude any information requested in this RFI.

**Current Process for Recertification:**

MassHousing-approved lenders are required to file an annual recertification each year. Annual recertification is due 90 days from the anniversary date of the lender’s approval with MassHousing. An email is automatically sent by Comergence, the platform that MassHousing uses for the recertification process. MassHousing intends to continue using Comergence as a platform for annual recertification. Please review Attachment A which is the excerpted questionnaire that lenders are required to complete and submit as part of the recertification process.

All submissions should contain the following information:

**A. Experience and Qualifications**

- Please describe your organization and include the following: location, industry, size, special designations, and organization’s area(s) of expertise.
- Please explain your experience in executing due diligence on insurance within 90 days.
- Please explain your experience in reviewing audited financial statements for completeness within 90 days
- Please explain your experience conducting a periodic review of the following items. The turnaround time for these results might vary between 30 days to 90 days.
  - Product mix
  - Best-effort commitment pull through rate
  - Delinquency data
  - HUD compare ratios
  - Number of Early Payment Default (EPD) loans
  - Number of Early Payoffs (EPOs) and overall portfolio turnover
  - Repurchase activity
  - Defective delivery rate
  - Minimum loan delivery requirements
- Please outline your experience using Comergence.
- Please explain your experience in streamlining processes.
- Please outline a cost breakdown of your services.
- Please provide feedback on Attachment A – based on experience, what areas do you perceive to be problematic/pain points for lenders?
- What is the industry norm for turn-around times, what process would you suggest or recommend?
- What are your current or prior experience in 3<sup>rd</sup> party recertification due diligence work?

**B. Due Date and Point of Contact**

The RFI will be issued on Thursday, August 8<sup>th</sup>, 2024. Please submit responses in PDF format on your firm’s letterhead via email to Lisa Fiandaca at [lfiandaca@masshousing.com](mailto:lfiandaca@masshousing.com).

RFI Release: August 8, 2024  
Responses Due: August 22, 2024 (no later than 5:00 pm Eastern Standard Time).

When submitting your response, please indicate “RFI: Lender Recertification Process in email subject line. No responses will be accepted after 5:00 pm on August 22, 2024. Questions regarding this RFI shall be submitted in writing by e-mail to Lisa Fiandaca at the address above. Verbal questions will NOT be accepted.

**C. Summary**

THIS IS A REQUEST FOR INFORMATION (RFI) ONLY to identify sources that can provide lender recertification due diligence. The information provided in the RFI is subject to change and is not binding on MassHousing. MassHousing has not made a commitment to procure any of the services discussed, and release of this RFI should not be construed as such a commitment or as authorization to incur cost for which reimbursement would be required or sought.

**VII. ADDITIONAL PROVISIONS**

**A. Confidentiality**

By responding to this RFI, respondent expressly acknowledges that MassHousing’s business procedures, ideas, inventions, plans, financial data, contents of this RFI, and other MassHousing information are the sole and exclusive property of MassHousing. The Respondent also agrees that it will safeguard such information to the same extent it safeguards its own confidential material or data relating to its own business information that is of a confidential or proprietary nature. Federal and state laws require that MassHousing maintain an information security program to protect certain personal information related to individuals who are customers, business partners, vendors, or employees of MassHousing. This information includes the following: (1) nonpublic personal information protected by the Safeguards Rule of the Gramm-Leach-Bliley Act (15 U.S.C. § 6801 et. seq.) and implementing regulations (16 C.F.R. Part 314); consumer reports protected under the federal Fair Credit Reporting Act, as amended by the 2004 FACT Act (15 U.S.C. § 1681 et. seq.); and any other information pertaining to individuals subject to data security, data security breach notification, and identity theft prevention laws. If MassHousing grants respondent access to its networks or otherwise allows respondent to view personal information related to individuals who are customers, business partners, vendors, or employees of MassHousing, respondent shall comply with all federal and state laws protecting such information while working at MassHousing’s facility, while using MassHousing’s protected information, and while connected to MassHousing’s network. It is MassHousing’s policy to employ the services of outside investigative agencies to conduct background checks on individuals with access to its networks. In submitting its proposal, respondent acknowledges that it will be required to submit to such background checks of its impacted employees at MassHousing’s request, respondent shall comply with MassHousing’s information security program by (1) implementing and maintaining measures designed to meet the information security objectives of federal and state laws; (2) using and disclosing customer information solely for the purposes of performing the contract; and (3) providing MassHousing with copies of the results of any internal and external audits or tests of the effectiveness of MassHousing’s information security measures.

**B. Rights of MassHousing**

MassHousing is soliciting requests for information pursuant to a determination that such a process best serves the interests of MassHousing and not because of any legal requirement to do so. MassHousing accordingly reserves the right to accept any information; to withdraw or cancel this

RFI prior to acceptance; to reject any or all requests for information or waive any informality and otherwise to affect any agreement that MassHousing in its sole judgment, deems to be in its best interest.

**C. Use of Respondent Request for Information**

All material submitted becomes the property of MassHousing and will not be returned. If the respondent intends to submit confidential or proprietary information as part of the request for information, any limits on the use or distribution of that material should be clearly delineated in writing. Respondent should be aware that MassHousing is a quasi-public governmental agency subject to Massachusetts General Laws, Chapter 66, sections 1-18, therefore, any information submitted to MassHousing (even if marked as confidential or proprietary) may be subject to disclosure under the Massachusetts Public Records Law. MassHousing reserves the unrestricted right to copy and disseminate the respondent materials for internal review.

**Attachment A on the following page is our current questionnaire.**

# Attachment A

## Renewal Questionnaire

---

1. Have you read and acknowledged the Annual Recertification Requirements?

- Yes
  - No
- 

2. What MassHousing Programs are you currently active in?

- MassHousing Mortgage
  - Mortgage Insurance
  - Operation Welcome Home
  - MassHousing Mortgage Rehab
  - DownPayment Assistance Program
  - Get the Lead Out Program
  - Septic Repair Loan Program
  - Home Improvement Loan Program
  - DownPayment Assistance
- 

3. What LOS System are you currently using?

---

4. Please provide the following: NMLS# MERS ID#

---

5. What Automated Underwriting System are currently using?

- DO
  - DU
  - LPA
- 

6. Please list the cities/towns in Massachusetts where your offices are located.

---

7. Please identify what languages are spoken at your organization.

---

8. Has there been a change in ownership, officers, senior management or control of your company in the past 12 months?

- Yes
  - No
-

9. Has your company charter or federal tax ID changed in the past 12 months?

- Yes**  
 **No**
- 

10. Have there been any Mergers, Sales, Transfers, or other disposition of material assets in the past 12 months?

- Yes**  
 **No**
- 

11. Have you added or terminated any affiliated business arrangements in the past 12 months?

- Yes**  
 **No**
- 

12. Have there been any material changes in warehouse lines, new, or closed in the past 12 months?

- Yes**  
 **No**
- 

13. Has your loan volume grown more than 15% in the past 12 months?

- Yes**  
 **No**
- 

14. Has your profitability declined more than 15% in the past 12 month?

- Yes**  
 **No**
- 

15. Has any investor requested the repurchase of mortgages or requested an indemnity or has your approval with any Agency or Investor been cancelled, revoked, or suspended in the past 12 months?

- Yes**  
 **No**
- 

16. Has your company, and/or principals or corporate officers, had a real estate or other professional license suspended, revoked or received any other disciplinary action from a regulatory agency in the past 12 months?

- Yes**  
 **No**
- 

17. Has your company been suspended from selling or servicing mortgages by any investors in the past 12 months?

- Yes**  
 **No**
- 

18. Has your company or owners/principals/corporate officers been involved in any litigation in the past 12 months?

- Yes**  
 **No**
- 

19. Has your company, and/or principals or corporate officers, filed for protection from creditors under any provision of bankruptcy in the past 12 months?

- Yes**  
 **No**
- 

20. Has any principals or corporate officers been convicted of a crime in the past 12 months?



- Yes**
  - No**
- 

21. Has your company or owners/principals/corporate officers, or employees been sanctioned, or disciplined by any state or regulatory agency in the past 12 months?

- Yes**
  - No**
- 

22. Have you had any information security incidents in the past 12 months? If yes, please provide explanation.

- Yes**
  - No**
- 

23. Have you had any consumer complaints in the past 12 months?

- Yes**
  - No**
- 

24. Have you conducted AML (Anti- Money Laundering) training in the past 12 months?

- Yes**
  - No**
- 

25. Do you maintain a comprehensive and up-to-date set of governing policies and procedures for all areas of your company, including compliance with applicable consumer protection regulations?

- Yes**
  - No**
- 

26. Do you have the required MassHousing fidelity bond and errors and omissions insurance coverage and have you submitted the Certificate of Insurance with this certification?

- Yes**
  - No**
- 

27. Have any principal officers of the Lender been removed from such insurance coverage?

- Yes**
  - No**
- 

28. Are you a duly organized and validly existing legal entity?

- Yes**
  - No**
- 

29. Are you in good standing and properly licensed (or otherwise authorized) to do business in each of the jurisdictions in which it originates, sells and/or services mortgages, or otherwise conducts business?

- Yes**
  - No**
- 

30. Are you properly licensed (or otherwise authorized) to originate, sell and/or service mortgages in each jurisdiction in which it conducts business?

- Yes**
  - No**
- 

31. Are all mortgage loan originators employed by the Lender duly licensed or registered on NMLS?

- Yes**

**No**

---

32. Are you complying with all applicable federal, state, and local laws and regulations; and have you had an independent compliance audit within the past twelve (12) months in which no material violations of law were noted?

**Yes**

**No**

---

33. Are you complying with all requirements, including but not limited to all Lender eligibility requirements of the MassHousing Seller Guide, Selling and Servicing Contracts, and all addenda thereto, and with all applicable MassHousing Guides and all notices, announcements, advisories and Lender letters issued in connection therewith and are all representations and warranties made by Lender in the documents described above continue to be true and accurate in all respects?

**Yes**

**No**

---

34. Is your performance and obligations in compliance with the requirements of the documents described in Question 32 and does not and will not violate any applicable law or regulation or any court decree applicable to or binding upon the Lender and such performance will not result in a breach of, or constitute a default under, any material agreement or other instrument to which the Lender is a party or by which its assets or operations are bound?

**Yes**

**No**

---

35. Have there been any changes (other than changes that were previously disclosed to and, if required, approved by, MassHousing) affecting or involving the Lender that would require MassHousing approval under the terms of the MassHousing Seller Guide and Master Loan Purchase Agreement and all addenda thereto or any applicable MassHousing Guide?

**Yes**

**No**

---

36. Have you failed to repurchase residential mortgage loans, which you were legally obligated to repurchase, from any person to which the Lender has previously sold residential mortgage loans?

**Yes**

**No**

---

37. Do you hereby agree to the statements set forth below? a. The sale to and (if applicable) servicing for MassHousing of the mortgage(s) to be delivered to MassHousing during the forthcoming year has been: i. Specifically approved by the board of directors if the Lender is a corporation, or by other management authority if the Lender is other than a corporation (as to the applicable authority, the Management Authority) of the Lender and such approval is reflected in the written record of meetings of such Management Authority, or ii. Approved by an individual who was duly authorized by the applicable Management Authority and/or organizational documents of the Lender to enter into mortgage selling and servicing transactions with MassHousing and such authorization is reflected in the written record of meetings of the applicable Management Authority. b. The applicable MassHousing Guides, the MassHousing Seller Guide and Master Loan Purchase Agreement, and any other agreements relating to the mortgage selling and servicing transactions between the Lender and MassHousing constitute a written agreement governing the Lender's sale to, and (if applicable) servicing for, MassHousing of the mortgages or participation interests in mortgages involved in such transactions. c. The Lender or any successor shall continuously maintain all components of such "written agreement" as an official record. If there is any magnetic format or electronic transmission of the above agreements the Lender acknowledges that either the related magnetic or electronic media version or a physical printed version shall constitute a part of the "written agreement". d. The Lender shall notify HomeOwnership Lending Department at MassHousing within ten (10) days after any of the statements in this certification no longer continue to be true.

**Yes**

**No**

---

38. Have you adopted a formalized Quality Control Plan as described in the MassHousing Seller Guide and provided your Quality Control Plan and Policy including procedures, reporting, Quality Control contact name, telephone and email address? Only submit if your QC policy and procedures or QC Contact information has changed since the time of the last certification.

**Yes**

**No**

---

39. Are you in material compliance with all Fannie Mae Selling Guide requirements and, as applicable, Freddie Mac Single Family Seller Guide requirements and Federal Housing Administration guidelines?

- Yes  
 No
- 

40. If you are an approved FHA Lender, are you in good standing with HUD and maintain a HUD compare ratio of  $\leq 150\%$  (Neighborhood Watch Ratio)?

- Yes  
 No
- 

41. Did you submit a description of your institution's CRA or Mortgage Lender Community Investment assessment Lender's area (if applicable)? Only submit if it has changed since the time of the last certification. If changed, please provide changes as a separate addendum.

- Yes  
 No
- 

42. Have you submitted your balance sheets as at the end of the most recent fiscal year, and the related statements of income or operations, retained earnings, shareholders' equity and cash flows of the Lender for such fiscal year, setting forth in each case in comparative form the figures as of the end of and for the previous fiscal year, prepared in accordance with generally accepted accounting principles, audited and accompanied by a report and opinion of an independent certified public accountant satisfactory to the MassHousing, which report and opinion were prepared in accordance with generally accepted auditing standards and are not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit?

- Yes  
 No
- 

43. Do you maintain a net worth of at least \$2.5 million, plus a dollar amount that represents one-quarter of one percent (0.25%) of the outstanding principal balance of its total portfolio of mortgage loans serviced for Fannie Mae?

- Yes  
 No
- 

44. For Commercial Banks and Thrifts, do you have a minimum acceptable level of capital as follows: Total Risk-based capital ratio of 10% or higher Tier 1 Risk-based capital ratio of 6% or higher Tier 1 Leverage Capital ratio of 5% or higher

- Yes  
 No
- 

45. For Mortgage Companies, do you have an Adjusted Net Worth/Total Assets ratio of 6%, or equivalent, as determined by Fannie Mae, for entities/peer groups not reporting such data?

- Yes  
 No
- 

46. Do you have a current IDC ranking of at least 125 or higher? (Not Applicable for "Non Depository" Institutions).

- Yes  
 No
- 

47. Do you understand and acknowledge all MassHousing's active lender requirements as follows? All Lenders will be classified as active if, at the end of a calendar year, they have met certain loan delivery activity. The Lender must meet one of the following criteria to remain an active first Mortgage lender; • MassHousing approved lenders must sell a minimum of 5 first mortgage loans during any rolling 12 month period starting from the date they are an approved Seller of MassHousing; and demonstrate a proficiency at processing, underwriting, packaging and delivering loans to MassHousing. Be an active second mortgage lender, which sells a minimum of one subordinate mortgage loan to MassHousing; or • Insure \$1 million in portfolio loans under one of MassHousing's Mortgage Insurance Fund (MIF) loan programs (Buy Cities, Home for the Brave, Municipal Mortgage or Take the T Home).

- Yes  
 No
-

48. Does your employee hiring procedure include a check for all employees, including management, who are involved in the origination of mortgage loans against the U.S. General Services Administration (GSA) excluded Parties List, the HUD Limited Denial of Participation List (LDP List), and the Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) List?

- Yes**
  - No**
- 

49. Do you certify all obligations referred to in this Section are deemed to have been performed during the period beginning with the first day of the calendar year being reported and ending with the date that the Lender provides this information in accordance with applicable MassHousing requirements, including requirements specified in the Servicing Guide and the Seller Guide except as noted?

- Yes**
  - No**
- 

50. Do you certify that he/she has the delegated authority to complete and submit the annual certification on behalf of the institution or company and hereby certifies that during the period beginning with the first day of the calendar year and ending with the date Lender provides this information?

- Yes**
  - No**
- 

.  
o  
r  
.