

California Housing Finance Agency

October 10, 2014



Single Family Master Servicer Request for Proposal

DEADLINE FOR RFP QUESTION SUBMISSION:
Monday, November 3, 2014, at 3:00 p.m. Pacific Time

DEADLINE FOR PROPOSAL SUBMISSION:
Thursday, November 20, 2014, at 3:00 p.m. Pacific Time

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Email: SAngst@CalHFA.CA.GOV

Table of Contents

1. INTRODUCTION	2
2. BACKGROUND INFORMATION	2
A. Government Insured Mortgages	
B. Conventional Mortgages	
C. Subordinate Mortgage Loans	
D. Other Products as Available	
3. PROCESS	3
4. SUMMARY OF SERVICES TO BE PERFORMED	4
A. Mortgage Backed Securities Functions	
B. Loan Processing Functions	
C. Electronic Data Transmission	
5. PROPOSAL INSTRUCTION	6
A. Letter of Transmittal	
B. Proposal	
C. Fee Proposal	
D. Oral Presentations & Site Visits	
E. Technical Service Functions	
6. TERMS OF AGREEMENT	9
7. AGENCY SUPPORT FOR THE MASTER SERVICER (BROKER)	10
8. MINIMUM QUALIFICATIONS AND REQUIREMENTS	10
9. CONFLICT OF INTEREST	10
10. EVALUATION FACTORS	11
11. ONCE A PROPOSAL IS SUBMITTED	11
12. SELECTION & RESERVATION	12
A. Selection	
B. Reservations	
13. QUESTIONS & SAMPLE MASTER SERVICER (BROKER) AGREEMENT	12
14. ADDITIONAL TERMS AND CONDITIONS	13
15. PROPOSAL SUBMISSION	13
16. SCHEDULE OF EVENTS	14
17. CalHFA CONTACT INFORMATION	14

REQUEST FOR PROPOSAL

SINGLE FAMILY MASTER SERVICER (BROKER)

1. INTRODUCTION

The California Housing Finance Agency (the “Agency” or “CalHFA”) is issuing this request for proposal (“RFP”) to professional, cooperative and responsive master loan servicers with successful secondary marketing and efficient pipeline operations. The Master Servicer (Broker) selected will be an active member of our finance team and a partner with CalHFA and participating mortgage brokers in an effort to deliver creative and successful affordable housing products to meet the housing finance needs of the citizens of California.

The Master Servicer (Broker) will receive third party originated closed loans from CalHFA-approved lenders. CalHFA first mortgage loans will be purchased by the Master Servicer (Broker) and assembled into appropriate mortgage backed securities as directed by CalHFA and the TBA Administrator.

The securities will be delivered to CalHFA for subsequent sale to the TBA Administrator. Loan servicing will be performed by the Master Servicer (Broker).

2. BACKGROUND INFORMATION

Parties

Agency or CalHFA – California Housing Finance Agency

Master Servicer – Servicer of mortgages originated by CalHFA-approved lenders only

Master Servicer (Broker) – Servicer of mortgages which are third party originated loans by CalHFA-approved lenders

TBA Administrator - Hedging Institution and/or CalHFA. Purchases GNMA and Fannie Mae MBS from Master Servicer(s)

Mortgage Insurer – Genworth Mortgage Insurance

CalHFA-approved lender – Lender who is approved by CalHFA to participate in the CalHFA lending program and whom accepts third party originated loans

Mortgage Broker – Institution that originates third party mortgage loans for CalHFA-approved lenders

Expected First Mortgage Volume

The CalHFA goal for first mortgage volume for the period July 1, 2014 through June 30, 2015 is 1,160 reservations and 927 loans closed. It is estimated that 20% of CalHFA first mortgage business will be generated through mortgage brokers.

Broker Originated Mortgage Loans

CalHFA is seeking candidates to perform as a single family master servicer for third party originated loans through a CalHFA-approved lender. CalHFA has retained the services of a Master Servicer who purchases mortgage loans originated by CalHFA-approved lenders directly.

Mortgage Loan Products

CalHFA may offer a variety of insured or guaranteed first mortgage loan products, including Federal Housing Administration (“FHA”) insured, and Rural Housing Service (“RHS”) guaranteed mortgage loans in addition to Fannie Mae HFA Preferred conventional mortgage loans. The mortgage loan products are 30 year fixed rate mortgage loans.

CalHFA-approved lenders will accept third party originated first mortgage loans, possibly combined with a CalHFA subordinate loan from mortgage brokers. After loan closing, the qualified first mortgage will be delivered to the Master Servicer (Broker) for loan purchase. The Master Servicer (Broker) will warehouse the purchased loans for up to 60 (sixty) days and assemble and package the loans into mortgage-backed securities (“MBS”) as directed by CalHFA or the TBA Administrator.

At the time of this RFP, the following mortgage loan products are available:

A. GOVERNMENT INSURED MORTGAGES

- CalHFA FHA (Standard FHA mortgage)
- CalPLUS FHA (Standard FHA mortgage with a premium rate of approximately 0.50%)
- Cal-EEM + Grant (FHA insured Energy Efficient Mortgage with a premium rate of approximately 0.50%)

B. CONVENTIONAL MORTGAGES

Conventional mortgages will be eligible under Fannie Mae’s HFA Preferred program.

- CalHFA Conventional
- CalPLUS Conventional (Premium rate of approximately 0.50%)

C. SUBORDINATE MORTGAGE LOANS

CalHFA also offers a variety of subordinate mortgage loans, eligible for use with the first mortgage. They are:

- A Down Payment Assistance (“DPA”) loan generated from premium pricing through the TBA program.
- California Homebuyer’s Downpayment Assistance Program (CHDAP)
- Extra Credit Teachers Program (ECTP)

D. OTHER PRODUCTS AS AVAILABLE

The Master Servicer (Broker) will not be responsible for the purchasing, pooling, or servicing of any CalHFA subordinate loans.

3. PROCESS

We appreciate your time and interest in responding to this solicitation and encourage straightforward, concise responses to the requested information. Parties responding to this RFP should understand that this RFP process differs significantly from the typical State of California process with which parties may be familiar. CalHFA is not required to procure any of its contracts through a competitive bidding process. Neither is CalHFA generally subject to many of the restrictions or requirements associated with state contracting practices. For instance, CalHFA is not subject to any of the protest or appeal rights that may be available under the typical state RFP procedures. In this regard, CalHFA urges parties to pay particular attention to **Section 10** –

Selection & Reservation when reviewing and responding to this RFP. The RFP requests the submission of Proposals but is not itself an offer and shall not be construed as an offer. In no event shall any obligation of any kind be enforceable against CalHFA unless and until a written contract is executed by both parties.

4. SUMMARY OF SERVICES TO BE PERFORMED

The successful party will serve as CalHFA's Master Servicer (Broker) in connection with the issuance of Ginnie Mae/Fannie Mae MBS issued from January 1, 2015 through August 31, 2016 pursuant to a fully executed Master Servicing Agreement (the "Agreement").

Under the Agreement, the Master Servicer (Broker) receives the interest rates daily from CalHFA. CalHFA-approved lenders will reserve the third party originated loans on CalHFA's Mortgage Access System (MAS); CalHFA will transmit the loan reservation to the Master Servicer (Broker) on a daily basis.

For loan underwriting and program compliance, the CalHFA-approved lender will submit the loan compliance packages for both first mortgage and any subordinate loan directly to CalHFA. After Conditional Approval, the CalHFA-approved lender will prepare the closing documents and fund both the first mortgage and any subordinate loans. After loan closing, the CalHFA-approved lender will submit the loan file and closing package to the Master Servicer (Broker) for the first mortgage. The CalHFA-approved lender will close all subordinate loans in CalHFA's name, and submit directly to CalHFA for purchase. The Master Servicer (Broker) purchases the CalHFA first mortgage loan(s) and warehouses the loans for up to 60 (sixty) days or until a sufficient amount of loans has accumulated to securitize into Mortgage Backed Securities. The Master Servicer (Broker) will pool the first mortgage loans into Fannie Mae/Ginnie Mae securities as directed by CalHFA or the TBA Administrator.

CalHFA's Hedging Institution ("TBA Administrator") will acquire the certificates from the Master Servicer (Broker). The Master Servicer (Broker) will sell the certificates net of interest (currently accrued interest is paid to the Master Servicer (Broker) upon first certificate payment to the TBA Administrator) to CalHFA for further sale to the TBA Administrator.— If the Master Servicer (Broker) is a California lender, they *must* become a CalHFA-approved lender under the Agreement.

The Master Servicer (Broker) must perform all of the normal duties associated with the pooling and servicing of the mortgages including:

A. MORTGAGE BACKED SECURITIES FUNCTIONS

1. Master Servicer (Broker) will provide reports listing loans purchased with the information required for loans to be securitized.
2. Master Servicer (Broker) will use best efforts to pool QML into Ginnie Mae I, II or Fannie Mae securities when loans are eligible to ensure best execution and only based on instructions provided by CalHFA or the TBA Administrator.
3. TBA Administrator will provide specific written instructions (Pooling Instructions) to Master Servicer (Broker), Custodian and CalHFA, including pool type, size, loan population, and coupon.
4. On pool settlement date, Master Servicer (Broker) will deliver Fannie Mae/Ginnie Mae MBS to Custodian as delivery vs. payment ("DVP") and TBA Administrator will advance wire funds equal to the par amount of each MBS plus accrued interest to Custodian in anticipation of receiving the pools later that day.

5. It is anticipated that pool settlement will be no less than once per month, as volume picks up, multiple settlements may take place.
6. Master Servicer (Broker) is to warehouse whole loans for up to 60 (sixty) days or until sufficient volume is accumulated for pooling without separate reimbursement for such cost other than the interest on the loans funded.
7. Perform other normal and customary MBS Master Servicer (Broker) functions.

B. LOAN PROCESSING FUNCTIONS

1. Under the Agreement, the Master Servicer (Broker) shall review the loan within five (5) business days of delivery by the CalHFA-approved lender and purchase within five (5) business days upon completion of review and clearance of any outstanding conditions of the loan and within sixty (60) days of the loan lock.
2. Verify that loans closed and pooled conform to criteria conditionally approved by CalHFA prior to loan purchase, and conform to loan pooling criteria.
3. Service mortgage loans in accordance with GSE and CalHFA standards.
4. Work as a partner with CalHFA in increasing the number of CalHFA loans originated by the participating mortgage brokers.
5. Provide assistance to CalHFA, TBA Administrator, and CalHFA-approved lenders regarding technical questions and problems that may arise during normal interactions with the Master Servicer (Broker) in furtherance of activities under the Agreement.
6. Repurchase and remove ineligible loans from an MBS, upon notice from CalHFA, in the event an ineligible loan is discovered within an MBS pool.
7. Certify that all loans closed are in the correct lien position, as outlined on the conditional approval issued to the CalHFA-approved lender. The CalHFA-approved lender is to provide the Master Servicer (Broker) with a copy of each Conditional Approval at the time of submission for each loan(s).
8. Support servicing audits conducted by CalHFA staff for tax act and program compliance. Master Servicer (Broker) will pay the travel expenses of CalHFA staff to conduct these audits.

B. ELECTRONIC DATA TRANSMISSION

1. CalHFA will supply Master Servicer (Broker) with a daily pipeline report by file data transmission, which will include information on reserved loans, cancelled loans and updated loans.
2. Master Servicer (Broker) shall, on a daily basis, remit an electronic transmission to CalHFA which will acknowledge the receipt of the loan reservation information, and report the status of the loan as it is processed by the Master Servicer (Broker). Information to be transmitted includes receipt date of the first mortgage loan package, date of approval by the Master Servicer, close of escrow date, date of purchase by the Master Servicer (Broker), secondary marketing information, and other information deemed relevant by the parties.
3. Identify the data and data format of the daily electronic transmission from the Master Servicer (Broker), the format for transmission (such as FTP), and other general functional requirements of the data transmission.
4. Describe what CalHFA's responsibility will be regarding communicating loan data changes and cancellations of loan reservations.
5. Give examples of how the Master Servicer (Broker) will work with the TBA Administrator during the pooling process.

6. Will CalHFA have any involvement in the mortgage pooling process?

5. PROPOSAL INSTRUCTIONS

A. LETTER OF TRANSMITTAL

Attach a letter of transmittal, which includes the following information:

1. Contact name, business name, business address, telephone number and email address of interested party;
2. Date of proposal;
3. A statement that the interested responding party's proposal is valid for three (3) months after the deadline for submission of proposals; and,
4. A signature of the officer or employee certifying that he or she has the authority to bind the party.

B. PROPOSAL

We appreciate your time and interest in responding to this solicitation and encourage straightforward, concise responses to the information requested below.

The proposal must address all of the following items (be certain to reference your response to each RFP proposal item for easy identification):

1. Provide three (3) references for which your institution has performed similar work, including a summary of the services provided.
2. Please provide the following information for each reference:
 - a. Name of institution
 - b. Name of reference
 - c. Title
 - d. Telephone Number
 - e. Email Address
 - f. Physical Address
 - g. Brief Summary Description of Services Provided
 - h. Date Range Services Provided
3. Provide evidence of an adequate warehouse line of credit to purchase up to \$50,000,000 worth of eligible mortgage loans at any one time.
4. Provide examples of your experience supporting a diverse mortgage broker clientele with wholesale operations statewide or nationwide.
5. Provide examples of your experience supporting diverse HFA clientele.
6. Document that the party is an approved and active issuer of Government National Mortgage Association ("GNMA") and Fannie Mae MBS and Freddie Mac Participation Certificates ("PCs") in good standing. Provide GNMA, Fannie Mae and Freddie Mac approval numbers and recent volume of pooling activity with each entity.
7. Confirm the party's resolve to work with the CalHFA to reach the December 19, 2014 deadline date for executing the Agreement.
8. Describe the party's high-level implementation strategy and schedule to become capable of serving as CalHFA's Master Servicer (Broker) in connection with the purchase of Ginnie Mae MBS by January 2, 2015. Include a description of capabilities and the schedule by which these capabilities will be available.
9. Describe your plan for staffing the Master Servicer (Broker) function in support of the CalHFA and describe how you will ensure the staff will have sufficient authority, training, and experience to perform the duties in an efficient and effective manner.

10. Provide the names and résumés of the primary personnel you propose to assign to the Agreement and the addresses of offices where they are located.
11. Describe your plan to provide a high level of customer service to borrowers during California business hours (8:00 a.m. Pacific Time (PT) to 9:00 p.m. PT) under the terms of the Agreement.
12. Describe your plan to provide a high level of customer service to CalHFA-approved lenders and CalHFA during California business hours (8:00 a.m. Pacific Time (PT) to 5:00 p.m. PT) under the term of the Agreement.
13. List your requirements for purchasing loans from mortgage lenders.
14. Describe your loan closing procedures and turn time for pooling and securitizing loans as well as the subsequent sale to TBA Administrator.
15. Provide a description of your organizational and technological approach to performing in the capacity of the Master Servicer (Broker) as it relates to the following topics:
 - Describe your technical capabilities that support CalHFA’s requirements for loan processing, tracking and reporting systems.
 - Describe plans for enhancing these technical capabilities over the next five years
 - Estimate the amount of time it will take to provide the necessary technical capabilities required by CalHFA.
 - Describe your ability to share loan and pool information / data with the CalHFA.
 - Describe ability to provide web-based access to CalHFA to allow viewing real-time loan information
 - Describe the experience and skill level of your information technology staff that will support CalHFA.
 - Describe help desk capabilities used to support the queries of CalHFA and CalHFA-approved lenders.
10. Describe your capability and commitment to work with the CalHFA in improving documented procedures, policies, processes and forms (e.g., Lender Program Manual, Servicer’s Guide).
11. Describe the dollar amount and delinquency ratio at each month end of your FHA/VA, Fannie Mae and Freddie Mac servicing portfolios for the previous three years.
12. Describe delinquency intervention activities you will undertake on behalf of the CalHFA.
13. Describe your Quality Control procedures for Third Party Originated loans.
14. Do you currently have an errors and omissions insurance policy or similar insurance that will cover the party’s activities under the Agreement? Will the party add CalHFA as a named insured? List claims made against the insurance in the last three (3) years.
15. Provide a list of California originating lenders you currently have under contract to close loans.
16. Identify and describe any pending legal proceedings against your firm or an officer of your firm alleging, or any judgments within the last three years involving, fraud, malpractice, other malfeasance or violations of law.
17. Describe additional “value added” services that are not otherwise identified in this document which you could provide to CalHFA should you be selected.
18. CalHFA may develop new programs during the term of this Agreement. Describe how you are best able to assist CalHFA with development, implementation and servicing of new programs.
19. During the term of the Agreement, CalHFA may introduce new loan programs or request additional services, including but not limited to requesting the Master Servicer (Broker) to:
 - Perform program compliance for CalHFA
 - Perform credit underwriting

- Purchase and service subordinate loan products
- Purchase and service all CalHFA first mortgage loan products

If in the future CalHFA were to negotiate an amendment to the Agreement for the Master Servicer (Broker) to perform any or all of the above services, please express in your proposal your willingness, capacity and capability to do so, as well as any prior experience in doing so. The response to this inquiry regarding future programs or services should not sway your response to this RFP, as any amendments to the Agreement will be open to negotiation at the time they are made.

20. Please express your willingness, capacity and capability to perform other services related to new CalHFA products or programs, as well as any prior experience in doing so. Any additional services will be subject to amendment of the Agreement by the parties.

Additionally, please include the following:

1. Outline the responsibilities of each entity under this proposed transaction: CalHFA, CalHFA's lender, Master Servicer (Broker) and TBA Administrator.
2. Provide a flow chart that outlines the process from loan reservation to the closing of the third party originated loan and the issuance of the MBS security.
3. List all services which will be performed by the Master Servicer (Broker).
4. List all loan products which are eligible for inclusion.
5. Provide a list of all underwriting overlays as applicable.
6. Outline the steps from the creation of the MBS to the delivery of the MBS to CalHFA and to the TBA Administrator.
7. Provide examples of accounting and reconciliation reports, which will be provided to CalHFA on a monthly basis, as they relate to the loans and securities.
8. Provide examples of daily loan reservation reports that confirm the guaranteed best effort purchase price.

CalHFA requires that the Master Servicer (Broker) directly perform all required duties, functions and services under the Agreement and may not sub-contract any of the duties, services or functions of the Master Servicer (Broker).

C. FEE PROPOSAL

- A. All fee proposals are to assume that the Servicing Release Fee will be paid at the time of the closing of the mortgage loan and incorporate the following assumptions:
- The mortgage products are CalHFA 30 year fixed rate FHA or conventional first mortgages, securitized into Ginnie Mae / Fannie Mae MBS securities.
 - An annualized servicing fee will be paid to the Master Servicer (Broker) in addition to the guarantee fee paid to Fannie Mae.
 - Costs associated with the closing, funding, setup, etc. shall be included in bid.
 - Establishment, monitoring, and disbursement of escrow accounts, related tax service fees, trustee and bank fees and expenses shall be included in bid.
 - All other costs associated with the assignment of Master Servicer (Broker) shall be included.
- B. State the Servicing Release Fee you will pay calculated as a percentage of the outstanding principal amount of each loan acquired by you under the CalHFA's Agreement and payable upon acquisition of each conforming CalHFA mortgage loan pooled into Fannie Mae/Ginnie Mae MBS. (Note that CalHFA may retain, at its sole discretion, some of the Servicing Release Fee).

Please provide a pricing grid for FHA, VA, Fannie Mae HFA Preferred and Conventional 25;

D. ORAL PRESENTATIONS & SITE VISITS

Responding parties may be required to make oral presentations in order to provide an opportunity for parties to present their proposals and to answer questions posed by CalHFA staff or other professionals concerning any items covered by their respective proposals, or such other matters as may be deemed relevant to the evaluation of the parties and their responses.

If oral presentations are required, they will occur at the CalHFA's Sacramento offices from December 1 – December 5, 2014. The party must have appropriate staff available for the presentation. Failure to appear for an oral presentation at the time and place scheduled may result in the rejection of the proposal.

Furthermore, CalHFA reserves the right to visit any responding party at their primary place of business to audit personnel, facilities and documented processes, procedures and policies.

E. TECHNICAL SERVICES FUNCTIONS

1. Secure all CalHFA loan and MBS information, in the Master Servicer (Broker)'s control, based on industry standard system and data security practices.
2. Accept and transmit fixed-length data text files following standard File Transfer Protocols.
3. Electronically exchange information with CalHFA and TBA Administrator on loans in pipeline for pooling into MBS.
4. Electronically provide CalHFA with loan information as part of the normal duties of servicing mortgages, including monthly reporting to CalHFA on delinquencies (30, 60, and 90 days past due).
5. Electronically provide CalHFA with monthly reports on lender performance.
6. Provide CalHFA web-based access to real-time pool data with the ability to drill down to the loan level information.
7. Provide CalHFA with web-based access to real-time loan payment and collection history information.
8. Provide borrowers with appropriate web-based access to their real-time loan information.
9. Provide CalHFA with the capability to download all report data into text files or Microsoft Excel.
10. Provide user-defined, ad hoc reports as requested by CalHFA.

6. TERMS OF AGREEMENT

1. Eligible conforming CalHFA loans will be originated throughout the expected term of the Agreement. These mortgage loans will be securitized and delivered in accordance with the Agreement.
2. CalHFA intends that the obligations of the Master Servicer (Broker) under its Agreement will continue until all securities are fully paid.

7. SUPPORT FOR THE MASTER SERVICER (BROKER)

1. CalHFA staff will provide access to the appropriate materials of the Agency and will assist in coordinating the work of the Master Servicer (Broker) with CalHFA staff, the TBA Administrator, the CalHFA Fannie Mae/Ginnie Mae approved sellers and other persons as required for the completion of the Agreement.
2. CalHFA will provide a toll-free telephone line for individual borrowers and general public inquiries about the Single Family Loan Program and will produce and mail brochures to the public.
3. CalHFA's Single Family Lending unit will perform a pre-funding tax compliance and program review on all loans to confirm tax and program compliance. Notification of the conditional approval of each eligible loan will be communicated electronically to the CalHFA-approved lender and the Master Servicer (Broker).
4. CalHFA will purchase all CalHFA subordinate loans directly from CalHFA-approved lenders.

8. MINIMUM QUALIFICATIONS AND REQUIREMENTS

Only those parties who meet the following minimum criteria are eligible to submit a proposal in response to this RFP:

1. Parties responding to this solicitation must be an approved and active issuer of Government National Mortgage Association ("Ginnie Mae"), Fannie Mae MBS and Federal Home Loan Mortgage Corporation ("Freddie Mac") Participation Certificates ("PCs") in good standing.
2. Parties responding to this solicitation will be required to demonstrate that they have a warehouse line of credit available to purchase \$50 million of CalHFA MBS at any one time.
3. Parties responding to this solicitation should have experience servicing high loan-to-value mortgages
4. Parties responding to this solicitation should have a demonstrated track record of successfully servicing high LTV conventional mortgages with delinquency performance equal to or better than industry averages
5. Parties responding to this solicitation should have a minimum net worth of \$25 million. CalHFA reserves the right to require a higher net worth based on individual proposals
6. The successful applicant must assign and identify experienced staff within three (3) business days of proposal award to assist in development and negotiation of final terms.
7. The Master Servicer (Broker) will be prepared to serve as CalHFA's agent in connection with the issuance of MBS securities by **January 2, 2015**. The proposal must be responsive to this requirement.
8. Parties responding to this solicitation must demonstrate to the satisfaction of CalHFA that it can perform the duties of the Master Servicer (Broker) with staff who have sufficient authority, training, and experience to perform the duties in an efficient and effective manner.
9. Parties responding to this solicitation must demonstrate that they have computerized loan tracking and reporting systems that meet the Agency's requirements as described in this document and in the Agreement.

9. CONFLICT OF INTEREST

Each responding party must disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP, including any relationship that might be perceived or represented as a conflict. By submitting a proposal in response to this RFP, the responding party affirms that they have not given, nor intend to give at any time hereafter,

any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any concealment or obfuscation of a conflict of interest may result in the disqualification of a responding party's proposal.

CalHFA will determine whether a conflict of interest exists and whether it will disqualify a responding party. Responding parties must provide sufficient facts, legal implications, and possible effects in order for CalHFA to determine the significance of each potential conflict.

Prior to commencement of any services under the Agreement, the responding party's employees and agents, as determined by CalHFA, shall complete a Statement of Economic Interest as required by CalHFA's Conflict of Interest Code under Section 81000 et seq. of the California Government Code, and participate in mandatory ethics training (online). Furthermore, CalHFA reserves the right to disqualify any responding party on the grounds of actual or apparent conflict of interest.

10. EVALUATION FACTORS

A selection committee formed by CalHFA will review responses to this RFP. Factors to be considered by the committee may include, but will not be limited to, the following:

√	<i>Prior experience with creating underwriting documents, manuals, training materials and conducting training sessions.</i>
√	<i>Prior experience with pricing, pipeline management and MBS creation.</i>
√	<i>The conciseness, clarity and responsiveness of the proposal to the needs of CalHFA.</i>
√	<i>Best value to CalHFA.</i>
√	<i>References for similar work performed.</i>
√	<i>Characteristics of the current portfolio.</i>
√	<i>The experience and background of staff assigned to CalHFA and previous successful experience with a similar program.</i>
√	<i>The acceptability of the computer services and data sharing capabilities.</i>
√	<i>Financial soundness of the responding party.</i>
√	<i>Prior successful experience with wholesale and retail mortgage loan servicing and securitization (including experience with VA guaranteed, FHA insured and RHS guaranteed mortgage loans, GNMA and Fannie Mae pools, and Freddie Mac PCs).</i>
√	<i>Prior successful experience administering single-family programs or similar state or municipal housing finance agency programs.</i>

11. ONCE A PROPOSAL IS SUBMITTED

All materials submitted in accordance with this RFP become the property of CalHFA and will not be returned. The material will be a public record subject to the disclosure provisions of the Public Records Act (Government Code Section 6250 et seq.).

Submission of a proposal indicates acceptance by the submitting party of the conditions contained in this RFP. The terms and conditions of any response shall be contingent upon successful negotiation of a final written Agreement.

12. SELECTION & RESERVATIONS

A. SELECTION

The qualifications of parties responding to this solicitation will initially be considered by a selection committee consisting of senior managers and subject matter experts from affected CalHFA Divisions and General Counsel. The committee will make recommendations to the Executive Director, who may or may not accept the committee's recommendation. The Executive Director will select a firm, which in her opinion best meets the requirements of this RFP at a reasonable cost. As part of the selection process, CalHFA may request oral or telephonic interviews with the firms considered to be the most qualified to provide the Services described in Section **4D**.

Selection of a firm is expected to take place within six weeks of the solicitation due date. Once selected, the firm will be expected to enter into an Agreement with CalHFA. The term of agreement and an annual renewal option by CalHFA is to be included in the final Agreement. The Agreement effective date is anticipated to be **January 2, 2015**.

B. RESERVATIONS

All costs for developing and submitting proposals pursuant to this solicitation are solely the responsibility of the party submitting the proposal and shall not be reimbursable by CalHFA. Although CalHFA has chosen at this time to seek proposals for a Master Servicer (Broker), it is not required to procure any of its contracts by way of competitive bidding and is generally not subject to most of the restrictions or requirements typically associated with State contracting practices. Accordingly, CalHFA reserves its right to select one or more, or reject all, proposals submitted pursuant to this solicitation, or retain an institution which did not submit an application in response to this RFP.

In addition, CalHFA reserves the right to:

1. Request an oral or telephonic interview with, and to require additional information from, any party prior to its selection.
2. Select for contract negotiation the party that, in CalHFA's judgment, best will meet CalHFA's needs, regardless of any differences in estimated costs between the firms.
3. Consider information about a party in addition to information submitted in their proposal or obtained through oral or telephonic interviews.
4. Select a party other than a party responding to this RFP.
5. Require additional information from any responding party.
6. Terminate this process at any time without selecting a party.
7. Change any deadline or date provided for herein without notice, or
8. Otherwise amend or modify any of the terms or provisions of this solicitation.

Until the Agreement is finalized and notice given to all responding parties, no employee, agent, or representative of a responding party shall make available or discuss its proposal with any officer, member employee, agent, or representative of CalHFA other than Sheryl Angst, the designated RFP contact.

13. QUESTIONS & SAMPLE MASTER SERVICER (BROKER) AGREEMENT

Questions regarding the information contained in the RFP must be submitted via email to the designated RFP contact, Sheryl Angst (SAngst@calhfa.ca.gov), no later than **3:00 p.m., October**

29, 2014. Questions received after the specified deadline may not receive responses at the discretion of CalHFA.

All questions must be submitted by email and be received by the specified date and time.

Responses to questions will be provided to all potential parties on **November 5, 2014** via email. To receive the responses to the questions, please provide contact information for the person responsible for your proposal (i.e., name, job title, email address, telephone number, and physical address) no later than **3:00 p.m. (PT) October 29, 2014.**

CalHFA is seeking samples of Master Servicer Agreements your organization has with other financial institutions, in general, and other State Housing Finance Agencies in particular. The responding party must submit these samples of Master Servicer Agreements to CalHFA via email to the designated RFP contact, Sheryl Angst (SAngst@calhfa.ca.gov) no later than **3:00 p.m., November 20, 2014.** The successful applicant can expect CalHFA to require significant changes to be made to any proposed form of agreement.

14. ADDITIONAL TERMS AND CONDITIONS

This RFP is issued and subject to the following additional terms and conditions:

1. This RFP is to request the submission of responses but is not itself an offer and shall not be construed as an offer.
2. In no event shall any obligation of any kind be enforceable against CalHFA unless and until a written agreement is entered into.
3. Each party must include in its proposal a complete disclosure of any alleged significant prior or ongoing contract failures, any civil or criminal litigation or investigation pending which involves the respondent or in which the respondent has been judged guilty or liable. Failure to comply with the terms of this provision will disqualify any proposal.
4. CalHFA cannot assure that the servicer selected will actually service any minimum number of loans.

15. PROPOSAL SUBMISSION

Proposals to act as the Master Servicer (Broker) for CalHFA should be submitted as follows: one (1) electronic copy (in Microsoft-supported version of Microsoft Word) to SAngst@calhfa.ca.gov and one (1) original (with original signature of an appropriate officer of the institution) to CalHFA no later than **3:00 p.m. (PT), Thursday, November 20, 2014.**

**California Housing Finance Agency
Attn: Sheryl Angst MS-910
500 Capitol Mall, Suite 1400
Sacramento, CA 95814**

NO FACSIMILE (FAX) TRANSMITTED PROPOSALS WILL BE ACCEPTED.

Please do not submit brochures, annual reports, and other like material not specifically requested.

Prior to the date and time designated for receipt of proposals, any proposal may be modified or withdrawn by notice in writing to the Agency at the address designated for receipt of proposals.

16. SCHEDULE OF EVENTS

The following is the schedule of events for the RFP process and execution of the Master Servicer (Broker) Agreement. CalHFA reserves the right to revise all dates.

Event	Date
Issue RFP	October 7, 2014
Written Questions Due to Agency	October 29, 2014
Contact Information Due	October 29, 2014
Agency's Responses to Questions	November 5, 2014
Request for Proposal and Proposed Form of Master Servicer (Broker) Agreement Due	November 20, 2014
Notify of Interview	November 25, 2014
Interview Candidates	December 1 - 5, 2014
Agency Approval of Selection	December 9, 2014
Final Discussion of Terms	December 12, 2014
Execute Master Servicing (Broker) Agreement	December 19, 2014
Begin Processing CalHFA Lending Programs	January 2, 2015

17. CalHFA CONTACT INFORMATION

Mailing address: California Housing Finance Agency
500 Capitol Mall, Suite 1400
Sacramento, CA 95814

Division Director: Ken Giebel KGiebel@CalHFA.ca.gov (916) 326 8606
Primary contact: Sheryl Angst SAngst@CalHFA.ca.gov (916) 326 8678