

Massachusetts Housing Partnership
Loan Origination & Servicing System
Request for Proposal
September 26, 2023

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Project Overview

Introduction

Massachusetts Housing Partnership (“Organization,” “MHP”) in Boston, MA has retained CliftonLarsonAllen LLP (“CLA”) to assist with an assessment of their current loan origination & servicing system, product and service requirements, and the selection of their future system and partnership. MHP seeks a partner that aligns with their needs from a strategic, economic, operational, functional, and technical perspective.

This request represents the needs and desires explicitly expressed by MHP’s Selection Committee and should be used as the basis for your preparation of a proposal. It is your responsibility to coordinate all responses and ensure a complete solution is presented. We request your response no later than October 24, 2023.

Response instructions are contained within the document. Please direct any questions related to this request, or completion of your response to the contacts listed below. We look forward to reviewing your proposal. Thank you for your time and consideration.

Sarah Mostafa
Senior Program Risk and Project Manager
MHP
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857-317-8580

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Director, Specialized Advisory Services
CLA
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319-558-0266



General Information

Purpose

The purpose of this document is to define the current and anticipated loan origination & servicing system requirements for MHP. This information has been developed in a format to facilitate the preparation of a proposal and the subsequent evaluation of potential loan origination & servicing systems for MHP. Specific methods and systems will be evaluated, including benefits and related costs.

Objective

The objective of this request is to evaluate several solutions to identify a vendor/system that can provide an overall solution resulting in a contract aligned with the comprehensive needs of MHP to meet their objectives. A few of the objectives that are motivating MHP to search for an alternative solution include, but are not limited to, the following:

- Increased operational efficiency through integration, process automation, streamlined workflows, and improved functionality
- Innovative and customizable system that is easy to navigate and allows for both the expansion of current programs and the addition of new programs
- Increased productivity and enhanced decision-making with access to key metrics in real time
- Economically feasible pricing representative of the overall relationship, future growth, and cost containment
- Proactive, knowledgeable, responsive service and support which consistently promotes system utilization and encourages development of staff system knowledge

Due Date of Proposal

The deadline for receipt of proposals is October 24, 2023. In fairness to all participants, time extensions should not be requested. If your company decides not to respond to this RFP, please inform MHP and CLA of your decision, indicating the reason for your decision not to participate.

Confidentiality and Non-Disclosure

This document in its entirety remains the property of MHP. The information provided within this, or any other document supplied, is strictly confidential and proprietary to MHP. This information is not to be shared with individuals outside of your organization unless MHP has specifically provided written consent allowing said individuals access to this information. You agree to hold the existence of this document, and all related information communicated to you, in strict confidence. Further, you agree to not disclose, distribute, or disseminate the information or documents to any individuals outside of your organization unless MHP has specifically provided written consent allowing said individuals access to this information, specifically including, but not limited to, potential or actual members, and not to use the information for your own benefit or the benefit of others, except as authorized in writing.

Acceptance/Rejection

Issuance of this RFP does not obligate MHP to contract, in whole or in part, for services specified herein. MHP reserves the right to cancel this solicitation, in whole or in part, or to reject in whole or in part, any and all proposals. No minimum purchase will be committed to under this RFP. The proposed solutions should be



submitted on the most favorable terms. Subsequent to the receipt of the proposed solution, CLA may schedule discussions with you if it becomes necessary to clarify elements of your proposed solution. Proposed solutions will be reviewed for support of the objectives defined in the RFP. Continued participation by submitting vendors in this project will be based upon the proposed solution that best satisfies MHP's requirements as outlined within the RFP. MHP reserves the right to reject any and/or all proposed solutions received.



Client Overview

Selection Committee

- Mark Curtiss, Managing Director
- Charleen Tyson, Chief Financial Administrative Officer
- Scott MacIntyre, IT Director
- Elliot Schmiedl, Director of Homeownership
- David Worsham, Associate Director of Homeownership
- Susanne Cameron, Senior Business Development Manager
- Sarah Mostafa, Senior Program Risk and Project Manager

History & Background

MHP was founded in 1985 and is a statewide, non-profit quasi-public affordable housing organization that works to increase the supply of affordable housing in Massachusetts. MHP finances affordable housing through a state law that requires companies who acquire Massachusetts banks to make loan funds available to MHP for the creation and conservation of affordable multifamily housing.

MHP helped create the SoftSecond Loan Program to address racial inequalities in mortgage lending. Now known as the ONE Mortgage Program, MHP works with over 40 participating lenders to help low- and moderate-income households purchase their first home by providing a subsidy and lower mortgage interest rates to qualifying first-time homebuyers.

In 2020, MHP partnered with Massachusetts Affordable Housing Alliance (MAHA) and the City of Boston to offer ONE+Boston, an expansion of the ONE Mortgage Program that combines city funds with ONE Mortgage's affordable features to increase buying power for income-eligible, first-time Boston homebuyers.

MHP also offers the MassDREAMS program which provides down payment and closing cost grants to first time homebuyers who meet eligibility requirements and currently reside in one of twenty-nine communities that were severely impacted by the COVID-19 pandemic.

Short-Term MHP Initiatives

- Continue to operate ONE Mortgage, ONE+Boston, and MassDREAMS programs
- Increase affordable housing
- Create housing that is sustainable
- Advance the understanding that housing is a human right
- Promote racial equity and anti-racism in the affordable housing system

Long-Term MHP Initiatives

- Eliminate eS2 as a limiting factor
- Reduce manual processes
- Accommodate a growing suite of programs and products
- Attain robust reporting and financial reconciliation capabilities
- Integrate with a CRM and current financial accounting systems



Organization Overview

An overview of MHP is provided below.

Organization Information	
# of Employees	66
# of Locations	1
# of Customers	60 Banks and Organizations
Current Software Name	eS2
# of Employee Users of eS2	14
# of Customer Users of eS2	500
# of Years on Current Software	20+
Software In-House or Outsourced	Outsourced
Expiration Date of Current Software Contract	N/A
Regulatory Agency	Executive Office of Housing and Livable Communities
Projected Organic Growth Rate per Year (%)	10%

Location Overview

An overview of locations is provided below.

Location Addresses	City, State, Zip
160 Federal Street	Boston, MA 02110

Financial Overview

Current financial highlights are summarized below.

Financial Overview	Total Dollar Value
Total Loans	\$4.5B
Total Active Loans	\$2.25B
Total Closed Loans	\$2.25B

Account Overview

An overview of account information is included below.

Account Overview	Total Number
# of Total Loans	24k
# of Total Active Loans	12k
# of Total Closed Loans	12k
Average # of Loans Opened Monthly	65
Average # of Loans Closed Monthly	40



Network System Overview

The current network environment is summarized below.

Network Overview	Make/Model	OS/Version
Imaging Server	N/A	N/A
Physical Server(s)	Dell/PER340 & PER540	Windows Server 2019
Virtual Server(s)	N/A	N/A
Storage (SAN or NAS)	N/A	N/A
Physical Workstations	Dell XPS 15	Windows 10
Thin Client or Virtual Workstations	N/A	N/A
Laptops	N/A	N/A
Tablets	N/A	N/A

Note: Cells that do not contain data did not have data available to validate.

MS Office Version	Office 365
MS Server Licensing	OEM_SLP
Total Image Storage (e.g., GB, Terabytes)	>100 GB



Key Business Initiatives

The ONE Mortgage Program (previously known as the SoftSecond Loan Program) is used to assist first time homebuyers by allowing for a minimum 3% down payment without having to pay for mortgage insurance. In addition, a portion of the interest payment on the mortgage may be subsidized and secured with a second mortgage. For prospective homebuyers to qualify they must:

- 1) Be a first-time homebuyer who has not owned a home in the three years prior to applying for the program, along with additional considerations.
- 2) Complete an acceptable first-time homebuyer education course.
- 3) Be within the household income eligibility guidelines, which vary by community of the purchased property.
- 4) Agree to use the property purchased as their primary residence throughout the term of the loan.
- 5) Purchase a home within a participating community with an established subsidy source.
- 6) Finance a home purchase within the mortgage loan limits.
- 7) Purchase a home that is a condominium, single-family, two-family, or three-family property.

System

eS2 is a customized, internet-based system that helps MHP to administer the ONE Mortgage Program. The system is used for loan origination, underwriting, closing, and funding. Additionally, the system contains a significant amount of data that is used for tracking and reporting. Participating banks log in on a regular basis and submit loan subsidy applications on behalf of borrowers. eS2 has approximately 500 active external users from partner lending and nonprofit organizations and 14 users from MHP.

eS2 was introduced 20 years ago and is built on an aging platform that is not easy to update. MHP seeks an innovative system offering the ability to customize functionality and make minor system changes which will allow them to achieve and support their initiatives to accommodate a growing suite of programs and products. Additionally, process automation, streamlined workflows, and expanded functionality will increase operational efficiency and allow staff to focus on other tasks.

GRM is currently utilized for the collection and handling of loan closing packages with wet signatures. Loan closing packages are sent to MHP, picked up by GRM twice a week, and scanned into GRM's Visual Vault document repository for access by MHP. This process delays the availability of documentation and creates risk. MHP would like to eliminate GRM and instead utilize a system that allows for electronic document signing and offers document capture and storage.

Integration

Full integration between the loan origination & servicing system and ancillary systems, and/or the ability to utilize file extracts to import and export data is critical. Ancillary systems that will need to integrate include Sage Intacct accounting and financial management system, Adaptive Insights financial planning and budgeting system, Salesforce CRM system - if CRM is not available within the replacement loan origination & servicing system, and Adobe Sign or DocuSign for electronic document signing.



Reporting & Analysis

Ease of access to data and reporting including extensive and effective standard reports, the ability to easily view, export, and analyze data, and create custom reports without needing assistance is essential. Additionally, MHP would like the inclusion of dashboards specific to each user with the ability to utilize data from multiple data sources for analysis, identification of trends, and decision-making.



Functional Requirements

Specific requirements were documented for key functional areas. These requirements will be used as a basis of the evaluation. Functional areas to be evaluated include the categories listed below and are detailed in the proposal worksheets.

- Integration
- Reporting & Analysis
- System



SWOT Analysis

A SWOT analysis of the strengths, weaknesses, opportunities, and threats was conducted on the current eS2 system. Details are included below and in the proposal worksheets.

Strengths

- Specifically tailored to the ONE Mortgage Program
- Basic functionality works well with a reasonable degree of sophistication
- Understand the backend system, which is easy to troubleshoot

Weakness

- Integration between the current system and ancillary systems, and the ability to import or export data, is limited or non-existent
- System is proprietary and requires ongoing support for basic changes
- System enhancements and fixes take a significant amount of time and are limited by the dated system architecture
- Common bugs impacting the quality of the user experience have gone unfixed because system changes are labor-intensive
- Additional processes are needed to complete daily tasks due to a lack of process automation
- Lack of document imaging/management within the system requires use of a third-party
- System limitations prevent the use of electronic document signing
- All reports are customized and require assistance from the system developer to configure and maintain
- Lack of trust in the data available within the system and available data is limited and not easy to extract
- Lack of dashboards for access to data and reports used frequently
- Lender partners find the user interface to be inefficient
- Inability to reconcile fund sources with financial accounting systems

Opportunities

- Full integration between the system and ancillary systems, and/or the ability to utilize file extracts to import and export data
- Newer and more robust system that creates efficiency, is easier to use, and offers customization
- Inclusion of extensive and effective standard reports and the ability to easily create custom reports without needing assistance
- Ability to easily view, export, and analyze data
- Inclusion of dashboards specific to each user with the ability to utilize data from multiple data sources
- Ability to expand current programs and add new programs without being limited by the system
- User friendly system that meets lender partners' needs

Threats

- Concern regarding the future viability of the system due to outdated technology, aging of the system developers, and the limited ability to make changes internally
- Lack of integration, and the need to utilize multiple systems to complete daily tasks, increases operational expenses and the risk of errors
- Increased risk to data integrity, accuracy, and security due to manual processes and the need for dual entry



Existing Environment

Processing Overview

Below is a summary of the current processing environment. Cells that do not contain data did not have data available to validate. N/A = Not Applicable.

Loan Processing and Servicing	
# of 1 st Mortgage Loans Originated Per Month	50-100
# of 1st Mortgage Loans Currently Serviced Per Month	12k
# of 2nd Mortgage Loans	9.6k
# of Credit Bureaus Loan Information Is Reported To	N/A
# of Loans Reported Monthly	N/A
# of Mortgage Escrows Serviced	N/A
# of Mortgages Serviced In-House	9.6k
% of Mortgages Sold	0
# of Soft Credit Pulls Performed Monthly	0

Checks	
# of Checks Received Per Month	30

ACH Files	
# of ACH Items Originated Per Month	70
# of ACH Items Received Per Month	0
# of ACH Items Returned Per Month	0

Wire Transfers	
Average # of Domestic Wires Per Month (Incoming)	70
Average # of Domestic Wires Per Month (Outgoing)	0
Average # of International Wires Per Month (Incoming)	0
Average # of International Wires Per Month (Outgoing)	N/A



Current Systems Overview and Contractual Commitments

The exhibit below lists the current systems implemented at MHP and the current contract expiration. The last column provides the desired action in relation to each system, based upon the list below:

- Keep: Retain the current product or service as is
- Replace: Replace the current product or service with another option
- Remove: No longer need the product or service and do not plan to replace it
- Need: Product or service is not in place today but should be included within the proposal
- Optional: Product or service is not in place today but should be included as optional within the proposal
- Keep/Replace: May retain current product or service but would also like a replacement proposed as optional within the proposal
- N/A: Not available today and should not be included within the proposal



Account Processing

System	Vendor/System Name	Third Party Interface	Contract Expiration	Desired Action
Lending - 1 st Mortgage	es2.mhp.net	No	N/A	Replace
Lending - 2 nd Mortgage	es2.mhp.net	No	N/A	Replace
Lending Forms	es2.mhp.net	No	N/A	Replace
Automated Processes/Workflows	es2.mhp.net	No	N/A	Replace

Item Processing

Statement Prep/Rendering	es2.mhp.net	No	N/A	Replace
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Funds Management/Transfers

ACH	Manual process - requests come from eS2 and are processed through our bank sites.	Yes	N/A	Keep/Replace
Wires	Manual process - requests come from eS2 and are processed through our bank sites.	Yes	N/A	Keep/Replace

Financial Management

Account Reconciliation	Sage Intacct	No	Annual	Keep
Accounts Payable	Sage Intacct / Bill.com	No	Annual	Keep
Accounts Receivable	Sage Intacct	No	Annual	Keep
Financial Planning and Budgeting	Adaptive Insights	No	Annual	Keep
General Ledger	Sage Intacct	No	Annual	Keep

Digital

E-Sign	Adobe Sign / DocuSign	No	N/A	Keep
Online Portal	es2.mhp.net	No	N/A	Replace
Secure Email/File Transfer	Voltage	No	N/A	Keep/Replace
Text/Email Alerts	Twilio	Yes	N/A	Keep/Replace

Business Intelligence/Imaging/Reporting

Cold System Storage - Standard Reports	Crystal Reports/SQL	Yes	N/A	Replace
Customer Relationship Management (CRM)	Salesforce (Not used with eS2)	No		Keep/Replace
Document Imaging	GRM	No	N/A	Keep/Replace
Document Management/Retention System	GRM	No	N/A	Keep/Replace
Document Workflow Management	N/A	No	N/A	Need
Document Exception Tracking	N/A	No	N/A	Need
Dashboards	N/A	No	N/A	Need
Profitability	N/A	No	N/A	N/A
Report Writer	N/A	No	N/A	Need

Note: Cells that do not contain data did not have data available to validate. N/A = Not Applicable



Proposal Expectations

Anticipated Project Timeline and Instructions

Planned completion dates for important project activities are listed below:

Activity	Anticipated Timeline
1. RFP Posting ¹	September 26, 2023
2. Vendor Discovery Calls ²	Week of October 9, 2023
3. Vendor Proposals Due ³	October 24, 2023
4. Proposal Review ⁴	October-November 2023
5. Vendor Demos ⁵	October-November 2023
6. Due Diligence & Negotiations	2023-2024
7. Final Agreement(s) Signed	TBD
8. Implementation Consideration	October-December 2024
9. Current Contract Expiration	N/A

Project Timeline Instructions

1. Confirmation of your intention to participate in the RFP process must be provided to Sarah Mostafa and Janine Wright via email.
2. Discovery calls will be scheduled individually for all vendors who confirm their intention to participate and will be scheduled once confirmation of intention to participate has been received. The discovery calls will be limited to one (1) hour each and provide vendors with the opportunity to talk with MHP's selection committee and answer questions in response to this RFP, prior to proposal submission. **Note:** *MHP will make the final determination on dates and times for the calls, and notification will be provided.*
3. A response to this RFP, in its entirety, is due no later than close of business on **October 24, 2023**.
4. Following receipt of responses to the RFP, MHP's Selection Committee and CLA will review content to validate its inclusiveness. Responses will be evaluated based upon the criteria outlined within this RFP.
5. Selected vendors will be invited to demonstrate their proposed system. Demonstrations will be limited to two (2) hours each, unless otherwise agreed upon. **Note:** *MHP will make the final determination on dates for demos, and notification will be provided.*
6. MHP requests an implementation date no later than **October-December 2024**. If unable to accommodate this timing, a suggested alternative must be provided.



Response Evaluation Criteria

The following criteria will be used to evaluate the responses:

1. Response to the RFP, including the amount of detailed information, overall completeness, and timeliness of the response per the instructions
2. Inclusion of attachments per the instructions (see section below)
3. Inclusion of completed proposal worksheets per the instructions (see section below)
4. Company business plan as it relates to technology, market penetration, client retention, service level agreements, performance reporting, and financial stability
5. Fees that are economically feasible and aligned with current market trends, organization growth expectations, and solution inclusions
6. Ability to demonstrate recognizable, knowledgeable, and responsive service and support that helps promote utilization, addresses service issues, and increases staff knowledge and awareness
7. Service and performance commitments that provide MHP with confidence in the products and services they have invested in, with tangible restitution when critical circumstances arise

The following pages contain more details regarding the attachments and proposal worksheets.



Vendor Evaluation Criteria

The criteria included below will be used to evaluate vendors.

MHP is seeking a vendor that:

- Provides recognized experience and success in implementation and ongoing support
- Demonstrates a strong history of providing timely enhancements and changes
- Demonstrates financial stability, experience, and approach
- Provides vendor personnel with strong industry knowledge
- Has the ability to meet MHP's defined timeline
- Proactively shares communication regarding system upgrades that do not require additional costs
- Demonstrates proactive financial investment to ensure timely delivery of services consistent with industry trends
- Offers a comprehensive solution that meets MHP's initiatives including integration to key ancillary systems and the ability to maximize operating efficiencies through the automation of manual processes

MHP is seeking a long-term partnership that:

- Offers the same level of service, commitment, and dedication that MHP offers to its borrowers
- Helps MHP centralize and analyze data to make strategic business decisions
- Provides MHP with opportunities for training, education and system utilization without restrictive costs
- Provides SLAs including uptime, response time, and service and escalation procedures
- Offers access to vendor support staff to report issues and obtain assistance with acknowledgement of requests for support, and cases opened for requests that cannot be immediately resolved
- Remains proactive in working with MHP to understand, challenge, and participate in their strategic planning
- Provides industry knowledge, trends, and market data including information on best practices and trends within the industry
- Provides account management experienced in working with organizations of comparable size, portfolio, and strategies, and is accountable for the overall relationship
- Provides system, technical, and user documentation that is current, comprehensive, well-written, procedure-oriented, and easy to understand

Before awarding a contract, MHP shall review the proposed vendor's ability to perform the contract successfully, considering factors such as the vendor's integrity (including a review of the List of Parties Excluded from Federal Procurement and Non-Procurement Programs published by the U.S. General Services Administration), compliance with public policy, record of past performance (including contacting previous clients of the vendor), and financial, administrative, and technical capability to perform contract work of the size and type involved and within the time provided under the contract. Contracts shall not be awarded to debarred, suspended, or ineligible vendors.



Response Inclusions

MHP expects all responses to be completed per this RFP and to include the following:

Attachments:

1. **Proposal:** Include a pricing proposal.
2. **Implementation:** Include the anticipated implementation timeline if MHP decides to implement the proposed system, information on implementation training and support, and a sample implementation plan.
3. **Due Diligence Package:** Include a Due Diligence package containing the following:
 - Business Continuity/Disaster Recovery/Incident Response Programs and Test Results
 - Annual Report, Balance Sheet, or other Financial Information for the past three years
 - SSAE18 or other Report of Systems or Controls
 - Proof of Insurance
 - Technical/Security Test Results for External Network, Internal Network, and Social Engineering Testing
 - Legal and Regulatory Compliance/Actions
 - Contract, Service, and Performance Fulfillment
 - User Group Feedback
 - Organizational/Business Relationships
4. **Sample Contract:** Include a sample contract with standard terms and conditions.
5. **Sample Service Level Agreements:** Include sample service level agreements.
6. **Technical Specifications:** Include any necessary technical specifications, hardware and software requirements, and supported devices for the proposed system.
7. **Product Roadmaps:** Include a product roadmap for the next 12 months for the proposed system.
8. **Technology and Strategic Plan:** Include a summary of the company's technology plan and overall strategic plan for the next 1-2 years including an overview of the company's strategic and growth initiatives, and plans related to R&D.



Vendor Responses

The Proposal Worksheets must be completed based upon the proposed solution and included in their original Excel format as a part of your response to this RFP.

1. **SWOT Analysis:** Provide responses in consideration of the SWOT analysis.
2. **Functional Requirements:** Provide responses to each functional requirement using the response options provided.
3. **Vendor Profile:** Include relevant information about your company such as history and organizational structure.
4. **Client Base and Implementation:** Provide information on the total number of current clients on the proposed system and implementation-related information. Do not include clients who have not yet implemented the proposed system.
5. **Support Services:** Provide information on your service and support structure including staff and positions, service request process, reporting and monitoring, and information on training.
6. **System and Technology:** Provide information on the proposed environment including history, enhancements, future expectations, and security measures in place to offset risk and to address compliance requirements.
7. **Pricing Detail:** Provide responses for each of the products and services identified, based upon the desired action, and include a detailed breakdown of costs. **Note:** *A standard pricing proposal may be provided, in addition to completing the worksheet.*



Instructions for Responses to the RFP

A response is requested, including all necessary items addressed in the current systems overview above, to perform functions as outlined in the instructions.

1. Pricing proposals should include a five-year (5) term option.
2. The Proposal Worksheets must be submitted, along with your response to the RFP. The Proposal Worksheets will be available on MHP's website at: <https://www.mhp.net/about-us/public-records-policies>.
3. All communication related to this request should be directed to MHP and CLA and an electronic copy of the response sent to the following:

Sarah Mostafa
Senior Program Risk and Project Manager
MHP
smostafa@mhp.net

Janine Wright
Director, Specialized Advisory Services
CLA
janine.wright@claconnect.com

4. Electronic copies must be sent securely. If secure email is not available, CLA can provide you with instructions for submission.

