

**SINGLE FAMILY LOAN SALE
DISTRESSED ASSET STABILIZATION PROGRAM
ROLLING NSO QUALIFICATION FOR NONPROFITS AND UNITS OF STATE AND LOCAL
GOVERNMENT**

QUALIFICATION STATEMENT

The Federal Housing Administration (“FHA”), an organizational unit of the U.S. Department of Housing and Urban Development (“HUD”), is planning to offer qualified nonprofit, joint venture with nonprofit, and unit of state and local government (“Nonprofit and USLG”) bidders the opportunity to bid on a portfolio of defaulted single-family mortgage loans (the “Mortgage Loans”) through a competitive sealed bid auction at some point in the future. HUD intends to auction the Mortgage Loans via whole loan sale of Neighborhood Stabilization Outcome (“NSO”) pools to Nonprofit and USLG bidders (“Sale”).

NOTE: This qualification statement is applicable ONLY to the NSO pools that are designated for Nonprofit and USLG bidders only (“NSO Nonprofit and USLG Pools”). Bidders wishing to qualify for any other pool must respond separately to the applicable qualification statement for such pool.

Bidders must check one or more of the following statements to be considered for approval as a “qualified bidder” for NSO Nonprofit and USLG Pools. (CHECK ALL THAT ARE APPROPRIATE):

1. Bidder is a nonprofit that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C.A. § 501(c)(3)).
2. Bidder is a joint venture involving a 501(c)(3) organization (a “Nonprofit Joint Venture”), and the 501(c)(3) organization’s control over the Nonprofit Joint Venture is sufficient for a determination that the Nonprofit Joint Venture operates in a manner consistent with the 501(c)(3) organization’s charitable purpose.
3. Bidder is a Nonprofit Instrumentality of Government. This is a 501(c)(3) organization that was established by a governmental body or with governmental approval under special law to serve a particular public purpose, or is designated an instrumentality by law.
4. Bidder is a Governmental Entity or an instrumentality of Government. Governmental entity refers to any federal, state, or local government agency or instrumentality. An instrumentality of Government refers to an Entity that was established by a governmental body or with governmental approval or under special law to service a particular public purpose or designated by law and does not have a 501(c)(3) status.
5. Bidder is a joint venture involving a Governmental Entity that has been established in order to carry out the Governmental Entity’s purpose (a “Governmental Joint Venture”).

The undersigned (“Bidder”) understands and acknowledges that, before it can register for, or make an offer to bid in the Sale for the NSO Nonprofit and USLG Pool(s), the Bidder (whether an individual or an entity) must meet the requirements described below as evidenced by execution of this Qualification Statement.

Bidder understands that it is seeking qualification to bid in the future. BIDDER FURTHER UNDERSTANDS THAT IN ORDER TO BID IN A PARTICULAR SALE BIDDER MUST COMPLETE A SALE-SPECIFIC RECERTIFICATION QUALIFICATION STATEMENT AFFIRMING THAT THE INFORMATION PROVIDED IN THIS QUALIFICATION STATEMENT HAS NOT CHANGED SINCE THE BIDDER WAS INITIALLY QUALIFIED. THE RECERTIFICATION QUALIFICATION STATEMENT WILL ALSO REQUIRE ADDITIONAL CERTIFICATIONS AND INFORMATION PERTAINING TO THE SALE'S GEOGRAPHIC REGIONS AND THE MORTGAGE LOANS OFFERED IN THE SALE.

The information requested herein is being requested for the purpose of providing HUD with information needed to determine whether the Bidder meets the qualification requirements to bid in the Sale. All or part of the information provided on this form may also be subject to disclosure under the Freedom of Information Act, 5 U.S.C. § 552(a). Pursuant to HUD's FOIA regulations at 24 C.F.R. § 15.108, you may request confidential treatment of business information submitted in connection with this form and support such request with the facts and the legal justification for such request. Any request for confidential treatment must state that the information has not been made public and clearly designate the information that is considered confidential. Should HUD receive a FOIA request for such confidential information, HUD will provide you with notice of the request and an opportunity to object to the disclosure in accordance with HUD's regulations, unless disclosure is required by federal law. Providing the requested information is voluntary; however, failure to furnish all of the requested information may result in the prospective purchaser not being permitted to bid at the Sale and/or not receiving notice of future HUD/FHA sales initiatives.

NOTICE: Anyone who knowingly or willfully makes false or fraudulent statements or representations in connection with the disclosures or certifications herein will be referred to the Office of Inspector General and/or the appropriate law enforcement officials for investigation and legal enforcement and may be subject to fines, imprisonment or both. See 18 U.S.C. §§ 1001, 1010, 1012.

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The following information is being solicited with respect to the individual or entity that will submit a bid in a Sale to acquire NSO Mortgage Loans in the NSO Nonprofit and USLG Pool(s).

Part 1: Bidder Organization

A. Ownership and Entity Structure

1. Bidder Information

A. Name of Bidder (include all "Doing Business As" names, if any)		
B. Corporate or Other Entity Type		State of Organization (if applicable)
C. Address of Bidder		
D. City	State	Zip Code
E. Phone ()	F. Fax ()	G. Bidder Tax I.D.
H. E-mail Address		

2. Please circle the description that best describes Bidder's business designation:

Nonprofit Organization

Nonprofit Joint Venture

Governmental Entity and its Instrumentality of Government (check all that apply)

Unit of Local Government

Unit of State Government

Nonprofit Instrumentality of Local Government

Nonprofit Instrumentality of State Government

Instrumentality of Local Government

Instrumentality of State Government

Governmental Joint Venture

Other, please describe _____

- 3. IRS Tax-Exempt Status.** Please provide an effective date of exemption as indicated by the IRS Letter of Determination of at least two years prior to the date of this Qualification Statement , or the reason such a letter is not applicable (e.g. Governmental Entity or its Instrumentality of Government is not a 501(c)(3) organization).
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- 4. Organizational Chart.** Please provide an organizational chart that graphically depicts the board of directors, employees and all entities and contemplated partners and their respective expected ownership percentages within the Bidder. This chart should show the contractual or equity relationships among the Bidder, its parent company, and its lenders and investors as applicable.

- 5. HUD Approved Nonprofit.** If Bidder is a nonprofit approved to participate in HUD's Single Family Nonprofit Programs please list the programs for which it is approved and the expiration date of initial approval or recertification.
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Provide the information requested in Sections 6 below for EACH individual or entity that comprises the Bidder that will submit a bid in a Sale, including ALL entities with whom you contemplate entering into a partnership or contractual arrangement for the management (asset and property management) and servicing of the defaulted Mortgage Loans or underlying secured assets.

**6. Bidder Component Information
Component 1**

A. Name of Bidder Component		
B. Relationship to Bidder		
C. Role in Transaction (e.g., Servicer, Asset Manager, Property Manager, Capital/Funding Partner, other Operations, Management entity)		
D. Corporate or Other Entity Type		E. State of Organization (if applicable)
F. Address of Bidder Component		
G. City	State	Zip Code
H. Phone ()	I. Fax ()	J. Bidder Tax I.D.
K. E-mail Address		

Component 2

A. Name of Bidder Component		
B. Relationship to Bidder		
C. Role in Transaction (e.g., Servicer, Asset Manager, Property Manager, Capital/Funding Partner, other Operations, Management entity)		
D. Corporate or Other Entity Type		E. State of Organization (if applicable)
F. Address of Bidder Component		
G. City	State	Zip Code
H. Phone ()	I. Fax ()	J. Bidder Tax I.D.
K. E-mail Address		

Component 3

A. Name of Bidder Component		
B. Relationship to Bidder		
C. Role in Transaction (e.g., Servicer, Asset Manager, Property Manager, Capital/Funding Partner, other Operations, Management entity)		
D. Corporate or Other Entity Type		E. State of Organization (if applicable)
F. Address of Bidder Component		
G. City	State	Zip Code
H. Phone ()	I. Fax ()	J. Bidder Tax I.D.
K. E-mail Address		

Component 4

A. Name of Bidder Component		
B. Relationship to Bidder		
C. Role in Transaction (e.g., Servicer, Asset Manager, Property Manager, Capital/Funding Partner, other Operations, Management entity)		
D. Corporate or Other Entity Type		E. State of Organization (if applicable)
F. Address of Bidder Component		
G. City	State	Zip Code
H. Phone ()	I. Fax ()	J. Bidder Tax I.D.
K. E-mail Address		

B. Legal and Compliance

Bidder hereby certifies, represents and warrants to FHA/HUD that it meets the requirements to be a qualified bidder based upon Bidder’s satisfaction of one or more of the following qualifying statements 1 through 3. Bidder must check one or more of the following qualifying statements 1 through 3 to register to bid and to qualify as a qualified bidder. (CHECK ALL THAT ARE APPROPRIATE):

- (_____) 1. Bidder has a net worth of \$3,000,000 determined in accordance with Generally Accepted Accounting Principles, consistently applied (“GAAP”), and except for a Bidder that is Nonprofit Joint Venture or a Governmental Joint Venture, Bidder was not formed for the specific purpose of acquiring an interest in the Mortgage Loans.

In lieu of having a net worth of \$3,000,000, Bidder may provide either an Irrevocable Letter of Credit or Performance Bond (both as described more fully below) in the form of a firm commitment and for the benefit of the government in the amount of \$3,000,000. If Bidder is the high bidder, before the award will be made by HUD, Bidder must be able to show evidence that the Irrevocable Letter of Credit or Performance Bond is in place within two (2) business days of the notice that it is the high bidder. The Irrevocable Letter of Credit or Performance Bond must be valid through thirty (30) days after the final settlement date for all of the loans purchased. The Irrevocable Letter of Credit or Performance Bond must meet the following criteria:

Irrevocable Letter of Credit: The Letter of Credit shall be from a financial institution the long-term senior unsecured debt of which shall have a credit rating of not less than “A” from Standard & Poor’s Corporation and not less than “A2” from Moody’s Investors Service, Inc.

Performance Bond: The Performance Bond shall be supported by corporate sureties whose names appear on the list contained in Treasury Department Circular 570, individual sureties, or by other acceptable security such as postal money order, certified check, cashier’s check, irrevocable letter of credit, or, in accordance with Treasury Department regulations, certain bonds or notes of the United States. Treasury Circular 570 is published in the Federal Register, or may be obtained from the:

U.S. Department of Treasury
Financial Management Service
Surety Bond Branch
3700 East West Highway, Room 6F01
Hyattsville, MD 20782

Or via the internet at <http://www.fms.treas.gov/c570/> .

- (_____) 2. Bidder can provide an Irrevocable Letter of Credit as described above.

- (_____) 3. Bidder can provide a Performance Bond as described above.

Bidder hereby certifies, represents and warrants to FHA/HUD that EACH of the initialed statements, Sections 4 through and including 6 below, is true and correct as to such Bidder. If Bidder or a Related Entity (as defined below in Section 5) cannot certify to any section or

subsection below, Bidder may submit a supplemental response that describes and explains, in an attached document not to exceed one page, the reason for such inability to so certify and any extenuating circumstances or other information that may render such condition immaterial for the purposes of qualifying for the Sale. Please provide a copy of any order or agreement relevant to such section or subsection.

_____ 4. Bidder, or one of its component entities, is an entity that either (i) is in the business of buying, originating or selling mortgage loans of the same type as the Mortgage Loans or (ii) otherwise deals in assets substantially similar to the Mortgage Loans in the ordinary course of such Bidder's business. Bidder has such knowledge and experience in the origination, sale and/or purchase of performing and non-performing or distressed loans, including, without limitation, loans secured by real estate or other types of collateral, as well as knowledge and experience, by itself or with its advisers, in other financial and business matters, as to enable Bidder to utilize the information made available in connection with the Sale to evaluate the merits and risks of a prospective acquisition of the Mortgage Loans and to make an informed decision with respect thereto.

If a Bidder cannot certify to any subsection of Section 5 below, please describe and explain in an attached document not to exceed one page the debarment, suspension, or other exclusion and any extenuating circumstances or other information that may render such debarment, suspension or exclusion immaterial for the purposes of qualifying for the Sale. Please provide a copy of any order or agreement imposing such debarment, suspension or exclusion.

_____ 5. Bidder represents and warrants that it, Bidder's board of directors, direct parent, Bidder's subsidiaries, as applicable, and any related entity with which the Bidder shares a common officer or director, contractor or sub-contractor who has access to the Confidential Information as defined in the Confidentiality Agreement or is involved in the formation of a bid in connection with this transaction (collectively known as "Related Entities"); and its repurchase lender(s) for the Mortgage Loan Pools, are not any of the following:

_____ a. an individual or entity that is currently debarred, suspended, or excluded from doing business with HUD or that has been removed from or prohibited from participating in the affairs of, or transactions with HUD and/or FHA, whether pursuant to the Government-wide Suspension and Debarment regulations at Title 2 of the Code of Federal Regulations, Parts 180 and 2424, or other authority;

_____ b. an individual or entity that is in violation of its post-sale reporting requirements or has failed to satisfy its NSO obligations within the post-sale compliance period under a Conveyance, Assignment and Assumption Agreement executed for a past sale;

_____ c. an individual or entity that is currently suspended, debarred or otherwise restricted by any department or agency of the federal government or of a state government from doing business with such department or agency;

_____ d. an individual or entity that is currently debarred, suspended, or excluded from doing mortgage related business, including having a business license

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suspended, surrendered or revoked, by any federal, state or local government agency, division or department;

- _____ e. an entity that has had its right to act as a Government National Mortgage Association (“Ginnie Mae”) issuer terminated and its interest in mortgages backing Ginnie Mae mortgage-backed securities extinguished by Ginnie Mae;
- _____ f. an individual or entity that has been sanctioned, required or agreed to pay any administrative, civil or criminal penalties or damages in connection with any suit or enforcement action involving single family loan origination, servicing or collection activities, or involving allegations of housing discrimination under any applicable local, state, or federal law or regulation;
- _____ g. an individual or entity that has been subject to any federal or state citations or enforcement actions;
- _____ h. an individual or entity that has been prohibited from doing asset or property management related business, or has within the previous three years had any license relating to the management or acquisition of assets or REO suspended, terminated, canceled, or revoked by, or involuntarily surrendered to any federal, state or local government agency, division or department;
- _____ i. an individual or entity that has been removed from or prohibited from participating in the affairs of any insured depository institution pursuant to any final enforcement action taken by any federal and or state banking agency;
- _____ j. an individual or entity that has been informed of, or been subject to any legal proceeding involving fraud, criminal activity or breach of fiduciary duty in any jurisdiction (internationally and nationally) in the past five years;
- _____ k. an individual or entity that is currently undergoing a dispute or engaged in unresolved matters involving correspondence with the IRS or other U.S. government agency;
- _____ l. an individual or entity that is currently, or has been previously, subject to any investigations with respect to Anti-Money Laundering requirements, or Patriot Act violations; or
- _____ m. an individual or entity that is currently subject to a pending enforcement action or regulatory investigation due to any potential Real Estate Settlement Procedures Act, Fair Credit Reporting Act, or Gramm-Leach-Bliley Privacy Act violations.

- _____ 6. Within the past 10 years, neither Bidder, nor any person or entity controlling Bidder:
- _____ a. has entered against it an order for relief under the United States Bankruptcy Code, as amended, or under any other law relating to bankruptcy, insolvency or reorganization or relief of creditors;
 - _____ b. has failed to pay, or admitted in writing its inability to pay, its debts generally as they become due;
 - _____ c. has made a general assignment for the benefit of its creditors;
 - _____ d. has appointed, or applied for, sought, consented to, or acquiesced in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its assets or properties;
 - _____ e. has instituted any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or failed to file an answer or other pleading (within the time frame by which such answer or other pleading is due) denying the material allegations of any such proceeding filed against it;
 - _____ f. has taken any corporate, partnership or similar (as applicable) action to authorize any matter described in any of clauses (a) through (e) of this paragraph;
 - _____ g. has been, or been a key employee with, a failed financial institution within the past seven years, or been restricted/prohibited from participating in the affairs of a failed financial institution;
 - _____ h. an individual or entity that currently has a delinquent obligation to HUD, any federal agency or a failed financial institution of \$50,000 or more; or
 - _____ i. an individual or entity that, if such entity is an FDIC insured depository institution, has a Memorandum of Understanding or other regulatory agreement that would prohibit or restrict participation in this type of transaction.

If the respondent truthfully certifies to each of these statements, the Bidder will meet minimum eligibility under Part 1.A and 1.B. Where Bidder cannot so certify and provides further information, the Bidder may provide a supplemental response, which may demonstrate minimum eligibility under these sections has been achieved. Any additional information so provided will be necessary to determine whether the Bidder's answers in Part 2 will be evaluated. Bidder's supplemental response must indicate that the infraction/action (1) can be demonstrated to be minor and isolated, (2) is reflective of extraordinary circumstances that will not be applicable to the activities proposed under this solicitation,

and (3) does not represent a legal impediment to doing business with HUD/FHA.

Sections 7 through 10 are not applicable to Governmental Entities and their Instrumentalities, including their nonprofit governmental instrumentalities, and Governmental Joint Ventures. HUD reserves the right to request additional documentation to support nonprofit Bidder's certifications. For Nonprofit Joint Ventures, the nonprofit must provide the following certifications or must attach a separate document containing these certifications to this Qualification Statement. If a nonprofit participating in a Nonprofit Joint Venture cannot certify to subsection (c) of Sections 7, 8 or 9 below, please describe and explain in an attached document not to exceed one page the circumstances or other information that may render such failure to certify immaterial for the purposes of the Nonprofit Joint Venture qualifying for the Sale.

7. The nonprofit certifies that:

- _____ a. each member of the nonprofit's Board of Directors ("board member") serves in a voluntary capacity and does not receive compensation for any services they provide in the implementation of the nonprofit's program (may receive reimbursement for expenses);
- _____ b. no part of the nonprofit's earnings are passed on to a board member, corporation, or other entity affiliated with a board member, and board members are not employees of the nonprofit; and
- _____ c. the occupations, activities and obligations of each board member do not conflict with the work of the nonprofit.

8. The nonprofit certifies that:

- _____ a. no conflict of interest exists between the board members, principal staff, or any other entities that may participate in the management and disposition of the assets purchased in the Sale;
- _____ b. its staff does not also work for and receive financial benefits from a for-profit entity that is providing the nonprofit with services related to the management and disposition of assets purchased in the Sale; and
- _____ c. it has a minimum of two consecutive years of relevant experience earned within the last five years in the servicing, management, and disposition of defaulted mortgage loans

9. The nonprofit's operations must be independent of the influence, control or direction of the consultant or any outside party, particularly those seeking to derive profit or gain from a proposed project. The nonprofit certifies that:

- _____ a. its operations are independent of the influence, control or direction of any consultant or outside party;
- _____ b. that its consultants – administrative, management, financial, or otherwise - provided under an independent contractor relationship are arm's length and do not constitute more than half of the nonprofit's activities; and
- _____ c. it has the in-house resources and capacity to operate its own program, and contracts for services only on a temporary or supplementary basis.

If a nonprofit cannot certify to any subsection of Section 10 below, please describe and explain in an attached document not to exceed one page the debarment, suspension, or other exclusion and any extenuating circumstances or other information that may render such debarment, suspension or exclusion immaterial for the purposes of qualifying for the Sale. Please provide a copy of any order or agreement imposing such debarment, suspension or exclusion.

10. The nonprofit represents and warrants that it, its Related Entities, and its staff are not any of the following:

- _____ a. an individual or entity that has been indicated for, or convicted of, an offense which reflects upon the responsibility, integrity, or ability of the nonprofit to participate in FHA activities;
- _____ b. an individual or entity that has unresolved findings from HUD or other governmental investigation, audit, or review; or
- _____ c. an individual or entity engaged in business practices that do not conform to generally accepted practices of prudent nonprofits or that demonstrate irresponsibility.

C. Qualifications of Bidder's Servicer and Asset Manager to Effectively Perform.

1. Please answer the following question on behalf of the entity identified in Part 1: Bidder Organization above as Bidders' Servicer. If Bidder is acting as Servicer then these questions refer to Bidder.

A. Has the Servicer been engaged in the servicing of single family loans over the last two years as its principal business?

Yes _____ No _____

2. Please answer the following questions on behalf of the entity or entities identified in Section Part 1: Bidder Organization above as Bidder's Asset Management and Property Manager. If Bidder is acting as Asset Manager and or Property Manager, then these questions refer to the Bidder.

A. Does the Asset Manager/Property Manager possess all required licenses, registrations, insurance coverage, permits or qualifications to be considered in compliance with all applicable laws in all states in which business would be conducted for the assets in the proposed transaction?

Yes _____ No _____

If no, please identify what additional licenses, registrations, insurance coverage, permits or qualifications must be obtained and provide the expected timeframe for receipt.

B. Does the Asset Manager/Property Manager certify it has had no building code violations within the last seven years that were not remediated within 90 days?

Yes _____ No _____

If no, please provide a maximum one page narrative explanation.

C. Does the Asset/Property Manager certify it is not involved in any litigation in which more than \$5,000 is at issue or which is not covered by insurance with a deductible of less than \$100,000?

Yes _____ No _____

If no, please provide a maximum one page narrative explanation.

D. Does the Asset Manager/Property Manager certify that it has not lost control of any assets under its ownership or asset management to a lender through any means (e.g., foreclosure, deed-in-lieu-of foreclosure) in the past five years?

Yes _____ No _____

If no, please provide a maximum one page narrative explanation.

E. Does the Asset Manager/Property Manager certify that no property under its ownership or asset management (other than those purchased as part of troubled note/asset sale), which were insured under the FHA, resulted in a partial or full claim to FHA?

Yes _____ No _____

If no, please provide a maximum one page narrative explanation.

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- F. Does the Asset Manager/Property Manager certify that no property under its ownership or asset management in the past five years has had a negative cash flow over a one year period or greater?

Yes _____ No _____

If no, please provide a maximum one-page narrative explanation, and indicate to what extent and how positive cash flow was restored. (For example, did the Asset Manager / Property Manager invest enterprise-level funds to cover operating expenses, mandatory reserve payments, and/or debt service of the properties? If so, what were the source(s) of such funds?)

- G. Is the Asset Manager's/Property Manager's annual vacancy rate for its portfolio for the previous 12 months lower than 10%?

Yes _____ No _____

If no, please provide a maximum one page narrative explanation, including the intended strategy to remedy such vacancy.

- H. Does the Asset Manager/Property Manager and/or its holding companies have the financial capacity to manage the assets proposed to be transferred?

Yes _____ No _____

Please provide the entities' audited financial statements (balance sheet also known as statement of financial position, income statement, and statement of cash flow) for the most recent year. If audited financials are not available, please submit unaudited financials with an explanation why audited financials are unavailable.

Describe the assets currently under management by the Asset Manager/Property Manager using the sections below.

Total Portfolio Currently Under Management

	Single Family (1-4 units)	Multifamily (5-20 units)	Multifamily (over 20 units)
Number of Buildings			
Aggregate Number of Units			
Geographic location(s)			

Please list the geographic area(s) in which you are interested. Please identify the areas by Metropolitan Statistical Area (MSA) or Metropolitan Division (MD). For information on the geographic areas that constitutes a particular MSA or MD, please refer to the Office of Management and Budget Statistical Programs and Standards, available at: http://www.whitehouse.gov/omb/infoeg_statpolicy.

What Geographic Areas are you interested in for purchasing single family loans?

	Area 1	Area 2	Area 3	Area 4	Area 5
Name of Geographic areas					
Capacity					

Part 2: Bidder Capabilities and Approach

A. Default Servicing

Default Servicing Experience of Bidder’s Servicer identified in Part 1: Bidder Organization. (4 narrative pages maximum). The servicer must have at least two consecutive years of experience within the last five years.

For the entity that will service the mortgage loans, please describe the Servicer’s current and past experience servicing loans that are or were at some point six or more months delinquent (“seriously delinquent”). Specifically, please provide:

1. The total count and dollar volume of seriously delinquent loans serviced over the past two years;
2. A description of the strategies employed to convert seriously delinquent loans into re-performing status through sustainable mortgage modifications; and
3. A description of the strategies employed to successfully perform non-foreclosure mortgage disposition options.

The Servicer will be rated based on the extent to which it can demonstrate to FHA’s satisfaction:

1. An established track record servicing seriously delinquent loans;
2. Evidence of proactive outreach to seriously delinquent borrowers with the intent to offer them workout and/or loss mitigation options; and
3. An established track record of successfully getting seriously delinquent loans to re-perform, and/or result in non-foreclosure outcomes.

B. Asset Management

Asset Management Capacity (4 narrative pages maximum)

For the Asset Manager identified in Part 1: Bidder Organization above that will oversee the portfolio, please provide its current and past experience owning and/or providing asset management services for multiple properties scattered within a metropolitan area. Please include (as an attachment to narrative) the bios/resumes of the two to three key Asset Managers who will have principal responsibility for asset managing the proposed portfolio. The Asset Manager will be rated based on the extent to which it can demonstrate to FHA’s satisfaction:

1. An established track record of providing quality asset management services relevant to work contemplated by a Sale over a minimum of two years;
2. Professional staff available to and capable of overseeing the work proposed;
3. Significant corporate expertise owning and/or asset managing properties, particularly scattered site single family or smaller multifamily properties; and

4. Evidence of proactive ownership and/or asset management strategies for portfolios held.

Asset Management Approach (4 narrative pages maximum)

Describe in detail the ownership and/or asset management strategy for the proposed transaction/portfolio(s). The Asset Manager will be evaluated based on the extent to which it can demonstrate to FHA's satisfaction a feasible business plan, including specific strategies, for owning, managing, and disposing of the acquired assets that has a high probability of achieving the desired NSOs while providing for decent, safe and sanitary housing opportunities, including:

1. Please describe your experience financing and rehabilitating a portfolio of properties. Please include a description of the process you used implementing and completing rehabilitation. Also detail how you went about securing zoning, licenses, permits, and other approvals and how you engaged and oversaw architects, engineers, contractors and other vendors. Also include details of the assumptions that were used creating your financing plan to include timing of investment and levels of rehab amounts and hard and soft costs;
2. A detailed description of your specific strategies to achieve the NSOs, including plans to lease back to current homeowners, lease-to-own strategies, housing counseling and credit reporting;
3. Evidence of ongoing, established business processes for **critical asset management tasks**, including those identified in the chart below, particularly as it relates to quality control and oversight plans for ensuring that any associated risks will be addressed proactively; and
4. That all **critical asset management tasks** (including in particular those identified in the chart below) are either performed by internal staff or by other identified and experienced contracted parties. In particular, please describe the relationship between the property management company and the asset management company, if different entities.

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Please include the table below in the narrative write-up provided.
 Place an “x” next to each task that the Asset Manager routinely performs. Please provide an explanation for any critical tasks not performed regularly.

Critical Asset Management Tasks	Asset Manager or Property Manager?	Routinely Performed	Frequency of performance
Hire, manage, and evaluate property management staff			
Review, approve and implement standardized policies and procedures for employee breach of contract			
Approve major contracts for services and monitor vendor performance			
Review, approve and implement standardized policies and procedures for tenant breach of contract			
Maintain and regularly review a watch list or other risk-based assessment tool for identifying problem properties			
Analyze market and property conditions to determine appropriate portfolio management strategy (including refinancing, selling, and managing physical building upgrades)			
Ensure compliance with government and environmental regulations and act as a liaison with government and regulatory agencies			
Review annual property budgets and financial statements			

C. Property Management

Property Management Capacity (4 narrative pages maximum)

Infrastructure and Capabilities Description: For the Property Manager identified in Part 1: Bidder Organization please illustrate the existing capacity to manage rental properties, particularly scattered site single family or smaller multifamily properties.

Describe the current internal property management staff or third party property management companies, servicers, realtor networks, community groups, as well as existing subcontracting arrangements. The Property Manager will be evaluated based on the extent to which it can demonstrate:

1. Experience providing quality property management services for portfolios that are comparable in scope and scale to the ones proposed under this transaction for an extended period of time;
2. The presence of specific skills, expertise and resources necessary to successfully provide property management services for the proposed portfolio for an extended period of time, particularly in the geographic areas specific to this transaction and the property types prevalent in such areas; and
3. Access to and experience using a property management information technology system sufficiently sophisticated to manage the proposed portfolio:
 - a. Please identify the software vendor, if applicable, and
 - b. Please provide as an attachment to the response, samples of the following types of forms for the portfolio: annual financial statements (or detailed operating budget), work order (or similar tool for identifying/responding to physical plant conditions), and watch list (or other risk-based assessment tool for identifying problem properties). Proprietary information may be redacted.

Property Management Approach (6 narrative pages maximum)

Explain in detail the Property Manager's overall plan to provide property management for a portfolio of single family scattered site properties with both occupied and vacant units similar to a portfolio of HUD single family notes. Please give explicit examples of the property management approach for the proposed portfolio:

1. Local engagement. In particular, FHA will consider:
 - a. The extent to which the Property Manager anticipates or identifies particular local needs of a MSA. Also the extent to which the Property Manager will utilize local property management expertise for delivering and receiving services at the MSA or jurisdictional level;
 - b. Please describe any pre-existing agreements, strategic alliances, or other arrangement of the Property Manager with a particular customer, market, technology, or product that could enhance or adversely impact performance

including any licensing, cross licensing or other contractual agreements that set forth limitations (e.g., exclusivity) on performing any of the services required; and

- c. The plan for community engagement and neighborhood outreach that will enhance your ability to achieve the desired NSOs.
2. Property preparation/maintenance/repair. In particular, FHA will consider:
 - a. The process for determining the condition and assessing the needs of a property, for securing, maintaining, repairing and inspecting properties, and for ensuring all repairs and maintenance are performed in compliance with all local, state, and federal codes and laws.
 - b. The resources dedicated and the process for responding to emergency and routine maintenance requests, particularly given the scattered site nature of the portfolio.
 3. Leasing management and tenant relations. In particular, FHA will consider:
 - a. The process for determining lease eligibility and tenant eligibility, evaluation and selection;
 - b. The process for screening, evaluation and selection of potential tenants;
 - c. The strategy for marketing and securing tenants for scattered site residential single family vacant properties;
 - d. The methods to address non-paying tenants, including collections and handling evictions;
 - e. The process for receiving and responding to tenant complaints, other property issues and related tenant communications; and
 - f. The strategy for retaining tenants and avoiding unnecessary turnover.
 4. Reporting and Controls

Describe reports the Property Manager plans to produce and use, and its ability to submit required reporting to the Asset Management entity and/or other entities which would have applicable oversight. In particular, FHA will consider the availability, clarity and effectiveness of:

- a. Work order processing reports;
- b. Annual operating budgets;
- c. Portfolio and property level reports (monthly, quarterly, and annual), including income and expense statements and rent roll;

- d. Property condition assessments and reports;
- e. Occupancy reports by unit type and income eligibility restrictions (as applicable);
- f. Internal Controls, including protecting tenant confidential and personal information and to what extent will information on assets in the proposed portfolio share systems or be included on reports with other assets not part of the proposed transaction and how such information will be protected; and
- g. Tenant payment history reports: (reporting tenant rent payments and histories to credit agencies, or other actions that could improve the credit standing of tenants).

The **Property Management Approach** section will be rated on the extent to which such responses, to FHA's satisfaction, demonstrate that the property management approach is likely to:

- 1. Accomplish the goals of the program; **in particular achieving the desired NSOs** while ensuring that the housing is decent, safe and sanitary;
- 2. Complement the asset management strategy identified above;
- 3. Avoid or mitigate likely business, market, and regulatory risks; and
- 4. Remain compliant with all applicable local, state, and federal regulation and law, including the requirements of this program.

D. Other Relevant Experience (3 narrative pages maximum)

- 1. Bidder may provide additional (not already provided above) relevant experience that it would like HUD to consider in evaluating its qualifications. This experience must be a minimum of two consecutive years within the last five years.

E. Quality Control Plan

Nonprofits must have a Quality Control (QC) Plan that explains the internal and external audit and monitoring procedures. Please include Bidder's QC plan. At a minimum it should include the following elements:

- a. System for maintaining records of QC findings and actions;
- b. Periodic reports that identify deficiencies for senior management; and
- c. Process by which prompt corrective measures are taken and documented for identified deficiencies.

Part 3. General Information and Instructions

<u>CHECKLIST</u>	
<i>Note: In order to ensure that the application has been fully and accurately completed, please complete the following checklist.</i>	
1. Have you provided all necessary certifications, legal and otherwise?	
2. Have you provided a detailed explanation for how you will accomplish the Servicing goals of the pool?	
3. Have you provided a detailed explanation of you Asset Management Approach?	
4. Have you provided a detail explanation of your Asset Management Capacity?	
5. Have you provided a detailed explanation of your Property Management Approach?	
6. Have you provided a detailed explanation of your Property Management Capacity?	
7. Have you included all requested documentation, including:	
7a. Audited Financial statements (Part 1.C.2.H)	
7b. Dollar and volume of delinquent loans serviced in the past two years (Part 2.A.1)	
7c. Resumes/Bios of 2-3 key asset managers with principal responsibility for the portfolio (Part 2.B,)	
7d. Samples of annual financial statements, a work order (or similar), and a watch list (or other similar risk-based assessment tool) (Part 2.C, Page 18)	
8. Have you used the proper formatting for submitting this document, including:	
8a. Double-spacing all narrative pages	
8b. Using 8.5 x 11” Paper	
8c. Using one-inch margins	
8d. Using 12-point Times New Roman font	
8e. If a section is not applicable, marking it “N/A”	
8f. Indicating the question number in your response	

9. You must include organizational resolutions delegating applicable signature authority on behalf of the organization	
10. Have you initialed all boxes in the acknowledgement and agreements section? (Below)	
11. Have you signed the application?	

Bidder’s primary notification source (Please circle the primary notification source to indicate how you learned about the Single Family Loan Sale (SFLS) Program)

- a) Federal Register Notice
- b) HUD Website
- c) HUD Personnel: (please specify) _____
- d) Social Media: (please specify) _____
- e) Verdi Consulting Website
- f) Verdi Consulting Email
- g) Advertisement: (please specify) _____
- h) Other: (please specify) _____

Part 4. Acknowledgements and Agreements

Please initial each statement below indicating acceptance and acknowledgement as described therein.

_____ In submitting this form and accompanying information, the Bidder understands that, if it is determined to be a qualified bidder for a Sale, its status as such does not necessarily mean that it will be a qualified bidder for any other mortgage loans or assets offered in any other FHA/HUD sale. The Bidder also understands that its status as a qualified bidder for any other FHA/HUD sale does not necessarily mean that it will be a qualified bidder for a Sale.

_____ **ONLY THE NAMED BIDDER IN THIS QUALIFICATION STATEMENT, IF QUALIFIED, WILL BE ALLOWED TO BID.** Upon award as a successful bidder in a Sale, Bidder may form a special purpose entity to take ownership of the Mortgage Loans at settlement (the "SPE Acquisition Vehicle").

However, prior to assignment of the Mortgage Loans, the Bidder must certify that significant equity owners or principals of the SPE Acquisition Vehicle fulfill the requirements of a qualified bidder as provided in this Qualification Statement. Additionally, both Bidder and the SPE Acquisition Vehicle will be designated as counterparties with HUD for the Sale.

_____ Bidder acknowledges and agrees that after purchase the Mortgage Loans must be serviced by the Servicer identified above who is (i) an FHA-approved mortgagee, or a Fannie Mae or Freddie Mac approved servicer that is capable of servicing in accordance with FHA guidelines; and, (ii) in good standing with and rated average or above average by the applicable agencies, or with the consent of HUD, a successor servicer that meets these same criteria.

_____ Bidder acknowledges and agrees that FHA/HUD has the right to request additional or updated information at any time, including, without limitation, financial statements and/or confirmation of the representations, warranties and certifications made herein. Bidder authorizes, and has the authority to authorize, FHA/HUD and its agents to conduct credit and other investigations of Bidder through appropriate third-party reporting agencies. Bidder further acknowledges and agrees that FHA/HUD may, in its sole discretion, refuse to qualify any prospective bidder who, in FHA/HUD's sole judgment, does not have the requisite knowledge and experience to evaluate the merits and risks of purchasing and to make an informed decision with respect to the purchase of the Mortgage Loans.

_____ Bidder acknowledges, understands and is able to bear the economic risks associated with the acquisition and ownership of the Mortgage Loans, including, without limitation, the risk of a total loss of Bidder's investment in the Mortgage Loans.

_____ Bidder acknowledges and agrees that information, including summary data, will be made available to assist Bidder in evaluating the risks involved in acquiring the Mortgage Loans and whether or not it chooses to review any information that is made available to it, Bidder has the ability and shall be responsible for making its own

independent investigation and evaluation of the Mortgage Loans and the economic, credit or other risks involved in an acquisition of the Mortgage Loans, including, without limitation, the restrictions on resale or other liquidation upon any of the Mortgage Loans.

_____ Bidder acknowledges and agrees that (i) the proposed sale of the Mortgage Loans is not intended to constitute the sale of a “security” within the meaning of the Act or any applicable federal or state securities laws, (ii) no inference that the Mortgage Loans are a “security” under such federal or state securities laws shall be drawn from any of the certifications, representations or warranties made by Bidder in this Qualification Statement for purposes of qualifying Bidder as a qualified bidder at the Sale, (iii) it is not contemplated that any filing will be made with the Securities and Exchange Commission or pursuant to the Blue Sky or securities laws of any jurisdiction.

_____ Bidder acknowledges and agrees that it will not release or disclose to any FHA approved mortgagees who have agreed to participate in the Sale by assigning loans to HUD (“Participating Servicers”), Bidder’s information reflecting or evidencing the submission of its bid or other information used in preparing its bid.

_____ Bidder represents and warrants that it has full authority to deliver this Qualification Statement and that the individual executing this Qualification Statement has full authority to do so on behalf of Bidder, Related Entities, and all principals thereof.

_____ Bidder understands that the certifications, representations, and warranties contained in this Qualification Statement are made for the purpose of qualifying Bidder as a qualified bidder for a Sale. Bidder hereby represents that the above certifications and all information provided herein are true and correct in all material respects as of the date hereof and understands that FHA/HUD is relying upon the truthfulness and correctness of such statements. Bidder will execute a Sale-specific Recertification Qualification Statement to affirm that above certifications and the information provided herein are true and correct as of the time of Sale.

_____ **Bidder hereby certifies that to the best of Bidder’s knowledge all the information stated herein, as well as any information provided in the accompanying documents (if applicable), is true, accurate, and complete. Submission of false information in connection with this application is grounds for rejecting your bid or invalidating the Conveyance, Assignment and Assumption Agreement. Bidder further certifies that Bidder has read the Warnings set forth below.**

SFLS Rolling NSO Nonprofit and USLG Qualification Statement

WARNING: Any person who knowingly presents materially false, fictitious, or fraudulent statements in a matter within the jurisdiction of HUD is subject to penalties, sanctions, or other regulatory actions, including but not limited to:

- (i) Fines and imprisonment under 18 U.S.C. §§ 287, 1001, 1010, 1012, which provides for fines of a maximum of \$25,000 for individual and \$500,000 for organizations or imprisonment for up to five years or both; or
- (ii) Civil penalties and damages under 31 U.S.C. § 3729, of not less than \$5,000 and not greater than \$10,000 plus three times the amount of damages which the government sustains; and
- (iii) Administrative sanctions, claims, and penalties by HUD pursuant to 24 C.F.R. Parts 24, 28, and 30.

Dated: _____, 20__

BIDDER: _____
(Print or Type Name of Bidder)

By: _____

Printed Name: _____

Print Title: _____