FORECLOSURE SALE

2064 Ellen Drive
Dyersburg, Tennessee 38024
A single-family structure formerly used as a Group Home

Is offered for sale at foreclosure:

- Available as a Single-Family residence or rental property.
- Post-Sale Document Submissions and terms are different for a Homebuyer Bidder (Owner-Occupant) than an Investor Bidder.
- This is an "All-Cash", "As-Is" sale.
- HUD is not offering financing with this sale.

Oral bids will be accepted on:
July 25, 2016
at:2:00 pm (local time)

Sale Location:
Dyer County Courthouse
1 Veterans Square
Dyersburg, TN 38024

U. S. Department of Housing and Urban Development
Multifamily Property Disposition
801 Cherry Street, Unit #45, Ste. 2500
Fort Worth, TX 76102

DUE DILIGENCE SHOULD BE PERFORMED IN ADVANCE OF SUBMITTING A BID. WHILE CARE HAS BEEN EXERCISED TO ENSURE ACCURACY, ALL INFORMATION PROVIDED IS SOLELY FOR THE PURPOSE OF PERMITTING PARTIES TO DETERMINE WHETHER OR NOT THE PROPERTY IS OF SUCH TYPE AND GENERAL CHARACTER AS TO INTEREST THEM IN ITS PURCHASE. HUD MAKES NO WARRANTY AS TO THE ACCURACY OF SUCH INFORMATION

May 23, 2013 version

INVITATION TO BID

Consistent with and subject to the terms and conditions of this Invitation to Bid, there is an opportunity to make an offer to purchase the Project more particularly described below. This document, titled Invitation to Bid, sometimes referred to herein as the "Invitation," and commonly known as a "Bid Kit," sets forth the terms and conditions for the submission of a bid to acquire the Project at the foreclosure sale of the Project. This Invitation also includes information concerning Previous Participation Certification (Form HUD-2530) requirements and a list of the forms necessary to submit a complete, responsive bid.

INVITATION DEFINITIONS

The following definitions apply to capitalized terms in this Invitation.

1. APPS: The Active Partners Performance System (APPS) allows HUD's business partners to manage their company and individual participation information and submit their APPS Previous Participation Certification (APPC) requests directly to HUD for processing via the Internet.
2. Acknowledgment: The document executed at the Foreclosure Sale by the bidder placing the highest bid, obligating such bidder to the terms and requirements of the Foreclosure Sale, the form of which is attached to this Invitation as Attachment B. Act: Multifamily Mortgage Foreclosure Act, 12 U.S.C. § 3701-15.
3. Affiliate: Persons are affiliates of each other if, directly or indirectly, either one controls or has the power to control the other or a third person controls or has the power to control both. The ways we use to determine control include, but are not limited to (a) Interlocking management or ownership; (b) Identity of interests among family members; (c) Shared facilities and equipment; (d) Common use of employees; or (e) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person. (24 C.F.R. § 200.215 - Affiliate.)
4. Cash Due at Closing: The bid price less the Earnest Money Deposit received, plus any prorations. Cash due at Closing includes all initial deposits to escrow and/or reserve accounts as may be required by HUD. Purchaser must submit a certified check made payable to the Secretary, Department of Housing and Urban Development.
5. Certification of Substantial Compliance: A certification by High Bidder that its other properties in the jurisdiction of the Project are in substantial compliance with state and local laws. Attachment G of this Invitation.
6. Closing: When title to the Project is transferred to ~~the~~ a Purchaser.
7. Days: Federal government business days, unless otherwise stated as calendar days.
8. Deed: see Foreclosure Deed.
9. Earnest Money Deposit: The amount of the deposit identified in the Property at a Glance. Must be submitted at the Foreclosure Sale.
10. Eligibility: To be eligible to have a bid considered, the bidder's Previous Participation Certification must receive HUD's approval. Note that approval of ~~you're~~ a Previous Participation Certification does not obligate HUD to approve a bidder's project application, and it does not satisfy all other HUD program requirements relative to your qualifications.
11. Evidence of APPS registration: After the foreclosure sale, this is certification that must be submitted to the Realty Specialist identified in the Property at a Glance and can be in the form of a copy of the *Participant Successfully Registered* page from the APPS system **and** a copy of the *Multifamily Coordinator and User Registration page* from Secure Systems **or** a copy of the *Participant Detail* page. (See APPS User Guide-Industry for printing instructions).
12. Extension Fees: The fee that must be paid to HUD when requesting an extension of the time, or deadline, for the Closing. If an extension of the deadline for the Closing to occur is authorized, the Purchaser must pay a fee for each thirty (30) calendar day extension period, the amount of which will be determined by HUD consistent with current policies and procedures.
13. Extension Period: Extensions of time for Closing are granted for a thirty (30) calendar day period.
14. Foreclosure Commissioner: An attorney or law firm designated by HUD to conduct the Foreclosure Sale of the Project, pursuant to 12 U.S.C. §3704.
15. Foreclosure Deed: The deed that will transfer title to the Purchaser. It will not contain any warranties of title.
16. Foreclosure Sale: Sale of the Project resulting from a mortgage foreclosure by HUD.
17. Form HUD-9552: Post-Closing Repair Requirements and Exhibits, Attachment E of this Invitation ("Repairs".)
18. High Bidder: means a bidder with Eligibility who is determined by HUD, in its sole discretion, after consideration of the Bid amount and other criteria in this Bid Kit to be best qualified to purchase the Project.
19. Highest Bidder: means the bidder placing the highest bid at the Foreclosure Sale.

20. Homebuyer Bidder: means a bidder that plans on using the property as a personal residence.
21. Investor Bidder: means a bidder who is planning on using the property as a rental property.
22. LOC: Letter of Credit: An assurance of the completion of HUD required Repairs. An unconditional, irrevocable and nondocumentary Letter of Credit, issued from a recognized FDIC-insured lending institution. The amount is identified in the Property at a Glance.
21. PCS: Physical Condition Standards; The Department's minimum physical condition standards. (24 C.F.R. § 5.703). These are the decent, safe and sanitary conditions, and in good repair, standards which must be met within a specified number of calendar days after Closing.
22. Post-Bid Document Submittals: All documents, statement, and forms listed in the Invitation that must be submitted by a bidder in order for Eligibility to be determined and to be considered for HUD approval to purchase the Project.
23. Post-Closing Repairs: All repair/rehabilitation work must be performed in a manner compliant with the essential and material requirements of the state and local codes and laws, ordinances, regulations, HUD's Physical Condition Standards, and a list of HUD required "Repairs" to be performed by Purchaser post-Closing. The cost of the repairs has been estimated by HUD; see Attachment E to this Invitation.
24. Previous Participation Certification: Form HUD-2530. The information within this form will be used by HUD to determine the Eligibility of a bidder.
25. Principal: Principal means (a) An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or (b) A consultant or other person, whether or not employed by the participant or paid with Federal funds, who (1) Is in a position to handle Federal funds; (2) Is in a position to influence or control the use of those funds; or, (3) Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction. (c) A person who has a critical influence on, or substantive control over, a covered transaction, whether or not employed by the participant. (For complete definition see 24 C.F.R. § 200.215 – Principal.)
26. Project: The multifamily apartment project and all real and personal property appurtenant thereto, as presented on the cover of this Invitation.
27. Property at a Glance: Contains information about the Project and contact information for the Realty Specialist – see Attachment A to Invitation.
28. Purchaser: Person or entity receiving HUD approval to purchase the Project.
29. Realty Specialist: HUD staff member to be contacted for additional information concerning the Project or the Foreclosure Sale. Identified on the Property at a Glance.
30. Repairs: see Post-Closing Repairs.
31. Second High Bidder: Means a second bidder with Eligibility who HUD determines, in its sole discretion, after consideration of the Bid amount and other criteria in this bid kit, to be the next best qualified to purchase the Project. If the Second High Bidder is selected to purchase the Project, all references to and requirements of the High Bidder hereafter will be deemed to be to and those of the Second High Bidder.
33. Second Highest Bidder: means the bidder placing the next highest bid at the Foreclosure Sale after the Highest Bid, or if HUD rejects the Highest Bidder or the High Bidder, the Second Highest Bidder or succeeding highest bidders as bidders withdraw or do not qualify, to purchase the Project. If contacted by HUD, the Second Highest Bidder or succeeding bidder(s) will be offered the opportunity to purchase the Project and will be given twenty-four (24) hours to submit the earnest money deposit and executed Acknowledgment, and thereafter be deemed to be the Highest Bidder.
34. Section 8: Section 8 of the United States Housing Act of 1937 and applicable regulations within Title 24 of the Code of Federal Regulations.
35. Statement of Experience: The written statement to be submitted to become the High Bidder, as part of the qualification process in order to be considered by HUD for approval to purchase the Project.
36. Use Agreement: The Foreclosure Sale Use Agreement in the form attached as Attachment C to this Invitation, which will be executed by Purchaser of the Project at Closing and run with the land to bind the Purchaser and any permitted successors and assigns.

SECTION 1 - INTRODUCTION AND GENERAL INFORMATION

1. **BID RESPONSIVENESS:** A bid must be responsive to the terms of the Foreclosure Sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of the Foreclosure Sale are those set out in this Invitation and Attachments. Lack of an Earnest Money Deposit, as required by this Invitation, will be cause for bid rejection.

2. **SALE TO HIGHEST QUALIFIED BIDDER:** Sale of this Project will be awarded to the High Bidder. The defaulting owner of the Project, or any affiliate thereof, will not be permitted to bid.

3. **NO REDEMPTION PERIOD:** This Foreclosure Sale is not subject to redemption by the defaulting owner of the Project.

4. **BID ACCEPTANCE OR REJECTION:** At any time prior to Closing, HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any bidder HUD determines lacks Eligibility or the experience, ability, or financial responsibility necessary to own and provide management acceptable to HUD.

5. **CANCELLATION OF SALE:** HUD reserves the unconditional right to cancel this Invitation and reject any and all bids at any time prior to the Closing of the Foreclosure Sale.

6. **BIDDER'S DUE DILIGENCE:** Bidders, their agents and advisors should review carefully the information in this Invitation and Attachments, and any additional information made available by HUD, and should undertake their own investigation of the Project to evaluate the risks associated with purchasing the Project.

7. **POST-CLOSING REQUIRED REPAIRS:** Any Repairs that must be completed by Purchaser after Closing, if applicable to this Foreclosure Sale, are included in the Required Rehabilitation Rider and Attachment E to this Invitation. The required Repairs listed in Attachment E survive the Foreclosure Sale and will be recorded with the Deed. NOTE: The Form HUD-9552 and Exhibits (*Attachment E*) are cost estimates of the required Repairs. Actual costs ultimately incurred by the Purchaser may be more or less than the estimates.

8. **While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the Project is of such type and general character they are interested in purchasing. HUD makes no warranty as to the accuracy of the information. The failure of any bidder to inspect or be fully informed as to the condition of all or any portion of the Project, or any conditions of Foreclosure Sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.**

9. **OUTSTANDING ENCUMBRANCES THAT SURVIVE FORECLOSURE:** By entering its bid, the High Bidder agrees to assume all responsibility for paying all outstanding encumbrances and expenses, including, but not limited to, taxes, assessments, utility bills and any liens not extinguished by the foreclosure. Bidders are advised to determine outstanding expenses, taxes, utilities, assessments, and liens as part of the due diligence process and take them into consideration when bidding.

10. **RECORDATION OF CERTAIN DOCUMENTS:** The Use Agreement, with any riders thereto (if provided herein) and Attachment E (if provided herein) will be recorded with the Deed.

11. **ADDITIONAL INFORMATION:** For further information, please contact the Realty Specialist.

SECTION 2 –PREVIOUS PARTICIPATION CERTIFICATION FOR PARTICIPANTS IN HUD MULTIFAMILY PROGRAMS

1. **GENERAL**: All bidders (Investor and Homebuyer), management agents and other participants as required by HUD must file a Previous Participation Certification (Form HUD-2530) in either electronic or paper format. Bidders must comply with all HUD Previous Participation Certification (Form HUD-2530) requirements as outlined in the Acknowledgment (Attachment B.)

2. **ELECTRONIC FILING**: If filing electronically, use APPS to submit Previous Participation Certification (Form HUD-2530) on HUD's Secure Systems Internet Site. Prior registration is not mandatory in order to bid at the Foreclosure Sale. However, all potential bidders registering for the first time in Secure Systems and/or APPS should do so at least two (2) weeks prior to the Foreclosure Sale because it takes approximately two (2) weeks after registration to receive the User/Coordinator ID. Instructions for registering for both Secure Systems and APPS are located on the Active Partners Performance System (APPS) web site.

3. **PAPER FILING**: If filing in paper format, submit the Form HUD-2530 to the Realty Specialist. Investor purchasers should include an Organizational Chart of the proposed ownership entity with the paper filing.

4. **UPDATES**: If a management agent will be participating in the management of the Project, or if bidder is changing principals, adding principals, changing the name of the purchasing entity, or changing tax identification from information already recorded in APPS or on a paper 2530, **it is the Highest Bidder's responsibility to ensure that all required participants register and complete the 2530 process within the prescribed time frames.**
   - **Failure of any participant to submit a Previous Participation Certification (Form HUD-2530) or other required document(s) within the indicated time frame specified in Section 4 below, may be grounds for rejection of the bid.**

SECTION 3 - FORECLOSURE SALE PROCEDURES AND SUBMISSION OF BIDS

1. **GENERAL:** In order to submit a complete, responsive bid to this Invitation, a bidder must submit the items listed in this Section, and the additional items as indicated in Section 4, below.

2. **BIDDING AT THE FORECLOSURE SALE:**
   a. The Foreclosure Sale is an oral, open bid sale that takes place at the date, time and place indicated on the cover of this Invitation. HUD has designated a Foreclosure Commissioner to conduct the sale of this Project.
   b. The bidder must either:
      i. State a bid price orally at the sale, or
      ii. Submit a written bid to the Foreclosure Commissioner two (2) days before the date of the Foreclosure Sale. Written bids, if received, will be read aloud at the Foreclosure Sale before oral bids are accepted. Only the bidder that submitted the written bid, or an agent thereof, may raise a written bid price. Please contact the Realty Specialist identified in the Property at a Glance for details regarding submitting a written bid.

3. **CORRECTIONS:** Any changes or erasures made to information submitted by a bidder in connection with a written bid may be made by the bidder or their agent only and must be initialed by the bidder or agent.

4. **TELEGRAPHIC OR FACSIMILE BIDS**: Emailed, telegraphic or facsimile bids and/or bid modifications will not be considered.

5. **ITEMS THAT MUST BE SUBMITTED AT THE FORECLOSURE SALE:**
   Earnest Money Deposit: A requirement for Investor and Homebuyer bidders)
   a. The Earnest Money Deposit, for the amount specified in the Property at a Glance (Attachment A), must be submitted to the Foreclosure Commissioner prior to presenting an oral or written bid, at the start of the Foreclosure Sale.
   b. The Earnest Money Deposit must be in the form of a money order, certified funds, or cashier's check payable to: **THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.** No other method of payment is acceptable.
   c. A financial organization submitting a bid on its own behalf must have the Earnest Money Deposit drawn on another financial organization
   d. Lack of proper deposit will be cause for rejection of the bid by HUD.
   e. Immediately following the Foreclosure Sale, the Earnest Money Deposit will be returned to all but the Highest Bidder.

6. **NOTIFICATION TO THE HIGHEST AND SECOND HIGHEST BIDDER**: The bidders with the highest and second highest bids will be notified orally of their bidding positions by the Foreclosure Commissioner immediately after the Foreclosure Sale.

7. **ACKNOWLEDGMENT BY BIDDER:** Immediately after the Foreclosure Sale, the Highest Bidder must submit **ONE** (1) signed copy of the Acknowledgment to the Foreclosure Commissioner.

SECTION 4 - POST FORECLOSURE SALE PROCEDURES

1. **CONTINUANCE OF OFFERS:** All bids shall be deemed to be continuing offers from the time of the Foreclosure Sale until bid-rejection by HUD or until Closing.

2. **POST-BID DOCUMENTS SUBMITTALS:** The Highest Bidder must submit the following items within the timeframes shown below based on type of bidder, Investor or Homebuyer:
   a. Five (5) Days After Foreclosure Sale:
      i. Previous Participation Certification: Required for Investor and Homebuyer Bidders.
         (a) Paper filing:
            (i) **Form HUD-2530**: A completed paper Form HUD-2530(s), with original signatures, for the purchasing entity and all principals. Proposed ownership must have established tax identification or social security number; **and**
            (ii) **Organization Chart**: Required for Investor bidders submitting a paper 2530; An organization chart, reflecting all principals of the purchasing entity and each principal's percentage of ownership must accompany the completed paper Form HUD-2530.
         (b) Electronic filing:
            (i) **Bidders not registered in APPS and Secure Systems**: Submit certification of registration in Secure Systems and APPS.
            (ii) **Electronic Filers registered in APPS and Secure Systems**: Submit evidence of filing in accordance with Section 2 herein.
      ii. Certification of Substantial Compliance: Required for Investor Bidders; A completed and original, Attachment G to this Invitation. If HUD determines that such projects of the Highest Bidder, are not in substantial compliance with state and local codes, HUD may determine that the Highest Bidder is not qualified to purchase the Project. The Earnest Money Deposit may be forfeited.
      iii. Owner-Occupant Certification: Required for Homebuyer Bidders; A complete and original Attachment I.
      iv. Written Statement of Experience: Required for Investor Bidders; The Highest Bidder must submit a written Statement of Experience. Instructions for preparing the written Statement of Experience are provided in the Acknowledgment.
   b. Ten (10) days After Foreclosure Sale: The Highest Bidder must submit the documents checked below:
      i. Required for Homebuyer Bidders:
         ☒ Personal Financial and Credit Statement (Form HUD 92417),
      ii. Required for Investor Bidders:
         ☒ Form HUD-2530 for Purchaser, if different from Highest Bidder
         ☒ Form HUD-2530 for the Management Agent, if applicable
         ☒ Personal Financial and Credit Statement (Form HUD 92417), for each proposed
         ☒ Management Entity Profile (Form HUD-9832)
         ☐ Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A),
         OR
         ☐ Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839B)
         (Only one of these forms A or B will be required for management certification.)
   c. Fifteen (15) days After Foreclosure Sale**:** Electronic filing of the Form HUD-2530 for the management agent or the Highest Bidder's ownership entity must be completed and a signed copy provided to the Realty Specialist.

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME MAY BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

3. **QUALIFICATION, ACCEPTANCE, REJECTION OF BID:**
   a. **Required Bidder Qualifications to Purchase Project (Investor Bidders)**
      i. It is an objective of the Department's multifamily foreclosure process to transform troubled and distressed multifamily properties into viable, long-term affordable rental housing resources. To accomplish this objective, the Department will only approve the disposition of a HUD-foreclosed property to a High Bidder, i.e. a bidder with Eligibility that has the financial capacity and demonstrated experience (approximately five (5) years) of successfully owning and managing rental properties, preferably, with experience transforming distressed and troubled properties as viable, low-income housing resources.
      ii. The Department evaluates, starting with the Highest Bidder and proceeding in descending order, if necessary, the bidder's Eligibility and then the experience, qualifications and capacity to purchase the Project based on a review of the documentation described in the Invitation, other information available to HUD, and the Post-Bid Document Submittals required herein. The information and documentation must demonstrate that the bidder owns (or has owned) and is successfully managing

and operating (or has successfully managed and operated) properties of similar size and characteristics (including problematic complexities) as the Project being sold. Without limiting the foregoing, the information and documentation will be used by HUD to determine, in HUD's sole discretion, whether the bidder is eligible to bid, has the financial capacity and demonstrated experience to acquire and successfully operate and/or transform the Project into a long-term, viable rental housing resource.

iii. HUD may, in its sole discretion, accept or reject any bid submitted for the purchase of the Project.

iv. HUD will determine whether the bidder is eligible to bid, and then consider within HUD's sole and absolute discretion the experience, qualifications and financial capacity to purchase and manage the Project. If HUD rejects the Highest Bidder, due to the commercial and practical constraints, considerations and exigencies inherent in the foreclosure process, HUD may proceed to evaluate the next highest bidder pursuant to the terms of the Invitation.

v. In the event that HUD rejects a bid, HUD will return the bidder's earnest money deposit, provided the bidder has not failed to meet time limits required to submit documentation, or made any misrepresentation or material omission(s) in the bidder's submission of documentation. If the bidder fails to properly submit all required documentation within the required time limit or HUD determines that the bidder misrepresented his, her or its eligibility to bid, experience, qualifications, or financial capacity, the Earnest Money Deposit will be forfeited and retained as liquidated damages. Without limiting the foregoing, HUD may seek any and all additional remedies.

vi. HUD may require the High Bidder to obtain the services of a qualified project management firm. Management acceptable to HUD (see paragraph 5 below) must be approved prior to Closing.

b. Bidder Approval:

i. If HUD determines that the bidder with Eligibility and the highest bid is qualified, the High Bidder will be confirmed as and identified as the Purchaser;

ii. If the Highest Bidder is rejected due to HUD's determination that that bidder lacks Eligibility and/or is not qualified to purchase the Project, HUD will notify the bidder in writing;

iii. If HUD rejects the Highest Bidder or the High Bidder, HUD may in its sole discretion elect to contact the Second Highest Bidder, and/or succeeding bidders as bidders withdraw or do not qualify, to purchase the Project. If contacted by HUD, the Second Highest bidder or succeeding bidder will be offered the opportunity to purchase the Project and will be given twenty-four (24) hours to submit evidence of eligibility to bid, the earnest money deposit and execute the Acknowledgment, and thereby will be deemed as the High Bidder. HUD will review the bidder's Post- Bid Document Submittals, which must be submitted within the same timeframes detailed in Section 4 of this Invitation beginning from the date the Acknowledgment is executed, in order to determine if the bidder has Eligibility and is qualified to purchase and manage the Project;

iv. HUD's notification of rejection due to lack of Eligibility and/or qualifications, if applicable, shall be deemed to be given when mailed to the individual that executed the Acknowledgment; and

v. The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the Foreclosure Sale.

4. **EARNEST MONEY DEPOSIT:** All bidders must submit the Earnest Money Deposit to the Foreclosure Commissioner at the start of the Foreclosure Sale. Immediately following the Foreclosure Sale the Earnest Money Deposit will be returned to all but the highest responsive bidder. Interest will not be paid on Earnest Money Deposits.

a. If HUD determines that the Highest Bidder has Eligibility and is qualified to own and manage the Project, its bid is acceptable and if the High Bidder complies with the requirements of this Invitation, the Earnest Money Deposit will be credited against the bid price at Closing.

b. If the bid amount is unacceptable, the bidder's Earnest Money Deposit will be refunded.

c. If, during the review of the Highest Bidder, it is found that the Highest Bidder has made any misrepresentation or material omission(s) in the bidder's submission of evidence of eligibility and/or documentation, the Earnest Money Deposit will be forfeited.

d. If the Highest Bidder is determined to lack Eligibility and/or is not qualified to purchase the Project and the Highest Bidder has complied with the requirements of this Invitation the Earnest Money Deposit will be refunded.

e. If the Highest Bidder/High Bidder has failed to comply with the provisions outlined in this Invitation, the Earnest Money Deposit will be forfeited.

5. **REVIEW OF PROJECT MANAGEMENT:** HUD will review the statements and Post-Bid Document Submittals to determine, in its sole discretion, if the proposed management entity has the necessary qualifications to operate, manage, and/or administer the type and nature of the project being offered for sale. HUD may elect to discuss Project management plans after submission of the Post-Bid Document Submittals by the Highest Bidder. HUD reserves the right to reject the bid of any bidder and retain the Earnest Money Deposit, if the Highest Bidder does not provide management acceptable to HUD.

6. **CLOSING DATE REQUIREMENT**: The date and place for Closing will be determined by HUD and the Foreclosure Commissioner and occur within the time period specified in the Acknowledgment, (Attachment B).

7. **EXTENSION OF CLOSING:** The right to extend the Closing is expressly reserved by HUD as set forth in the Acknowledgment (Attachment B).

SECTION 5 – CLOSING

1. **EXECUTION OF USE AGREEMENT:** The Purchaser and HUD will execute the Use Agreement at Closing. HUD will have the Deed, Use Agreement and all attachments recorded.

2. **CASH DUE AT CLOSING:** Cash due at Closing is the bid price less the Earnest Money Deposit received, plus any outstanding encumbrance amount that survived foreclosure and/or any pro-rations (see Paragraph 3 below.) All initial deposits to escrows and/or reserve accounts, if applicable, must be made at Closing.

3. **PRORATIONS:**
   a. Purchaser is responsible for paying all taxes, assessments, liens, and utility bills including but not limited to, water, sewer, gas and electric, and any other encumbrances not extinguished by the foreclosure. These amounts will not be prorated.
   b. If Extension Fees were paid, and the Closing occurs prior to the expiration of an Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period will be credited toward the amount due from Purchaser at Closing.

4. **CLOSING EXPENSES**: Irrespective of local custom, the Purchaser shall pay all Closing expenses, including, but not limited to, all documentary stamp taxes, and any costs in connection with a review of title or title insurance. The fees for the recordation of the HUD Deed and Use Agreement will be paid by HUD.

5. **METHOD OF PAYMENT:** Cash Due at Closing shall be paid through certified check made payable to the Secretary, Department of Housing and Urban Development. Instructions on payment method will be provided to Purchaser prior to the designated closing date.

6. **REPAIR ESCROW:** If Repairs are required as a condition of Closing, Purchaser (Investor and Homebuyer Bidders) shall provide a Letter of Credit as assurance that the Repairs will be completed.

7. **CONVEYANCE:** Conveyance of the Project shall be by Foreclosure Commissioners Deed ("Deed"). The Deed will not contain any warranties of title.

8. **RECORDATION OF DEED:** HUD shall record the Deed and the Use Agreement.

9. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING:**
   ☒ **Foreclosure Sale Use Agreement** ☒ **Letter of Credit or Cashier's Check** ☒ **Closing Statement**

SECTION 6 DISCLAIMERS

1. **DISCLAIMER:**
   a. This is an "all-cash", "as-is" sale. As stated in paragraph 6 of Section 1 bidders interested in purchasing this Project are expected to perform due diligence to arrive at conclusions as to physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the Project. **Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation and in any Addendum hereof.**
   b. While care has been exercised to assure accuracy, all information provided is solely for potential purchasers to determine whether or not the Project is of such type and general character as might interest them in its purchase. **HUD makes no warranty as to the accuracy of such information.** The failure of any bidder to inspect, or be fully informed as to the condition or value of the Project, or conditions of sale, will not constitute ground for any claim, demand, adjustment or withdrawal of a bid.

2. **UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS:** Any oral statement or representation by any representative of HUD changing or supplementing this Invitation, or any condition hereof, is unauthorized and shall confer no right upon the bidder (Purchaser).

3. **HUD LIABILITY:** HUD's liability shall not exceed the amount of such portion of the bid price that has been paid to HUD.

ATTACHMENTS

- ☒ **ATTACHMENT A:** Property at a Glance
- ☒ **ATTACHMENT B:** Terms and Requirements of Foreclosure Sale – Acknowledgment by Bidder
- ☒ **ATTACHMENT C:** Foreclosure Sale Use Agreement
- ☒ **ATTACHMENT D:** Letter of Credit (LOC) Sample
- ☒ **ATTACHMENT E:** Post Closing Repair Requirements, Form HUD-9552 and Exhibits
- ☐ **ATTACHMENT F:** Reserved
- ☒ **ATTACHMENT G:** Certification of Substantial Compliance
- ☐ **ATTACHMENT H:** Protecting Tenants at Foreclosure Act
- ☒ **ATTACHMENT I:** Owner Occupant Certification
- ☐ **ATTACHMENT J:** Reserved
- ☒ **ATTACHMENT K:** 24 CFR PART 5, Physical Condition Standards
- ☒ **ATTACHMENT L:** Post-Closing Repair Report
- ☒ **ATTACHMENT M:** Reserved

THESE FORMS ARE AVAILABLE AT
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms
OR USE THE URL PROVIDED BELOW TO OBTAIN THE FORM

Required from Investor and Homebuyer Bidders:	
☒	Previous Participation Certification (Form HUD-2530) http://portal.hud.gov/hudportal/documents/huddoc?id=2530.pdf
☒	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner http://portal.hud.gov/hudportal/documents/huddoc?id=92417.pdf
Required from Investor Bidders:	
☒	Management Entity Profile (Form HUD-9832) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35584.pdf
☐ **OR** ☐ ☐	Project Owners Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35589.pdf Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity of Interest or Independents Management Agents (Form HUD-9839 B) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9839-b.pdf **(Only one of these forms, 9839A or B will be required for management certification.)** Project Owner's/Borrower's Certification (Form HUD-9839 C) - For elderly housing projects managed by Administrators only http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35591.pdf

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

Attachment A
PROPERTY AT A GLANCE

Forked Deer — FHA #: 081-EH095

ADDRESS: **2064 Ellen Drive, Dyersburg, TN 38024**
COUNTY: **Dyer**
EARNEST MONEY: **$10,000**
LETTER OF CREDIT: **$15,500**
SALES PRICE: **Unstated Minimum**
TERMS **"All Cash- As Is"; 30 calendar days to close**
SALE TYPE: **Foreclosure**

PROJECT INFORMATION

Total Units	Residential	Commercial
1	Revenue 1	0
	Non-Revenue 0	
Building/Site Type	Single-family	

Foundation:	Slab on Grade
Roof:	Shingle
Exterior:	Brick veneer/wood
Floors/Finish:	Carpet/tile

Number of Buildings	Stories	Year Built	Rehab Year	Approximate Site Acreage	Approximate Net Rentable Area
1	1	1987	Unknown	Lot	3,900

Mechanical Systems

Heating:		**Air**	
Fuel	Gas	**Conditioning**	Central
System	Individual	Windows	Screened
Hot Water:			
Fuel	Gas		
System	Individual		

Utilities

Public Water	☒
Gas Main	☒
Electric	☒
Sanitary Sewer	☒
Storm Sewer	☐
Septic Tank	☐

Parking

Street	Asphalt
Curb	Concrete
Sidewalk	Concrete
Parking Lot	N/A
Parking Spaces	Asphalt

Apartment Features

☒	Air Conditioning
☒	Dishwasher
☐	Microwave
☐	Garbage Disposal
☒	Refrigerator
Elec	Range/Oven
☒	Drapes/Blinds

Community Features

☐	Garage
☐	Covered Parking
☒	W/D Hookup
☐	Cable/Sat Hookup
☐	Playground
☐	Pool
☐	Community Space

Owner Expense

Tenant Expense

OCCUPANCY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		V	A	C	A	N	T					

ESTIMATED ANNUAL RENTAL INCOME and EXPENSE:

# of Units	Type (# of Bdrs)	Approx Square Feet	Current Gross Rent	After Sale Rent	Total After Sale Rent
1	10	3,900		1,.685	20,220
Estimated/Possible Monthly Total					20,220

Total Estimated/Possible Annual Income	
Rent	20,220
Commercial	
Parking	
TOTAL	20,220
Estimated Annual Expenses	
Administrative	1,684
Utilities	
Operating	
Taxes/Insurance	7,600
Reserve/Replace	
Total	9,284

COMMENTS CONCERNING PROJECT INFORMATION:

Project Based Section 8 and/or Tenant Based Section 8 Rental Assistance is not being offered with this foreclosure sale.

Property is a single-family structure formerly used as a Group Home. As such, estimated expenses are related to the project use as a single-family rental home; tenant would be responsible for utilities. Owner would experience management fee, taxes and property hazard insurance. These amounts are estimates and not based on former operational expenses.

Property may be used as a single-family residence if purchaser by an Homebuyer Bidder.

Due diligence should be performed in advance of submitting a bid. While care has been exercised to ensure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the Project is of such type and general character as to interest them in its purchase. HUD makes no warranty as to the accuracy of such information.

USE RESTRICTIONS

20 Years affordable housing, if used as rental housing.

TERMS OF SALE

- This is an "All-Cash" – "As-Is" sale. HUD is not providing financing for this sale. Payment of the full bid price must be presented at Closing.
- No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. As provided for in 24 C.F.R. Part 27, the defaulting mortgagor, or any principal, successor, affiliate, or assignee on the mortgage at the time of default shall not be eligible to bid on or otherwise purchase this Project. ("principal" and "affiliate" are defined at 24 C.F.R. § 200.215.)
- Bids for this Project will only be considered for acceptance if properly submitted by following the bidding instructions which includes but is not limited to submitting the Earnest Money Deposit, forms and statements as required in the Invitation. Highest Bidder will be reviewed to determine if qualified to purchase, own and manage the Project
- The Highest Bidder (Investor Bidders only) must certify to HUD that any/all projects that are owned by the bidder or its affiliates and are located in the same jurisdiction (City or Town) where the Project is located are in substantial compliance with applicable state and local housing statutes, regulations, ordinances and codes. See Attachment G, Certification of Substantial Compliance.
- Highest Bidder has the option to file the required Previous Participation Certification (Form HUD-2530) in electronic or paper format. **For questions concerning APPS contact the Multifamily Housing Systems Help Desk at 1-800-767-7588. For questions concerning Secure Systems contact the REAC Help Desk at 1-888-245-4860.**
- Repairs estimated at $54,291.97, must be completed to HUD's satisfaction within 12 months of Closing. Refer to the Use Agreement, Rider 2, and Attachment E for more information.
- Closing is to be held thirty (30) calendar days after HUD notifies the Highest Bidder that they are qualified to purchase the Project being offered.
- If HUD approves an extension of the Closing, the Purchaser must pay a fee which is the greater of 1.5% of the bid price or HUD's holding costs of $32.24 per unit per calendar day for each thirty (30) calendar day period.
- The Use Agreement will include the following Riders: Enforcement, Required Rehabilitation, Affordabiliy of Units (if used as rental housing), Nondiscrimination Against Multifamily Section 8 Certificates and Vouchers (if used as rental housing)

PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

INFORMATION AND BID KIT

INFORMATION and BID KIT may be viewed or printed at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/pd/mfplist.
You may also sign up for our electronic mailing list at http://www.hud.gov/subscribe/signup.cfm?listname=Multifamily%20Property%20Disposition&list=mfpd-l. If you do not have access to the internet or cannot download a PDF file, you may contact the Realty Specialist identified below to obtain a copy of the bid kit.

Bids for Forked Deer (former Group Home):
MUST BE PRESENTED ON: July 25, 2016
At: 2:00 pm (local time)
Location of Foreclosure Sale:
Dyer County Courthouse
1 Veterans Square
(North Door)
Dyersburg, TN 38024

HUD Office and Contact Information for submission of documents:

Fort Worth HUD Office
Multifamily Property Disposition, 6AHMLAT
801 Cherry Street, Unit #45, Ste. 2500
Fort Worth, TX 76102
Realty Specialist: Debie Bolin
Phone: (817) 978-5822
Fax: (817) 978-6018
Email: debie.f.bolin@hud.gov

INSPECTION OF PROJECT

HUD does not own or operate this facility and cannot grant access for viewing. Viewing is at the discretion of the current owner. No Open House has been scheduled for this sale.

ATTACHMENT B

TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER

PART I

BID PRICE - The Undersigned, _____, (the "Highest Bidder" or "High Bidder", after a determination by HUD of Eligibility and being the best qualified to purchase the Project, or "Purchaser", as applicable) submits a bid of _____dollars ($) at the Foreclosure Sale of Forked Deer (2064 Ellen Drive, Dyersburg, TN) (the "Project"), the legal description of which is included as Exhibit A, to be paid as follows:

1. EARNEST MONEY: $ 10,000 in the form of a money order, certified funds, or cashier's check, as the Earnest Money Deposit, which has been submitted at the Foreclosure Sale to the Foreclosure Commissioner, and which shall not earn interest, **and**
2. BALANCE OF THE BID PRICE: $_____, to be paid by the Highest Bidder at Closing in accordance with the Acknowledgment. The Closing will be held at a place, date and time established in accordance with Part II, paragraph 4 below.
3. CLOSING COSTS, DEPOSITS, REPAIR ESCROW: In addition to the above, the Highest Bidder will be required to pay at Closing all Closing costs, regardless of local custom, and, where applicable, deposits to reserve accounts, and/or Letters of Credit as described in Riders incorporated herein, the Invitation, the Use Agreement.
4. PRORATIONS:
   a. Purchaser is responsible for paying all taxes, assessments, liens, and utility bills including, but not limited to, water/sewer, gas and electric, and any other encumbrances not extinguished by the foreclosure. These amounts will not be prorated.
   b. If Extension Fees were paid, and the Closing occurs prior to the expiration of the Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period shall be credited against the amount owed by the Purchaser at Closing.

PART II

The Highest Bidder, by executing this document, acknowledges the following requirements as conditions of purchasing the Project:

1. ACKNOWLEDGMENT OF TERMS: Highest Bidder affirms to have full knowledge of all the terms, conditions and requirements contained in herein, including the Use Agreement and Invitation, which are incorporated by reference in this Acknowledgment. Capitalized terms not defined in this Acknowledgment shall have the meaning ascribed thereto in the Invitation.
2. EXECUTION OF USE AGREEMENT: Without limiting the foregoing, at Closing ~~High Bidder~~ Purchaser will, in addition to any other related documents, execute the Use Agreement and all of the Exhibits to the Use Agreement as contained in the Invitation. Such documents will control the use of the Project for a specified period, be recorded with the Deed, and run with the land.
3. SUBMISSION OF POST-BID DOCUMENTS BY HIGHEST BIDDER: Submissions for Investor Bidders are different than the requirements for a Homebuyer Bidder; please review the requirements below carefully:
   a. Five (5) Days After Foreclosure Sale:
      i. Previous Participation Certification (Investors and Homebuyers):
         (a) Paper Filers:
            (i) Form HUD-2530: The completed paper Form HUD-2530(s), with original signatures, for the purchasing entity and all principals. Proposed ownership must have established tax identification or social security number; an entity "to be formed" will not be accepted, and
            (ii) Organization Chart (Investors only): an organization chart, reflecting all principals of the purchasing entity and each principal's percentage or ownership must accompany the completed Form HUD-2530.
         (b) Electronic Filers:
            (i) Bidders not registered in APPS and Secure Systems: Submit certification, evidence of registration in APPS and Secure Systems.
            (ii) Electronic Filers registered in APPS and Secure Systems: Submit evidence of filing.
      ii. Certification of Substantial Compliance (Investors only): Complete, original certification (Attachment G). The Highest Bidder must certify to HUD that any/all projects that are owned by the Highest Bidder or its affiliates and are located in the same jurisdiction (city or town) where the Project is located are in substantial compliance with applicable state and local housing statutes, regulations, ordinances and codes.

      NOTE: If HUD determines that such projects of the Highest Bidder are not in substantial compliance with state and local codes, HUD may refuse to sell the Project to the Highest Bidder and retain its Earnest Money Deposit.

iii. Owner-Occupant Certification (Homebuyers only): A completed and original, Attachment I.

iv. Written Statement of Experience (Investors only): The Highest Bidder must submit a written Statement of Experience demonstrating approximately five (5) years of experience in successfully owning and managing properties similar to the Project. The written Statement of Experience shall provide the following information for all properties similar to the Project being sold, not to exceed three (3) specific examples. The written Statement of Experience should not exceed five (5) pages per property:

- The location of other owned rental properties.
- The number of units and construction type (garden, walk-up, high-rise) for each property.
- Identify type of management.
- Identify properties that have government assistance and type of assistance, i.e., project-based assistance, tenant-based voucher assistance, etc.
- Identify the initial physical needs of each property and how they were addressed.

For the Project being sold, describe how you will:

- Satisfy conditions of the sale, i.e., repair program, income and rent limitations, etc.
- Implement a sound financial and physical management program for the Project.
- Provide adequate organizational staff and financial resources to the Project.
- Provide services, maintenance and utilities to the Project.
- In addition, disclose whether other government assistance will be utilized HUD is not providing project-based or tenant-based Section 8 rental assistance with this foreclosure sale.

Based on the required documentation set forth above, as well as any additional information available to HUD, HUD will determine whether the Highest Bidder has the requisite experience, qualifications and financial capacity to purchase and manage the Project. This determination is a matter within HUD's sole and absolute discretion. If HUD determines that the Highest Bidder lacks Eligibility and/or does not have the experience, qualifications and/or financial capacity to purchase and manage the Project, HUD will reject the bid and proceed to another bidder pursuant to the terms of the Invitation to Bid.

b. Within Ten (10) Days of Foreclosure Sale: The High Bidder must, if checked below, submit the additional post-bid documents.

(Investors and Homebuyers)

☒ Personal Financial and Credit Statement (Form HUD-92417), for each proposed principal/general partner

(Investors Only)

☒ Form HUD-2530 for Purchaser, if different from High Bidder (See paragraph 3 above)
☒ Form HUD-2530 for the Management Agent, if applicable (See paragraph 3 above)
☒ Personal Financial and Credit Statement (Form HUD-92417), for each proposed principal/general partner
☒ Management Entity Profile (Form HUD-9832)
☐ Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A)

OR

☐ Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839B)

(Only one of the forms 9839 A or B will be required for management certification)

c. Within Fifteen (15) Days of Foreclosure Sale: (Investors only) If the management agent or the High Bidder's ownership entity registered Form HUD-2530 electronically (e2530), the High Bidder and/or management agent must subsequently electronically file the e2530 after registration has been completed.

NOTICE: It is the Highest Bidder's responsibility to ensure compliance with form and document submission as required in this Invitation to Bid and the Acknowledgment by Bidder. Failure to submit or comply with any requirements of the Invitation or Acknowledgement may result in Highest Bidder being declared ineligible to purchase the Project. In such case the Highest Bidder shall forfeit the Earnest Money Deposit and any Extension Fees paid.

All forms and instruments referred to in this Acknowledgment are standard HUD forms and instruments prepared by HUD, used by HUD in the jurisdiction in which the Project is located and contain any additional covenants and conditions required by the Invitation.

4. ESTABLISHMENT OF CLOSING DATE, TIME AND PLACE:

a. Time is of the essence.

b. If HUD approves the Highest Bidder as being the High Bidder, such approval will be confirmed and the High Bidder will be identified as the "Purchaser", in writing. Approval to purchase is subject to review and approval of bidder's Post Bid Document Submittals as required in Section 4 (Post Foreclosure Sales Procedures) of the Invitation, and in Acknowledgment, specifically Part II, paragraph 3. The Closing **shall be within thirty (30) calendar days of such notification**, unless extended pursuant to paragraph 9 below.

c. The Closing date and place will be determined by the Foreclosure Commissioner and/or HUD and will take place within the time period specified above in paragraph 4.b. The Purchaser will be notified of said date and place by HUD and the Foreclosure Commissioner.

5. CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION:
   a. The sale shall be effective upon Closing.
   b. Purchaser shall pay all Closing costs and expenses, excluding fees for recording the Deed and Use Agreement, irrespective of local custom. Recording fees for the HUD Deed and Use Agreement shall be paid by HUD.
   c. Transfer of title and possession of the Project shall become effective as of the Closing date.

6. PAYMENT OF BID PRICE AT CLOSING: The Purchaser shall pay the balance of the bid price at Closing and, where applicable, make the deposits to escrows and reserve accounts

7. REPAIR ESCROW: At Closing the Purchaser shall submit to HUD a unconditional, irrevocable and non-documentary Letter of Credit (LOC) or a Cashier's Check:
   a. which totals $15,500, and
   b. which shall remain in effect and may be drawn on by HUD for at least eighteen (18) months, six (6) months past the deadline for the completion of repairs**, and**
   c. LOCs may be returned or amended as the Grantee completes Repairs and HUD has inspected and accepted the Repairs.

   The Repair Escrow must have an expiration date that extends beyond HUD's repair completion date by at least six (6) months past the deadline for the completion for repairs to ensure the integrity of repairs.

8. LIQUIDATED DAMAGES: Should the High Bidder/Purchaser fail or refuse to perform all obligations hereunder for any reason including, but not limited to, failure to establish the legal entity that is to take title in a timely manner that permits Closing within the deadline set forth in paragraph 4, the Earnest Money Deposit and any Extension Fees, paid under paragraph 9, HUD reserves the right to retain the Earnest Money Deposit.

9. EXTENSION FEES: The granting of extensions of time to close the sale is within the sole and absolute discretion of HUD. Any extension, if granted, will be on the following conditions:
   a. A written request, which clearly states the reason for the Purchaser's inability to close the sale on or before the prescribed Closing date, or any Extension Period, must be received within ten (10) days prior to the prescribed Closing date, or within any Extension Period. The request **must be accompanied by the payment** of the required Extension Fee and sent to the following address:

      Multifamily Property Disposition
      Attn: Jovanna M. Morales, Acting Director
      801 Cherry Street, Unit #45, Ste. 2500
      Fort Worth, TX 76102

   b. Extensions shall be for thirty (30) calendar days.
   c. For each thirty (30) calendar day period requested by Purchaser and approved by HUD, Extension Fees shall be equal to;
      i $ 32.24, per unit, per calendar day, which is $ $32.24 daily, a cost of $ $**967.20**, which covers the 30-calendar day period (the holding cost for such period), **or**
      ii one and one-half percent (1.5%) of the bid price, whichever is greater.
   d. The Extension Fees are not credited against the amount due from Purchaser at Closing. However, if the Closing is held prior to the expiration of an Extension Period, the prorated amount of the Extension Fee, for the unused portion of the Extension Period, shall be credited toward the amount due from the Purchaser at Closing.
   e. The granting of one or more extensions shall not obligate HUD to grant additional extensions.
   f. If any form or instrument required by HUD is not submitted within sufficient and reasonable time for HUD's review or processing and such delay necessitates an extension of the Closing deadline, an Extension Fee must be paid for this period.
   g. Extension fees must be submitted by money order, certified funds or cashier's check made payable to:

      THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

10. BIDDER RESTRICTIONS:
   a. No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this Foreclosure Sale ("Sale"), or to any benefit arising from it. However, this provision does not apply to this Sale to the extent that this Sale is made with a corporation for the corporation's general benefit.
   b. If High Bidder loses Eligibility, e.g. becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to Closing, this Sale shall be terminated. In addition, if such suspension, debarment or temporary denial of participation or other action that results in loss of

Eligiblity occurs either before or after Highest Bidder's execution of this Acknowledgment, any Extension Fees paid under paragraph 9 shall be retained by HUD and included with the liquidated damages.

c. Pursuant to 24 C.F.R. Part 27.20(f), the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the multifamily mortgage being foreclosed, shall not be eligible to bid on, or otherwise acquire, the Project being foreclosed by the Department under this subpart or any other provision of law. A "principal" and an "affiliate" are defined as provided at 24 C.F.R. § 200.215.

11. AS-IS SALE; NO REPRESENTATIONS:
    a. Purchaser shall accept the Project "as is." HUD makes no representations or warranties concerning the physical condition of the Project. In addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Project or otherwise.
    b. Highest Bidder acknowledges that the bid price set forth in this Acknowledgment is based on its own evaluation of the Project and not upon any representations by HUD. Highest Bidder's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Project, shall not affect the liabilities, obligations or duties of HUD, nor be a basis for termination of this Foreclosure Sale or for the return of any Earnest Money Deposit or Extension Fees paid to HUD.

12. RISK OF LOSS AND RIGHTS OF RESCISSION: In the event of any substantial damage to the Project prior to Closing by any cause including, but not limited to, fire, flood, earthquake, tornado and significant vandalism other than willful acts or neglect, HUD, in its sole discretion, may negotiate with the High Bidder for a reduction in the bid price corresponding to the estimated amount of damages. *Such amount shall be added to the Repair requirements, Attachment E, included in the Invitation.* If a bid price reduction cannot be negotiated or if the High Bidder and HUD are unable to agree on the amount by which the bid price should be reduced or on the amendment to the Repair requirements, High Bidder may withdraw the bid. In such case, the Earnest Money Deposit and any Extension Fees paid will be returned, *unless* there is cause to retain the Earnest Money Deposit based on breach of the Invitation and/or Acknowledgment.

13. SECURITY DEPOSITS: Notwithstanding state or local law, the High Bidder will receive only those security deposits which are on hand at the Project and made available to HUD on the date of Closing. The High Bidder will assume all liability under state and local law with respect to security deposits.

14. LIMITATION OF LIABILITY: In no event shall HUD's liability exceed the portion of the bid price that has been paid to HUD.

15. ANTI-COLLUSION CERTIFICATION:
    a. The Highest Bidder certifies:
        i. The bid price in this offer was arrived at independently, without (for the purposes of restricting competition) any consultation, communication, or agreement with any other bidder relating to:
            (a) the bid price;
            (b) the intention to submit a bid price; or
            (c) the methods or factors used in calculating the bid price offered.
        ii. The bid price in this offer has not been and will not be knowingly disclosed by the bidder, directly or indirectly, to any other bidder or competitor before or during the actual time of the bid event, unless otherwise required by law; **and**
        iii. No attempt has been made or will be made by the bidder to induce any other bidder to submit or not to submit a bid price for the purpose of restricting competition.
    b. If the bid procedure requires or permits written bids, each signature on the offer is considered to be certification by the signatory that the signatory:
        i. Is the person in the Highest Bidder's organization responsible for determining the bid price being offered in this bid and that the signatory has not participated and will not participate in any action contrary to paragraph a. above; **or**
        ii. Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraph a., above;

Name: _____

Title: _____

Organization responsible for determining price _____

(a) As an authorized agent, does certify that the principals named in the above have not participated, and will not participate, in any action contrary to paragraph a. above; **and**

(b) As agent, has not personally participated, and will not participate, in any action contrary to paragraph a. above.

16. FAILURE TO COMPLY: Upon the failure or refusal of the Highest Bidder to comply with any of the requirements listed above or elsewhere in this Invitation, HUD may declare the Highest Bidder ineligible to purchase the Project. In which case the Highest Bidder shall forfeit the Earnest Money Deposit and any Extension Fees paid.

    HUD reserves the right to review, approve or reject the proposed management. If HUD determines that the High Bidder is not qualified to self-manage the Project, HUD, in its sole discretion, may either reject the bid or require the High Bidder to obtain the services of a property management firm satisfactory to HUD. If HUD chooses the latter, the Highest Bidder must provide HUD with evidence that a qualified property management firm has been retained prior to Closing. HUD must approve form and type of management prior to Closing and throughout the term of the Use Agreement. If the Highest Bidder does not meet this obligation, HUD reserves the right to reject the bid and retain the Highest Bidder's Earnest Money Deposit and any Extension Fees paid.

17. SEVERABILITY: If for any reason one or more of the provisions contained in the Invitation, including this Acknowledgment, the Use Agreement, or any other attachments or exhibits thereto, shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Invitation, but the Invitation shall be construed as if such invalid, illegal or unenforceable provision(s) had never been included therein.

18. ASSIGNMENT: The Highest Bidder may not assign its rights and responsibilities under this Acknowledgment without the prior written approval of HUD.

19. CONFLICTING TERMS: In the event that there are terms or conditions herein that conflict with terms or conditions contained in the Invitation incorporated herein by reference, the terms or conditions of this Acknowledgment shall control.

20. REQUIRED STATEMENTS AND FORMS: The Highest Bidder acknowledges the receipt of the Use Agreement applicable to this Project's Foreclosure Sale and the inclusion of the following Riders to that Use Agreement:
    - Enforcement
    - Required Rehabilitation
    - Affordability of Units (if used as rental housing)
    - Nondiscrimination Against Multifamily Section 8 Voucher and Certificate Holders (if used as rental housing)

21. EXECUTION
    a. By signature below, Highest Bidder indicates acknowledgment of and agreement to the terms and requirements of this Foreclosure Sale.
    b. In the case of a bid submitted by an agent or representative of the Highest Bidder, the signatory attests to be duly authorized to submit the bid on behalf of the Highest Bidder and to execute this Acknowledgment.

    WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

    Executed by the Bidder on the _____ day of _____, 20____.

    Witness:_____ By:_____

    Typed Name:_____ Typed Name:_____

    Address:_____

    City, ST Zip:_____

    Phone No. with Area Code:(___)_____-_____

ATTACHMENT C
FORECLOSURE SALE USE AGREEMENT

This Agreement is entered into by _____ ("Grantee") and the Secretary of Housing and Urban Development ("Secretary" or "HUD").

WHEREAS, pursuant to the provisions of the Multifamily Mortgage Foreclosure Act, 12 U.S.C. Sections 3701 et seq. (the "Act"), and the Department of Housing and Urban Development's regulations thereunder at 24 C.F.R. Part 27, the Secretary has elected to exercise the nonjudicial power of sale provided under the Act, or pursuant to a judicial foreclosure the Secretary has elected to apply Section 367(b) of the Act, with respect to Forked Deer (2064 Ellen Drive, Dyersburg, TN), HUD Project No. 081-EH095, (the "Project") a legal description of which is attached as Exhibit "A"; **and**

WHEREAS, pursuant to the Act and to provisions of 12 U.S.C. Section 1715z-11a, the Secretary has authority to impose certain use restrictions, as set forth in this Agreement, on the Project subject to a mortgage held by the Secretary that is sold at foreclosure to a purchaser other than HUD; **and**

WHEREAS, by Deed executed this _____ day of _____, 20____, by _____, the Project has been conveyed to the Grantee; **and**

NOW THEREFORE, in consideration of the mutual promises set forth herein and in further consideration of the sale of the Project to the Grantee, the parties agree as follows:

1. **TERM OF AGREEMENT:** The term of this Agreement ("Restricted Period") shall be in effect for:
   a. twenty (20) years from the date of this Agreement, **if used as rental housing**; or
   b. may terminate when all of the following occur:
      i. the requirements in the Required Rehabilitation have been completed and approved by HUD;
      ii. an Owner-Occupant is approved to purchase the Project; and
      iii. the Owner-Occupant submits the Owner Occupant Certification (Attachment I).

2. **CONVEYANCE:** During the term of this Agreement, any Conveyance of the Project must have the prior written approval of HUD, or such Conveyance will be deemed to be null and void, and a default will exist under this Agreement. Conveyance is defined as any sale, assignment, transfer, creation of a leasehold estate in excess of one (1) year, or any other legal or equitable conveyance or transfer of the Project or an interest therein, or any legal or equitable transfer of an interest in the Grantee or any entities that may comprise the Grantee. Without limiting the foregoing and not intending to be all inclusive, a merger, conversion, share exchange, or exchange of corporate or partnership interests is deemed to be a Conveyance, which requires the prior written approval from HUD.

   The preceding provisions shall be applicable and in full force and effect notwithstanding that any applicable statutory law or case decision provides that any such merger or conversion or share (or interest) exchange, or leasehold estate transaction or other type of Conveyance does not constitute or involve the occurrence of a "transfer" or "assignment" of the Project, any of the assets related thereto, or an interest in the Grantee.

   Any request for HUD's approval of Conveyance must include the entity and all principals obtaining Previous Participation Certification approval (clearance), submission of a signed Certification of Substantial Compliance, and a signed Agreement to Abide by Deed Restrictions. HUD's approval of a Conveyance will be based on information provided in written statements of how the Grantee, or any subsequent Grantee, in consideration of any and all existing use restrictions, will:
   a. Implement and/or continue to comply with all existing use restrictions;
   b. implement sound financial and physical management program;
   c. respond to the needs of the residents and work cooperatively with resident organizations;
   d. provide adequate organizational staff and resources to manage the Project; and
   e. provide evidence of a minimum of five (5) years' substantive experience owning and managing **affordable** rental properties of a similar size, type and complexity as the Project.

   The approval of a Conveyance is within the sole discretion of HUD.

3. **CONDITION OF UNITS FOR RENTAL HOUSING:** The Grantee shall comply with the Physical Condition Standards and inspection requirements of 24 CFR Part 5, Subpart G, including any changes in the regulation and related Directives. In addition, the Grantee shall comply with HUD's Physical Condition Standards of Multifamily Property of 24 CFR Part 200, Subpart P, including any changes in the regulation and related Directives.

4. **RENTAL RATES FOR RENTAL HOUSING**: The rent rates and tenant eligibility will be controlled by the Affordability of Units Rider of this Use Agreement.

5. **PROJECT MANAGEMENT:** HUD reserves the right to approve management for the Project during the term of this Agreement. Any proposed property manager must demonstrate a minimum of five (5) years substantive experience managing rental properties of similar size and complexity.

   Any change in management of the Project must have HUD's prior written approval. Any request for HUD's approval of the proposed Grantee's/owner's management of the Project must include the entity and all principals obtaining Previous Participation Certification approval (clearance) and the proposed management agent for the Project must submit for HUD's review and approval the following documents/forms:
   - Management Entity Profile (Form HUD-9832),

6. **SUBJECT TO EXAMINATION:** The Project shall at all times,
   a. Be maintained in decent, safe and sanitary condition and in good repair to the greatest extent possible,
   b. Maintain full occupancy to the greatest extent possible,
   c. Be maintained as rental housing for the term of this Agreement.

   At the request of the Secretary, Grantee must supply evidence by means of occupancy reports, physical condition reports, reports on operations, or any evidence as requested to ensure that the above requirements are being met.

7. **UNIT NUMBER OR USE CHANGE:** Changes to the use, number, size, or configuration of the property from the use as of the date of this Agreement, must receive the written prior approval of HUD.

8. **NON-DISCRIMINATION REQUIREMENTS:** The Grantee will comply with the provisions of all federal, state, or local laws prohibiting discrimination in housing.

9. **HAZARD INSURANCE:** Hazard insurance shall be maintained in an amount to ensure that the Grantee is able to restore the Project so that it meets the rental housing requirements described in this Agreement after restoration.

10. **DESTRUCTION OF PROJECT:** In the event that any, or all, of the Project is destroyed or damaged by fire or other casualty, the money derived from any insurance on the Project shall be applied to rebuild or replace the Project destroyed or damaged, unless the Secretary gives written approval to use insurance proceeds for other purposes.

11. **DEMOLITION OF PROJECT:** The Grantee will not demolish any part of the Project or withdraw any part of the Project from use (except as temporarily necessary for routine repairs), without the prior written approval of HUD.

12. **REMEDIES FOR NONCOMPLIANCE:** Upon any violation of any provision of this Agreement by the Grantee, HUD may give written notice thereof to the Grantee by registered or certified mail, to the address stated in this Agreement, or such other address as subsequently, upon appropriate written notice thereof to the Secretary may be designated by the Grantee as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) calendar days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Agreement and may apply to any court, state or federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain. The availability of any remedy under the Agreement shall not preclude the exercise of any other remedy available under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not be construed as a waiver of the right to exercise that or any other right or remedy at any time.

13. **SUCCESSORS AND ASSIGNS:** This Agreement is binding upon the Grantee's heirs, successors and assigns. If HUD approves a Conveyance during the term of this Agreement, it may be conditioned upon, among other things, the grantee assuming in writing Grantee's obligations under this Agreement.

14. **RESTRICTIONS:** No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Agreement if the Agreement is made with a corporation for its general benefit.

15. **CONTRADICTORY AGREEMENTS:** The Grantee certifies that it has not, and agrees that it will not, execute any other Agreement with provisions contradictory of, or in opposition to, the provisions of this agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other provisions or requirements in conflict with this Agreement.

16. **SEPARABILITY:** The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions hereof.

17. **AMENDMENT:** This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute.

18. **RIDERS TO THE USE AGREEMENT:** The Riders listed below and initialed by the parties are attached to and incorporated into this Use Agreement and will be placed in the Deed to run with the land. Capitalized terms used but not defined in a Rider shall have the meaning ascribed to such term in this Agreement. The use of the term Grantee in a Rider shall be deemed to mean the Purchaser.
    - Enforcement
    - Affordability of Units (if used as rental housing)
    - Required Rehabilitation
    - Nondiscrimination Against Section 8 Multifamily Section 8 Vouchers and Certificates (if used as rental housing)

19. **PRIORITY:** This Agreement shall be recorded against the Project in a superior position to any post foreclosure liens or mortgage debts.

IN WITNESS WHEREOF:

The Grantee has executed this Use Agreement this _____ day of _____, 20____.

WITNESS:	GRANTEE:
_____	_____
	By: Signature
_____	_____
	Typed Name of Grantee
	_____
	Street Address
	_____
	City, State, Zip Code

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement this _____ day of _____, 20_____.

WITNESS:	FOR: THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
_____	BY: _____
_____	_____
	Official's Typed Name
	_____
	Title

Exhibit A
Legal Description

Land situated in the Dyer County, Tennessee:

Lying and being in the Fourth (4th) Civil District of Dyer County, Tennessee, and at the end of Ellen Drive in Dyersburg, Tennessee, and BEGINNING at a pipe in the south right-of-way of Janice Lan and in the northeast corner of Lot 20 of the Rivised Dills Subdivision, a plat of which is recorded in the Register's Office for Dyer County, Tennesee, and runs thence north 87 degrees 24 minutes east, 222.97 feet with the sourth right-of-way of Janice Lane and the sourth line of Lot 3 of said Subdivision to an iron rod in the southeast corner of said Lot 3, and in the west line of the Baptist Church lot; runs thence south 13 degrees 30 minutes east, 113.98 feet with the west line of said Church lot to an iron rod in a n upper southeast corner of this herein described lot; runs thence south 76 degrees 44 minutes west, 24.20 feet to a metal fence post in a drainage ditch and in an inner corner of this herein described lot; runs thence spouth 5 degrees 29 minutes east, 19.62 feet with said ditch to an iron rod in said ditch; runs thence south 87 degrees 24 minutes west, 221.67 feet to an iron rod in the southeast corner of said Lot 20 of said subdivision; runs thence north 2 degrees 36 mintues west, 135 feet with the east line of said Lot 20 to the point of beginning.

LEGAL DESCRIPTIONS ARE PROVIDED AS INFORMATION ONLY. INTERESTED PARTIES MUST ASCERTAIN LEGAL DESCRIPTIONS THROUGH THEIR OWN DUE DILIGENCE.

RIDER 1 OF 4

ENFORCEMENT

The Use Agreement shall contain the following provision:

1. The restrictive covenants set forth in this Agreement shall run with the land hereby conveyed and, to the fullest extent permitted by law and equity, shall be binding for the benefit and in favor of and enforceable by the HUD and any/all successors in office.

2. Without limiting any other rights and remedies available to HUD, the HUD shall be entitled to:
   a. institute legal action to enforce performance and observance of these covenants,
   b. enjoin any acts which violate these covenants,
   c. exercise any other legal or equitable right or remedy with respect to these covenants.

3. In addition, the restrictive covenants, if any, set forth in this Use Agreement relating to Section 8 assistance shall be enforceable by any tenant or applicant eligible for assistance under the Section 8 program.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

RIDER 2 OF 4

REQUIRED REHABILITATION

The Use Agreement shall contain the following provision:

1. REQUIRED REPAIRS: All property and property improvements must meet or surpass, at a minimum the following items:
   - All state and local codes and ordinances,
   - Physical Condition Standards (PCS) (pursuant to 24 CFR Part 5),
   - General Repair and Property Standards as listed below.

   The items listed above represent the "Repairs" as required by the Department.

   a. General Repair and Property Standards
      i. Exterior:
         - Any trip hazards (deviations of ½ in or greater) on all surfaces of the property must be mitigated.
         - Repair and/or replace any loose, damaged or deteriorated facade, trim, posts, and cornice.
         - All exterior paint must be fully intact, mold and rust free.
         - All drainage, water diversion, roofing, and water proofing systems must be performing as originally intended to ensure positive drainage and minimize pooling.
         - All windows and exterior doors must be operable, lockable, draft free and water tight.
      ii. Interior/MEPs:
         - All mechanical, plumbing, plumbing fixtures, electrical fixtures, electrical devices, appliances and HVAC must be in "Good" operating condition and hazard free.
         - All fire protection devices and systems must be working as originally intended.
         - All ventilation systems must be working as originally intended.
         - All interior painted surfaces and millwork must be fully intact, free of excessive grease and dirt.
         - All floor coverings must be fully attached, free of holes, chips, frays and excessive dirt.
         - All interior doors, locks, closures and stops must be operating as originally intended.
      iii. Workmanship and Materials:
         - All work shall be performed in a workmanlike manner and in accordance with generally accepted practices and procedures.
         - Materials installed shall be of such kind and quality to ensure that the dwelling will provide acceptable durability for the duration of the Restricted Period.
         - All repair/rehabilitation work must be performed in a manner compliant with the essential and material requirements of all state codes, local codes, laws, ordinances, regulations, Physical Conditions Standards pursuant to 24 CFR Part 5.
         - All long and short lived building components must be performing as originally designed or intended.
   b. Post-Closing Repair Requirements (Exhibit E) (if attached) describes additional, specific required Repairs. It is probable that not all units were surveyed. However, units not surveyed must also be rehabilitated to the same level as those units that were surveyed.
   c. All Repairs, required by this provision, will not be considered complete until such time as HUD or its designee has inspected the Repairs and HUD has accepted the Repairs.

2. REPAIR PERIOD: The Repair Period begins at Closing and expires twelve (12) months from the date of this Use Agreement. The Grantee covenants that the Repairs will be completed within Repair Period.

3. EXTENSION OF THE REPAIR PERIOD: If the Grantee cannot complete the Repairs within the Repair Period, Grantee shall submit a written request for an extension to HUD stating the reason(s) for Grantee's inability to complete the Repairs. Grantee's request must be received not less than thirty (30) calendar days prior to the expiration of the Repair Period.
   a. In the event an extension for completion of repairs is granted, the Grantee shall extend expiration of the LOCs accordingly.,
   b. Extensions of time to complete Repairs are within HUD's sole and absolute discretion, and
   c. The granting of one or more extensions shall not obligate HUD to grant additional extensions.

4. REPAIR ESCROW: **At Closing**, to ensure completion of the Repairs by the Grantee the Grantee shall deliver to HUD a one (1), unconditional, irrevocable and non-documentary Letters of Credit (LOCs) or a Cashier's Check:
   a. which total $15,500, and
   b. which shall remain in effect and may be drawn on by HUD for at six (6) months beyond the Repair

Period as stated above), **and**

c. LOCs may be returned or amended as the Grantee completes Repairs and HUD has inspected and accepted the Repairs.

5. REPORTING: HUD will monitor the progress of the Repairs using reports from the Grantee and inspections performed by HUD or a designee.
   a. Quarterly Reports: Grantee must submit quarterly reports (Post-Closing Repair Report, Exhibit C) to HUD on the status of Repairs. The first report is due 60 days after Closing and must include:
      i. the number and type of units completed,
      ii. a list of major Repairs and percentage completed,
      iii. a narrative describing:
         (a) the status of the planned rehabilitation, i.e. are repairs ahead of, on schedule, or behind on the original rehabilitation schedule,
         (b) any special circumstances which may, or have delayed the repairs.
   b. Additional Reports: Upon request, Grantee must submit reports, in addition to the Quarterly Reports, to HUD. The frequency and content of these reports will be provided to the Grantee by HUD.

   HUD may perform periodic inspections to ascertain the status of the Repairs. If, at any time, HUD determines the Grantee is failing to make adequate progress toward completion of the required Repairs or that the Repairs completed are not acceptable to HUD, Grantee may be required to provide a plan with milestones to show that acceptable Repairs can be completed within the Repair Period. Failure to meet milestones without adequate justification is a reason for Noncompliance as explained below.

8. RENTS: The Grantee covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the requirements set forth in paragraph 1, above.

9. RELOCATION: If temporary or permanent relocation is necessary because of Repairs required under this provision, Grantee covenants to comply with the Relocation provision of this Use Agreement, if any.

10. NONCOMPLIANCE: If Grantee fails to complete the required Repairs within the Repair Period and no extension by written agreement has been granted by HUD, HUD and any/all successors in office, in its sole discretion, shall be entitled to:
    a. Enter and terminate the estate hereby conveyed, or
    b. Cash any LOC or Cashier's Check or request performance under any payment and/or performance bond, and seek remedies provided in the Enforcement provision of this Use Agreement, as HUD deems appropriate.

    If HUD cashes the Grantee's LOC(s) or Cashier's Check, HUD will NOT apply the funds to complete the Repairs. HUD will retain the funds as liquidated damages or for any other purposes as HUD deems appropriate. In the event that HUD cashes the Grantee's LOC(s) or Cashier's Check for failure to successfully complete the Repairs, the Grantee is still responsible for completion of the Repairs in order to prevent HUD from initiating further sanctions.

    These rights and remedies may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Use Agreement.

11. LENDER OR SECURITY INTEREST: If the Grantee fails to repair the Property in accordance with this Use Agreement, HUD will not exercise the remedies as described in paragraph 10 above, if any lender holding a lien or security interest on the Property:
    a. Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs, and
    b. Completes such repairs within thirty (30) calendar days of the notice or within such longer periods as HUD may approve in writing.

    However, HUD is under no obligation to notify any lender or security interest of its intent to cash any LOCs or Cashier's Check.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Deed.

Grantee_____

HUD_____

AFFORDABILITY OF UNITS
(If Used as Rental Housing)

The Use Agreement shall contain the following provision:

Use Restriction

1. The Grantee (Owner) shall maintain the property as affordable rental housing for a period of twenty (20) years after the date of this Use Agreement or such earlier time as HUD may specify in writing ("Restricted Period").
2. Grantee shall submit a written request to HUD for any change to the number or configuration of residential units required to be maintained, as affordable rental housing.
3. The Grantee (Owner) shall not unreasonably refuse to lease units to, or otherwise discriminate against, very low-income families.

Income Eligibility Requirement

The Grantee (Owner) shall affirmatively market the dwelling unit to families with adjusted gross annual income that does not exceed one-hundred twenty percent (120 %) of the area median income, adjusted for family size.

If the Grantee (Owner) is temporarily unable to lease the dwelling unit an income eligible family, said unit may be leased to a family who are not income eligible, only with HUD's prior written approval. In requesting such approval, the Grantee (Owner) must demonstrate that:

1. reasonable steps have been taken to attract ~~very-low~~ income eligible families, including using marketing activities most likely to attract such eligible applicants, and
2. has leased or is making good-faith efforts to lease the units to eligible and otherwise acceptable families, including taking all feasible actions to fill vacancies by renting to such families, and
3. has not rejected any such applicants except for reasons acceptable to HUD.

Affordability

1. **Maintenance of Rents at Affordable Levels**

   For new or turnover tenants, affordable means the least of:

   a. for the single dwelling unit occupied by a income eligible family, the unit rent does not exceed thirty percent (30%) of one hundred and twenty percent (120%) of the area median income, not necessarily the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; or
   b. the Section 8 Voucher Payment Standard less the utility allowance established by the voucher provider; or
   c. Market Rent in the immediate area established by a rent comparability study prepared, at the Grantee's (Owner's) expense, in accordance with HUD requirements.

Annual certification

The Grantee (Owner) shall certify to HUD annually, in a manner acceptable to HUD, that the requirements in the above paragraphs have been fulfilled.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS
(Applies to Rental Housing)

The Use Agreement shall contain the following provision:

1. In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Grantee, for self, successors and assigns, shall not unreasonably refuse to lease a dwelling unit offered for rent, refuse to offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation hereinafter referred to as "Section 8". This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units, which rent for an amount not greater than one-hundred and twenty percent (120%) of the Section 8 fair market rent for a comparable unit in the area as determined by HUD.

2. This restriction shall bind the Grantee, any/all successors, assigns and Grantees for value, for a period equal to the Restricted Period, which is twenty (20) years from the date of this Use Agreement. In the event of a breach or a threatened breach of this covenant, HUD, any/all successors in office and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such covenant and to enjoin any acts which are in violation of such covenant. For the purposes of this restriction, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

ATTACHMENT D
LETTER OF CREDIT (LOC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO._____

_____, 20____

U.S. Department of Housing and Urban Development
801 Cherry Street, Unit #45, Ste. 2500
Ft. Worth, TX 76102

Attention: **Mr. Jack Stark**
6AC – 28th Floor

Dear Sir:

For the account of _____
(name of account party/customer)
we hereby authorize you to draw on us at sight up to an aggregate amount of U.S. $_____,
effective immediately and expiring on _____, 20____.

This Letter of Credit is irrevocable and unconditional.

Funds under this Credit are available to you against your sight draft(s) on us, substantially in the form attached as Exhibit A, for all or any part of this Credit.

This Letter of Credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We will promptly honor all drafts in compliance with the terms of this credit if received on or before the expiration date at

_____
(bank's address)

This Credit is governed by the laws of _____.

Sincerely,

(Issuing Bank)

By:_____

SAMPLE SIGHT DRAFT

(HUD LETTERHEAD)

(Name and address of bank) _____
(City, State)

_____, 20____

Pay to the order of the U.S. Department of Housing and Urban Development the sum of

$_____. This draft is drawn under your Irrevocable Letter of

Credit NO._____.

U.S. Department of Housing and Urban Development

By:_____

Post Closing Repair Requirements

U. S. Department of Housing and Urban Development
Office of Housing – Federal Housing Commissioner

Project Name	Project Number	Location
Forked Deer	081-EH095	Dyersburg, Tennessee

The Grantee must repair the Project to meet the following requirements within the time frame noted in the Contract of Sale or Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder:

☒ Applicable state and local codes ☒ Physical Condition Standards (set forth in 24 CRF Part 5) ☒ Additional repairs required by HUD

HUD will monitor to ensure compliance. Repairs shall be considered complete only after: (1) Grantee provides written certification that repairs are completed: (2) Grantee requests final inspection by HUD, and (3) HUD verifies in writing completion and compliance with the requirements stated herein.
Trade Item Cost Breakdown: HUD's estimate of repairs is broken out by trade item. Detailed descriptions of repairs are stated in exhibits to this form. Unless checked as **Mandatory** on this form, repairs may begin upon conveyance. For repair items checked
on this form as **Mandatory,** the Grantee, prior to beginning work, must submit specifications for approval to the HUD office with jurisdiction over this Project.
The repairs listed herein represent HUD's estimate of the Project's repair needs. These repairs may not represent all repairs needed to satisfy HUD's requirements and/or requirement other than HUD's. HUD does not warrant that the list is either comprehensive or sufficient. The Grantee accepts responsibility for: (1) developing independent repair cost estimate, (2) determining what, if any, repairs are needed in excess of those listed herein, and (3) providing funding for such repairs.

Item		Mandatory	Estimated Cost	Item		Mandatory	Estimated Cost
Repairs to Residential Structures (including commercial areas)							
1	Concrete	☐	2,000	17	Wood Flooring	☐	
2	Masonry	☐	350	18	Resilient Flooring	☐	1,186.25
3	Metals	☐		19	Painting and Decorating	☐	17,580
4	Rough Carpentry	☐		20	Specialties	☐	400
5	Finish Carpentry	☐	500	21	Special Equipment	☐	
6	Waterproofing	☐		22	Cabinets	☐	
7	Insulation	☐		23	Appliances	☐	
8	Roofing	☐		24	Blinds and Shades	☐	
9	Sheet Metal	☐	466.25	25	Carpets	☐	10,950
10	Doors	☐	250	26	Special Construction	☐	500
11	Windows	☐	750	27	Elevators	☐	
12	Glass	☐		28	Plumbing and Hot Water	☐	5,350
13	Lath and Plaster	☐		29	Heat and Ventilation	☐	4,650
14	Drywall	☐	400	30	Air Conditioning	☐	
15	Tile Work	☐		31	Electrical	☐	3,000
16	Acoustical	☐		**Residential Structures Subtotal**			48,332.50
Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc.)							
32	Accessory Structure	☐	500	34		☐	
33		☐		**Accessory Structures Subtotal**			500
Site Work							
35	Earth Work	☐		39	Lawns and Plantings	☐	
36	Site Work	☐		40	Unusual Site Conditions	☐	
37	Roads and Walks	☐		41		☐	
38	Site Improvements	☐		**Site Work Subtotal**			
Environmental Mitigation							
42	Lead Based Paint	☐		44		☐	
43		☐		**Environmental Mitigation Subtotal**			

Totals	
Overhead	4,394.93
Subtotal	53,227.43
Profit	1,064.55
Estimated Total Repair Cost	54,291.97

GENERAL INFORMATION:

Forked Deer Group Home, located at 2064 Ellen Drive in Dyersburg, Tennessee, contains nine single-occupancy sleeping rooms. The structure also has a common sitting/living room with a separate dining area served by an adjacent common kitchen. Four common bathrooms, one of which is accessible to those with physical disabilities, are located between the sleeping rooms. A Supervisor's Suite with separate living/sleeping rooms is located at the end of the building. A common laundry is also available.

The site is on the corner of Ellen Drive and Jance Lane and is bordered on two sides by single-family residential homes with drainage swales and ditches surrounding the other edges. An asphalt drive provides entry to the site. Two temporary wood storage buildings on wood skids also exist. The exterior is illuminated with building mounted lighting.

The building is constructed on a concrete slab on-grade with wood framed walls and a wood framed roof structure. Exterior walls are clad with brick masonry with small areas of wood siding. The roof consists of shingles on a plywood roof deck. Fascias and soffits are painted wood. Gutter and downspouts exist some of which discharge into an underground drainage system with others discharging onto the adjacent grade.

Interior walls and ceilings are covered with drywall. Floors are covered with a mixture of VCT and carpet with the exception of the bathrooms that have ceramic flooring. Exterior doors and frames are metal. Interior doorframes are a mixture of metal and wood with interior doors being a mixture of solid core and hollow core wood. Windows are aluminum with single-pane glass and storm windows.

Two ducted gas-fired furnaces and exterior pad mounted condensing units supply conditioned air to all common spaces and sleeping rooms. Two gas-fired water heaters provide domestic hot water. The building has a fire alarm system with the main panel located near the Supervisor's Suite. Smoke detectors are located in all common areas and sleeping rooms. Corridors have emergency lighting but no exit lights. GFI receptacles were found in the required locations.

BUILDING EXTERIOR: The exterior masonry is in very good condition needing only minor openings sealed around penetrations of refrigerant piping, dryer exhausts, and hose bibs. Shingle roofing appears to have several more years of useful life remaining. Gutters and downspouts need to be cleaned with selective repairs required at wood soffits. Previously painted exterior surfaces need to be painted. Windows are recommended to be replaced due to concerns with poor balances and several missing locking mechanisms.

BUILDING INTERIORS: The interior gypsum board walls and ceilings were in good condition with minor repairs required. Painting of all walls and ceilings is necessary. VCT flooring needs to be replaced in the common kitchen and laundry with the carpet replaced in all other common areas and sleeping rooms. The ceramic flooring in the bathrooms is in good condition.

The condition of all interior doors and frames was good; however, several need to be re-stained and varnished. The common kitchen cabinets, countertops, and appliances should to be replaced due to age.

The water heaters and air-handlers appear to have been replaced since the time of the original construction and need to be inspected and serviced. Ductwork, grilles, and registers need to be cleaned. Gas flues need to be inspected for proper ventilation.

Certification of Substantial Compliance

TO: The United States Department of Housing and Urban Development

FROM:_____

I Certify to HUD that any and all project(s) that are owned by _____, or its affiliates, and located in

_____ (City or Town where project being purchased is located) is/are in substantial compliance with

applicable state and/or local housing statutes, regulations, ordinances and codes and are listed on Schedule A attached hereto.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

By:_____
Grantee Name

_____
Title

_____
Address

_____

_____
Telephone Number

_____
Date

STATE OF:)
COUNTY OF:)
Came before me this _____day of _____, 20___. Notary Seal

Schedule A: All projects owned by _____ or affiliates.

List each project name	**List name of principal or affiliate with ownership of project.**	**List project address**

Owner Occupant Certification

Warning: Falsifying information on this or any other document of the Department of Housing and Urban Development is a felony. It is punishable by a fine not to exceed $250,000 and/or a prison sentence of not more than two years.

I/we, _____, certify that I/we intend to purchase the property located at_____ (address) as an owner-occupant. This is being submitted with the representation that I/we will occupy the property as my/our primary residence for at least 12 months.

Purchaser's Name: _____

Signature & Date: _____

Purchaser's Name: _____

Signature & Date: _____

Attachment K - 24 CFR Part 5

§ 5.703 Physical condition standards for HUD housing that is decent, safe, sanitary and in good repair (DSS/GR).

These standards address the major areas of the HUD housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.

(a) *Site.* The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.

(b) *Building exterior.* Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.

(c) *Building systems.* Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.

(d) *Dwelling units.*

(1) Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.

(2) Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note for example that single room occupancy units need not contain water facilities).

(3) If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.

(4) The dwelling unit must include at least one battery-operated or hardwired smoke detector, in proper working condition, on each level of the unit.

(e) *Common areas.* The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair. These standards for common areas apply, to a varying extent, to all HUD housing, but will be particularly relevant to congregate housing, independent group homes/residences, and single room occupancy units, in which the individual dwelling units (sleeping areas) do not contain kitchen and/or bathroom facilities.

(f) *Health and safety concerns.* All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have hand rails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR part 35).

(g) *Compliance with state and local codes.* The physical condition standards in this section do not supersede or preempt state and local codes for building and maintenance with which HUD housing must comply. HUD housing must continue to adhere to these codes.

Attachment L

Post Closing Repair Report

Property:		Repair Expenditures to Date: $
Address:		Date Repairs Began:

Number of HAP Units: Number of HAP Units repaired/meeting PCS:
Number of Units: Number of Units repaired/meeting PCS:
List major repairs as required by Form HUD-9552 and provide status of those repairs:

Major Repair (EX: replace roofs for 5 buildings)	**Work Completed** (EX: roofs replaced for 3 buildings: 60%)

Provide narrative describing any special circumstances beyond your control which may, or have delayed the repairs:

Provide narrative describing the status of the planned rehabilitation. Your narrative should include whether you are ahead of, on schedule, or behind on your original rehabilitation schedule:

Date of Report:

Report completed by:_____Title_____

Please fax a completed version of this report to the Property Disposition Construction Analyst, at (817) 978-6018. Reports are due quarterly and to be continued until the repairs are complete.

Attachments:
1. Attach a minimum of 4 photographs depicting repaired conditions.
2. Attach additional pages as necessary to provide a thorough explanation of status of repairs.