

**SINGLE FAMILY LOAN SALES 2014-1
DISTRESSED ASSET STABILIZATION PROGRAM
NEIGHBORHOOD STABILIZATION OUTCOME POOL
QUALIFICATION STATEMENT**

The Federal Housing Administration (“FHA”), an organizational unit of the U.S. Department of Housing and Urban Development (“HUD”), is planning to offer qualified bidders the opportunity to bid on a portfolio of defaulted single-family mortgage loans (the “Mortgage Loans”) through a competitive sealed bid auction. HUD intends to auction the Mortgage Loans via whole loan sale of Neighborhood Stabilization Outcome Pools on or about December 10, 2013, referred to as the Single Family Loan Sale 2014-1(the “Sale”).

NOTE: This qualification statement is applicable ONLY to the Neighborhood Stabilization Outcomes Pools; Bidders wishing to qualify for any other pool must respond separately to the applicable qualification statement for such pool.

The undersigned (“Bidder”) understands and acknowledges that, before it can register for, or make an offer to bid in the Sale for any Neighborhood Stabilizing Outcomes Pool, the Bidder (whether an individual or an entity) must meet the requirements described below as evidenced by execution of this Qualification Statement **for the specific jurisdiction in which the Sales pool is located.**

Bidder is seeking qualification in the following geographic area(s): (Check all that apply)

Washington DC/Baltimore Atlanta Indianapolis Las Vegas California

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

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

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NOTE: The following information is being solicited with respect to the individual or entity that will submit a bid in the Distressed Asset Stabilization Program (“DASP”) NSO Sales to acquire NSO Mortgage Loans.

Part 1: Bidder Organization

A. Ownership and Entity Structure

1. Bidder Information

A. Name of Bidder		
B. Corporate or Other Entity Type		State of Organization (if applicable)
C. Address of Bidder		
D. City	State	Zip Code
E. Phone ()	F. Fax ()	G. Bidder Tax I.D.
H. E-mail Address		

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

- | | |
|-----------------------------|------------------------------|
| Commercial Bank | Insurance Company |
| Savings Association/Bank | Financial Services Company |
| Non-Profit or Public Agency | Pension Fund |
| Investment Bank | Real Estate Company |
| Hedge Fund | Other, please describe _____ |

3. Organizational Chart. Please provide an organizational chart that graphically depicts all entities and contemplated partners and their respective expected ownership percentages within the Bidder. This chart should show the contractual or equity relationships among the Bidder, its parent company, and its lenders and investors.

Provide the information requested in Sections 4 and 5 below for EACH individual or entity that comprises the Bidder, who will submit a bid in the DASP Sales, including ALL entities with whom you contemplate entering into a partnership or contractual arrangement for the management and servicing of the NSO Mortgage Loans or underlying secured assets.

4. Bidder Component Information

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

5. Bidder Component's Business Designation (For each entity, please indicate the description that best describes the entity's business designation)

- | | |
|-----------------------------|------------------------------|
| Commercial Bank | Insurance Company |
| Savings Association/Bank | Financial Services Company |
| Non-Profit or Public Agency | Pension Fund |
| Investment Bank | Real Estate Company |
| Hedge Fund | Other, please describe _____ |

B. Legal and Compliance

Bidder hereby certifies, represents and warrants to FHA/HUD that it meets the requirements to be a qualified bidder based upon Bidder's satisfaction of one or more of the following qualifying statements 1 through 4. Bidder must check one or more of the following qualifying statements 1 through 4 to register to bid in the Sales and to qualify as a qualified bidder for the Sales. (CHECK ALL THAT ARE APPROPRIATE):

- (_____) 1. Bidder is a corporation, partnership, limited liability company, or business trust with a net worth in excess of \$5,000,000 determined in accordance with Generally Accepted Accounting Principles, consistently applied ("GAAP"), and was not formed for the specific purpose of acquiring an interest in the Mortgage Loans.
- (_____) 2. Bidder is a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Act")), savings and loan association or other institution (as defined in Section 3(a)(5)(A) of the Act), insurance company (as defined in Section 2(a)(13) of the Act), investment company registered under or business development company as defined in the Investment Company Act of 1940, as amended, or a broker or dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended, in each case with a net worth in excess of \$5,000,000 determined in accordance with GAAP.
- (_____) 3. Bidder is a trust, with a net worth in excess of \$5,000,000 determined in accordance with GAAP, not formed for the specific purpose of acquiring the Mortgage Loans.
- (_____) 4. Bidder is an individual who has, or a business whose equity owners combine to have, a net worth in excess of \$5,000,000.

Bidder hereby certifies, represents and warrants to FHA/HUD that EACH of the initialed statements, 5 through and including 8, is true and correct as to such Bidder. If Bidder or a Related Entity cannot certify to any section or subsection below, Bidder may submit a supplemental response that describes and explains, in an attached document not to exceed one page, the reason for such inability to so certify and any extenuating circumstances or other information that may render such condition immaterial for the purposes of qualifying for the NSO Pool Sale. Please provide a copy of any order or agreement relevant to such section or subsection.

NOTE: Related Entities shall include (a) any entity with which the Bidder has a (i) significant common purposes and substantial common membership or (ii) directly or indirectly substantial common direction or control; (b) any entity that owns (directly or through one or more entities) a 50 percent or greater interest in the capital or profits of the Bidder; and (c) any entity in which Bidder owns (directly or through one or more entities) a 50 percent or greater interest in the capital or profits of the entity. For the purposes of this Qualification Statement, entities treated as related entities under this definition shall

be treated as one entity.

_____ 5. Bidder, or one of its component entities, is an entity that either (i) is in the business of buying, originating or selling mortgage loans of the same type as the Mortgage Loans or (ii) otherwise deals in assets substantially similar to the Mortgage Loans in the ordinary course of such Bidder's business. Bidder has such knowledge and experience in the origination, sale and/or purchase of performing and non-performing or distressed loans, including, without limitation, loans secured by real estate or other types of collateral, as well as knowledge and experience, by itself or with its advisers, in other financial and business matters, as to enable Bidder to utilize the information made available in connection with the Sales to evaluate the merits and risks of a prospective acquisition of the Mortgage Loans and to make an informed decision with respect thereto.

The certifications in Section 6 (d) below are made based on currently available information about the Mortgage Loan Pools to be offered in the Sale. However, if upon review of due diligence materials Bidder becomes unable to certify to Section 6(d) Bidder will notify HUD, will be deemed ineligible, and will not Bid on the Mortgage Loans.

_____ 6. Bidder represents and warrants that it, its Related Entities, its significant (>10%) owners and persons with authority or control, any significant (>10%) owners and person with authority or control of the Related Entities, and its repurchase lender(s) for the Mortgage Loan Pools, are not any of the following:

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

_____ b. an individual or entity that is currently suspended, debarred or otherwise restricted by any Department or Agency of the Federal Government or of a State Government from doing business with such Department or Agency;

_____ c. an individual or entity that is currently debarred, suspended, or excluded from doing mortgage related business, including having a business license suspended, surrendered or revoked, by any federal, state or local government agency, division or department; or

The certifications in Section 7 below are made based on currently available information about the Mortgage Loan Pools to be offered in the Sale. However, if upon review of due diligence materials Bidder becomes unable to certify to Section 7, Bidder will notify HUD, will be deemed ineligible to bid on any Mortgage Loan Pool(s) for which Bidder cannot make the certification, and will not Bid on that Mortgage Loan Pool(s).

_____ 7. Bidder represents and warrants that:

_____ a. Bidder, its Related Entities, its significant (>10%) owners and persons with authority or control, and any significant (>10%) owners and person with authority or control of the Related Entities, are not an entity or individual that:

(i) serviced or held any Mortgage Loan at any time during the 2-year period

prior to the Sale Date, or

- (ii) is: (a) any principal of any entity or individual described in the preceding sentence; (b) any employee or subcontractor of such entity or individual during that 2-year period; or (c) any entity or individual that employs or uses the services of any other entity or individual described in this paragraph in preparing its bid on such Mortgage Loan.

_____ b. Bidder's repurchase lender(s) for the Mortgage Loan(s) is not the Prior Servicer¹ for a Mortgage Loan offered in a Mortgage Loan Pool as part of SFLS 2014-1.

The certification in Section 8(c) below is made based on currently available information about the Mortgage Loans to be offered in the Sale. However, if upon review of due diligence materials Bidder or Related Entity becomes unable to certify to Section 8(c), Bidder will notify HUD, will deem itself ineligible, and will not Bid on the Mortgage Loans.

_____ 8. Bidder represents and warrants that it, its Related Entities, its significant (>10%) owners and persons with authority or control, and any significant (>10%) owners and person with authority or control of the Related Entities who will have access to Confidential Information or will be involved in the formation of a bid, are not, and will not knowingly use the services, directly or indirectly, of any person or entity that is, any of the following (and to the extent that any member of Bidder would prevent Bidder from making the following representations, such member has been removed from participation in all activities related to this Sale and has no ability to influence or control individuals involved in formation of a bid for this Sale):

_____ a. an employee of HUD, a member of such employee's household, or an entity owned or controlled by any such employee or member of such an employee's household with household to be inclusive of the employee's father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, first cousin, the spouse of any of the foregoing, and the employee's spouse;

_____ b. a contractor, subcontractor and/or consultant or advisor (including any agent, employee, partner, director, or principal of any of the foregoing who performed services for or on behalf of HUD in connection with the Sales;

_____ c. an individual or entity that knowingly acquired or will acquire prior to the Sale date material non-public information, other than that information which is made available to Bidder by HUD pursuant to the terms of this Qualification Statement, about Mortgage Loans offered in the Sale

¹ "Prior Servicer" means, with respect to any Mortgage Loan, the FHA-approved servicer from which the Mortgage Loan was assigned to HUD and from which the servicing for such Mortgage Loan will be transferred to the New Servicer.

- _____ d. an individual or entity that knowingly uses the services, directly or indirectly, of any person or entity ineligible under Section 6 above to assist in preparing any of its bids on the Mortgage Loans;
- _____ e. an individual or entity which knowingly employs or uses the services of an employee of HUD (other than in such employee's official capacity) who is involved in the Sales;
- _____ f. an entity that has had its right to act as a Government National Mortgage Association (Ginnie Mae) issuer and its interest in mortgages backing Ginnie Mae mortgage-backed securities extinguished and terminated by Ginnie Mae;
- _____ g. an individual or entity that has been sanctioned, required or agreed to pay any administrative, civil or criminal penalties or damages in connection with any suit or enforcement action involving single family loan origination, servicing or collection activities, or involving allegations of housing discrimination under any applicable local, state, or federal law or regulation;
- _____ h. an individual or entity that has been subject to any Federal or State citations or enforcement actions;
- _____ i. an individual or entity that has been prohibited from doing asset or property management related business, or has bidder within the previous three years had any license relating to the management or acquisition of assets or REO suspended, terminated, canceled, or revoked by, or involuntarily surrendered to any federal, state or local government agency, division or department;
- _____ j. an individual or entity that has been removed from or prohibited from participating in the affairs of any insured depository institution pursuant to any final enforcement action taken by any federal and or state banking agency;
- _____ k. an individual or entity that has been informed of, or been subject to any legal proceeding involving fraud, criminal activity or breach of fiduciary duty in any jurisdiction (internationally and nationally) in the past five years;
- _____ l. an individual or entity that is currently undergoing a dispute or engaged in unresolved matters involving correspondence with the IRS or other U.S. Government Agency;
- _____ m. an individual or entity that is currently, or has been previously, subject to any investigations with respect to Anti-Money Laundering requirements, or Patriot Act violations; or
- _____ n. an individual or entity that is currently subject to a pending enforcement action or regulatory investigation due to any potential Real Estate Settlement Procedures Act, Fair Credit Reporting Act, or Gramm-Leach-Bliley Privacy Act violations.

- _____ 9. Within the past ten (10) years, neither Bidder, nor any person or entity controlling Bidder:
- _____ a. has entered against it an order for relief under the United States Bankruptcy Code, as amended, or under any other law relating to bankruptcy, insolvency or reorganization or relief of creditors;
 - _____ b. has failed to pay, or admitted in writing its inability to pay, its debts generally as they become due;
 - _____ c. has made a general assignment for the benefit of its creditors;
 - _____ d. has had appointed, or applied for, sought, consented to, or acquiesced in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its assets or properties;
 - _____ e. has instituted any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or failed to file an answer or other pleading (within the time frame by which such answer or other pleading is due) denying the material allegations of any such proceeding filed against it;
 - _____ f. has taken any corporate, partnership or similar (as applicable) action to authorize any matter described in any of clauses (i) through (v) of this paragraph;
 - _____ g. has been, or been a key employee with, a Failed Financial Institution within the past seven years, or been restricted/prohibited from participating in the affairs of a Failed Financial Institution;
 - _____ h. an individual or entity that currently has a delinquent obligation to HUD, any Federal agency or a failed financial institution of \$50,000 or more; or
 - _____ i. an individual or entity that, if such entity is an FDIC insured depository institution, has a Memorandum of Understanding or other regulatory agreement that would prohibit or restrict participation in this type of transaction.

If the respondent truthfully certifies to each of these statements, the Bidder will meet minimum eligibility under Part I.A and I.B for participation in this Program. Where Bidder cannot so certify and provides further information, the Bidder may provide a supplemental response, which may demonstrate minimum eligibility under these sections has been achieved. Any additional information so provided will be necessary to determine whether the Bidder's answers in Part 2 will be evaluated. Bidder's supplemental response must indicate that the infraction/action 1) can be demonstrated to be minor and isolated, 2) is reflective of extraordinary circumstances that will not be applicable to the activities proposed under this solicitation, and 3) does not represent a legal impediment to doing business with HUD/FHA.

C. Qualifications of Servicer and Asset Manager to Effectively Perform

1. Please answer the following question on behalf of the entity identified in Section 1(A) above as Bidder's Servicer.

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

Yes _____ No _____

2. Please answer the following questions on behalf of the entity or entities identified in Section 1(A) above as Bidder's Asset Management and Property Manager.

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

Yes _____ No _____

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

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

Yes _____ No _____

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

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

Yes _____ No _____

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

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

Yes _____ No _____

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

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

Yes _____ No _____

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

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

Yes _____ No _____

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

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

Yes _____ No _____

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

- H. Does the Asset Manager / Property Manager and/or its holding companies have a net worth in excess of \$500,000?

Yes _____ No _____

Please provide the entities' audited financial statements for the most recent year. If audited financials are not available, please submit unaudited financials with an explanation why audited financials are unavailable.

Describe the assets currently under management by the Asset Manager/Property Manager using the sections below. Check the box next to the geographic area(s) in which you are interested, and provide the requested information for those geographic area(s) as well as at the national level.

For further information on the geographic areas that constitutes a particular Metropolitan Statistical Area (MSA) or Metropolitan Division (MD), please refer to the Office of Management and Budget Statistical Programs and Standards, available at: http://www.whitehouse.gov/omb/inforeg_statpolicy.

Total Portfolio Under Management

<i>Single Family</i>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Single Family (1-4 units)		
<i>Multi-Family</i>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Multi Family (5-20 units)		
Multi Family (over 20 units)		

WASHINGTON, D.C./BALTIMORE MSA

<i>Single Family</i>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Single Family (1-4 units)		
<i>Multi-Family</i>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Multi Family (5-20 units)		
Multi Family (over 20 units)		

ATLANTA MSA

<i>Single Family</i>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Single Family (1-4 units)		
<i>Multi-Family</i>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Multi Family (5-20 units)		
Multi Family (over 20 units)		

☐ GREATER INDIANAPOLIS

<u>Single Family</u>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Single Family (1-4 units)		
<u>Multi-Family</u>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Multi Family (5-20 units)		
Multi Family (over 20 units)		

☐ LAS VEGAS MSA (Nevada only)

<u>Single Family</u>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Single Family (1-4 units)		
<u>Multi-Family</u>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Multi Family (5-20 units)		
Multi Family (over 20 units)		

☐ STATE OF CALIFORNIA

<u>Single Family</u>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Single Family (1-4 units)		
<u>Multi-Family</u>	<u>Number of Buildings</u>	<u>Aggregate Number of Units</u>
Multi Family (5-20 units)		
Multi Family (over 20 units)		

Part 2: Bidder Capabilities and Approach

A. Default Servicing

Default Servicing Experience (4 narrative pages maximum)

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

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

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

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

B. Asset Management

Asset Management Experience (4 narrative pages maximum)

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

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

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

Asset Management Approach (4 narrative pages maximum)

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

1. A viable and achievable financing plan for rehabilitating the proposed portfolio. Please include as an attachment a sources and uses or proforma document that details projected revenues and expenditures. For each source of capital please specify whether it is currently committed to the project. Also please detail the assumptions that are used in creating the financing plan as to timing of investment and levels of rehab and amount of soft costs for each particular portfolio. Please detail the process for implementing and completing any necessary rehabilitation, and your ability to secure zoning, licenses, permits and other approvals and to engage and oversee architects, engineers, contractors and other vendors;
2. A detailed description of your specific strategies to achieve the Neighborhood Stabilization Outcomes, including plans to lease back to current homeowners, lease-to-own strategies, housing counseling and credit reporting;
3. Evidence of ongoing, established business processes for **critical asset management tasks**, including those identified in the chart below, particularly as it relates to quality control and oversight plans for ensuring that any associated risks will be addressed proactively.
4. That all **critical asset management tasks** (including in particular those identified in the chart below) are either performed by internal staff or by other identified and experienced contracted parties. In particular, please describe the relationship between the property management company and the asset management company, if different entities.

Place an “x” next to each task that the Asset Manager routinely performs. Please provide an explanation for any critical tasks not performed regularly.

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

C. Property Management

Property Management Capacity (4 narrative pages maximum)

Infrastructure and Capabilities Description: For the Property Manager identified in Section 1(A)(1) above that will provide the property management services for the proposed portfolio, please illustrate the existing capacity to manage rental properties, particularly scattered site single family or smaller multifamily properties.

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

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

Property Management Approach (6 narrative pages maximum)

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

1. Local engagement. In particular, FHA will consider:
 - a. The extent to which the Property Manager anticipates or has identified particular local needs of each MSA. To what extent will the Property Manager utilize local property management expertise for delivering and receiving services at the MSA or jurisdictional level.
 - b. Any pre-existing agreements, strategic alliances, or other arrangement of the Property Manager with a particular customer, market, technology, or product that could enhance or adversely impact performance including any licensing, cross licensing or other contractual agreements that set forth limitations (e.g., exclusivity) on performing any of the services required.
 - c. The plan for community engagement and neighborhood outreach that will enhance your ability to achieve the desired Neighborhood Stabilization Outcomes.

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

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

- a. Work order processing reports;
- b. Annual operating budgets;
- c. Portfolio and property level reports (monthly, quarterly, and annual), including income and expense statements and rent roll;
- d. Property condition assessments and reports;
- e. Occupancy reports by unit type and income eligibility restrictions (as applicable);

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

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

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

Part 3. General Information and Instructions

<u>CHECKLIST</u>	
<i>Note: In order to ensure that the application has been fully and accurately completed, please complete the following checklist.</i>	
1. Have you provided all necessary certifications, legal and otherwise?	
2. Have you provided a detailed explanation for how you will accomplish the Servicing goals of the pool?	
3. Have you provided a detailed explanation of you Asset Management Approach?	
4. Have you provided a detail explanation of your Asset Management Capacity?	
5. Have you provided a detailed explanation of your Property Management Approach?	
6. Have you provided a detailed explanation of your Property Management Capacity?	
7. Have you included all requested documentation, including:	
7a. Audited Financial statements (Part C.2.H, Page 13)	
7b. Dollar and volume of delinquent loans serviced in the past two years (Part 2.A.1, Page 16)	
7c. Resumes/Bios of 2-3 key asset managers with principal responsibility for the portfolio (Part 2.B, Page 16)	
7d. Samples of annual financial statements, a work order (or similar), and a watch list (or other similar risk-based assessment tool) (Part 2.B.1, Page 17)	
8. Have you used the proper formatting for submitting this document, including:	
8a. Double-spacing all narrative pages	
8b. Using 8.5 x 11” Paper	
8c. Using one-inch margins	
8d. Using 12-point Times New Roman font	
8e. If a section is not applicable, marking it “N/A”	
8f. Indicating the question number in your response	

9. Have you initialed all boxes in the acknowledgement and agreements section? (Below)	
10. Have you signed the application?	

Bidder's primary notification source (Please circle the primary notification source to indicate how you learned about HUD's DASP Sale)

- a) Federal Register Notice
- b) HUD Website
- c) HUD Personnel: (please specify) _____
- d) Social Media: (please specify) _____

- e) DebtX Website
- f) DebtX Email
- g) Advertisement: (please specify)

- h) Other: (please specify)

Part 4. Acknowledgements and Agreements

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

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

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

However, the Bidder must submit documentation prior to the First Settlement Date demonstrating that the SPE Acquisition Vehicle is organized and structured in strict compliance with the structure proposed, and relied upon by HUD, in qualifying for this Sale. Additionally, both Bidder and the SPE will be designated as counterparties with HUD on sale.

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

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

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

_____ Bidder acknowledges and agrees that information, including summary data, will be made available to assist Bidder in evaluating the risks involved in acquiring the Mortgage Loans and whether or not it chooses to review any information that is made available to it, Bidder has the ability and shall be responsible for making its own independent investigation and evaluation of the Mortgage Loans and the economic, credit or other risks involved in an acquisition of the Mortgage Loans, including, without limitation, the restrictions on resale or other liquidation upon any of the Mortgage Loans.

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

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

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

_____ Bidder understands that the certifications, representations, and warranties contained in this qualification statement are made for the purpose of qualifying Bidder as a qualified bidder at the Sales. Bidder hereby represents that the above certifications and all information provided herein are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the time of Sale, and understands that FHA/HUD is relying upon the truthfulness and correctness of such statements.

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

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

- (i) Fines and imprisonment under 18 U.S.C. §§ 287, 1001, 1010, 1012, which provides for fines of a maximum of \$25,000 for individual and \$500,000 for organizations or imprisonment for up to 5 years or both; or
- (ii) Civil penalties and damages under 31 U.S.C. § 3729, of not less than \$5,000 and not greater than \$10,000 plus 3 times the amount of damages which the government sustains; and
- (iii) Administrative sanctions, claims, and penalties by HUD pursuant to 24 C.F.R. Parts 24, 28, and 30.

Dated: _____, 20__

BIDDER: _____
(Print or Type Name of Bidder)

By: _____

Printed Name: _____

Print Title: _____