

FHA SINGLE FAMILY LOAN SALES QUALIFICATION STATEMENT ADDENDUM FOR NONPROFIT AND GOVERNMENT POOLS AND SUB-POOLS

Public Reporting Burden for this collection of information is estimated to average .25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions to reduce this burden, to the Reports Management Officer, REE, Department of Housing and Urban Development, 451 7th Street, SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2502-0576. HUD may not conduct and sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid OMB control number. The collection of information is necessary to ensure that bidders are qualified to bid on the assets available for sale. HUD will use the information to: (1) monitor program participants' compliance with requirements, and (2) to detect fraud. The information requested is required to obtain and retain benefits. HUD is authorized to collect this information under Section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Appropriations Act of 1997 (12 U.S.C 1715z-11a) and 24 C.F.R. Part 290. No assurance of confidentiality is pledged to respondents, although HUD generally discloses this data only in response to a Freedom of Information Act request to the extent required by law.

NOTE: This Qualification Statement Addendum is applicable ONLY to the FHA Single Family Loan Sale pools of forward or reverse Mortgage Loans, as applicable, that are designated for Nonprofit and Government bidders only (“Nonprofit and Government Pools”) and any sub-pool of loans in the Sale (“Nonprofit and Government Sub-Pools”), if applicable.

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) (“FOIA”). 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.

Qualification Statement Addendum for Nonprofit and Government Pools and Sub-Pools

HUD Form 9612 (6/2020)

NOTE: The following information is being solicited with respect to the individual or entity that will submit a bid in the Sale to acquire the Mortgage Loans.

1. Bidders must check one or more of the following statements in subsection A. and one or more of the following statements in subsection B. to be considered for approval as a “qualified bidder” for any Nonprofit and Government Pools and Nonprofit and Government Sub-Pools, if applicable. (CHECK ALL THAT ARE APPROPRIATE):

A. Entity Structure

() i. Bidder is a nonprofit that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C.A. § 501(c)(3)).

() ii. Bidder is a joint venture involving a 501(c)(3) organization (a “Nonprofit Joint Venture”), and the 501(c)(3) organization’s control over the Nonprofit Joint Venture is sufficient for a determination that the Nonprofit Joint Venture operates in a manner consistent with the 501(c)(3) organization’s charitable purpose.

() iii. Bidder is a Nonprofit Instrumentality of Government. This is a 501(c)(3) organization that was established by a governmental body or with governmental approval under special law to serve a particular public purpose, or is designated an instrumentality by law.

() iv. Bidder is a Governmental Entity or an Instrumentality of Government. Governmental Entity refers to any federal, state, or local government agency or instrumentality. An Instrumentality of Government refers to an entity that was established by a governmental body or with governmental approval or under special law to service a particular public purpose or designated by law and does not have a 501(c)(3) status.

() v. Bidder is a joint venture involving a Governmental Entity that has been established in order to carry out the Governmental Entity’s purpose (a “Governmental Joint Venture”).

B. Net Worth

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

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

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

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

U.S. Department of Treasury
Financial Management Service
Surety Bond Branch
3700 East West Highway, Room 6F01
Hyattsville, MD 20782
Or via the internet at <https://fiscal.treasury.gov/surety-bonds/circular-570.html>.

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

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

2. IRS Tax-Exempt Status. Please submit an IRS Determination Letter providing an effective date of exemption that is at least two years prior to the execution date of this Certification, or the reason such a letter is not applicable (e.g., Governmental Entity or its Instrumentality of Government is not a 501(c)(3) organization).

3. Organizational Chart. Please provide an organizational chart that graphically depicts the board of directors, employees and all entities and contemplated partners and their respective ownership percentages within the Bidder. This chart should show the contractual or equity relationships.

Sections 4 through 7 are not applicable to Governmental Entities, Instrumentalities of Government, Nonprofit Instrumentalities of Government, and Governmental Joint Ventures. HUD reserves the right to request additional documentation to support nonprofit Bidder’s certifications. For Nonprofit Joint Ventures, the participating nonprofit must provide the following certifications or must attach a separate document containing these certifications to this Qualification Statement Addendum. If the participating nonprofit cannot certify to any subsection of Sections 4, 5, or 6 below, please describe and explain in an attached document not to exceed one page the circumstances or other information that may render such failure to certify immaterial for the purposes of the Nonprofit Joint Venture qualifying for the Sale.

4. The nonprofit certifies that:

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

5. The nonprofit certifies that:

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

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

- _____ i. its operations are independent of the influence, control or direction of any consultant or outside party;

- ii. that its consultants – administrative, management, financial, or otherwise - provided under an independent contractor relationship are arm’s length and do not constitute more than half of the nonprofit’s activities; and
- iii. it has the in-house resources and capacity to operate its own program, and contracts for services only on a temporary or supplementary basis.

If a nonprofit cannot certify to any subsection of Section 7 below, please describe and explain in an attached document not to exceed one page the debarment, suspension, or other exclusion and any extenuating circumstances or other information that may render such debarment, suspension or exclusion immaterial for the purposes of qualifying for the Sale. Please provide a copy of any order or agreement imposing such debarment, suspension or exclusion.

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

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

8. _____ 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.

9. _____ 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.

10. _____ Bidder hereby certifies that it is submitting this Qualification Statement Addendum with the goal of purchasing one or more Nonprofit and Government Pools or Sub-

Pools and resolving the loans acquired in such pools or sub-pools in a manner furthering the 501(c)(3) charitable purpose or government purpose of the Bidder or its joint venture partner, as noted in Section 1.A. above.

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

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

The Bidder and the person signing on behalf of the Bidder certify that the information provided on this form and in any accompanying documentation is true and accurate

Dated: _____, _____

BIDDER: _____

By: _____
Printed Name: _____
Print Title: _____

IF THE NONPROFIT IS NOT THE BIDDER ENTITY:
NONPROFIT:

By: _____
Printed Name: _____
Print Title: _____