

## INTRODUCTION

FHA will offer the Single Family Joint Venture 2008 (SFJV 2008) sale in connection with the New Options for Workouts for FHA (FHA NOW) Pilot. In this sale, FHA will sell a majority interest in a public/private joint venture formed to acquire, service and dispose of a pipeline of defaulted mortgage loans secured by single family properties.

SFJV 2008 includes all Homeownership Centers and focuses on loans from targeted high-default areas. It is anticipated that approximately seventy-five percent of the loans submitted will be from these "Target Areas." The Target Areas are defined as the top 50 Metropolitan Statistical Areas (MSAs) with the Highest Single Family Default Rates as published in the Monthly Report to the FHA Commissioner dated June 30, 2008.

The successful bidder will be the bidder whose pricing maximizes the overall value to FHA at the equity level FHA selects.

## PRELIMINARY SALE SCHEDULE

2008

Bid Package Available	September 5
Bidder Conferences Begin	Week of September 22
Historical Claims Data	Week of September 29
Bidding Materials	Week of October 13
Bid Date	October 22
Best and Final (if required)	October 23
Bid Award	October 23/24
Closing	November 5

## ANTICIPATED PIPELINE

Unpaid principal balance:	\$400 - 800 Million
Number of mortgage loans:	4,000 – 8,000

## BIDDING STRUCTURE

FHA will conduct a sealed bid auction. The bidders will be bidding to acquire a majority membership in SFJV 2008. Bidders will be required to submit bids on a forward pipeline of mortgage loans to be transferred or sold to the SFJV 2008 partner by FHA in return for an ownership interest in SFJV 2008.

The mortgage loans will be priced by bidders for sale to SFJV 2008 on pricing matrices that categorize mortgage loans according to unpaid principal balance (UPB), loan-to-value, state foreclosure timeframes, and days from the initiation of foreclosure. Deliveries of mortgage loans to SFJV 2008 will occur monthly for a base period of six months, with the option to extend for one six month option. The number of mortgage loans delivered each month will vary. Although the servicers that assign the mortgage loans to FHA for delivery to SFJV 2008 will commit to minimum delivery requirements, FHA cannot guarantee any minimum number of loans to SFJV 2008 and there can be no assurances that the servicers' delivery requirements will be met.

Bidders are required to submit bids to purchase ownership of three different levels of ownership interest in SFJV 2008 – 60%, 75% and 90%. Bids will be expressed as a percentage of UPB. Each bidder will be required to submit a deposit with its bid equal to 5% of the bidder's highest bid.

## BIDDER INFORMATION

To assist bidders in the preparation of bids, a bid package will be available with the following information:

- Servicing Agreement
- Conveyance, Assignment and Assumption Agreement
- Limited Liability Company Agreement
- Overview of the transaction
- General information about the mortgage loans eligible to be transferred to SFJV 2008 and the FHA NOW Pilot.

It is anticipated that supplements to the bid package will contain the following:

- Historical data on FHA single family insurance claims paid by FHA nationwide for FY 2006 through FY 2008 year to date (YTD)
- Historical data on expenses incurred and recoveries received by FHA with respect to nationwide claims for FY 2006 through FY 2008 YTD
- Historical nationwide default outcome and foreclosure timeline data on FHA-insured single-family mortgage loans
- Pricing Matrices
- Commitment levels of the participating servicers to deliver loans to FHA
- Participating Servicer Agreement
- General bidding instructions and conditions, and related forms
- Wire transfer instructions
- Bid evaluation model and bid model instructions
- Bidders Guide to FHA e-Bid

## BIDDER CONFERENCES

Bidder Conferences are scheduled to begin the week of September 15, 2008. Qualified bidders will be given an overview of the SFJV 2008 sale.

## FHA NOW PILOT SUMMARY

FHA will pay a claim on a defaulted mortgage and transfer the assigned mortgage loan to a joint venture for servicing, restructuring, foreclosure, property management, asset disposition and other disposition alternatives, as in four prior transactions. Under the terms of the FHA NOW Pilot Participating Servicers will assign mortgages to the Joint Venture and the Joint Venture will be required to avoid foreclosure for three months.

## BIDDER QUALIFICATION

To obtain the bid package, prospective bidders must submit a completed Bidder's Qualification Statement. This document, as well as the Certificate of Independent Pricing that will have to be submitted by each bidder with its bid, are available on the FHA Single Family Loan Sale page at:

[www.hud.gov/fhaloansales.cfm](http://www.hud.gov/fhaloansales.cfm)

Mail and fax executed Bidder's Qualification Statement to:

**Department of Housing and Urban Development  
451 7<sup>th</sup> Street, S.W. Room 3136  
Washington, DC 20410**

**Attention: Asset Sales Office  
Fax: 202-708-2771**

Submit any questions to:

**1-800-481-9895 or [assetsales@hud.gov](mailto:assetsales@hud.gov)**

## FHA ASSET SALES WEBSITE

The FHA Asset Sales website provides information about current and past FHA sales, general information about FHA, and answers to frequently asked questions. Answers to questions posed by qualified bidders will be posted to this website periodically throughout the bidder review period so all qualified bidders with passwords can access the responses. The website can be accessed at the following web address:

[www.hud.gov/fhaloansales.cfm](http://www.hud.gov/fhaloansales.cfm)

If you need assistance with the website, contact:

Erik Cribbs  
451 7th Street, S.W., Room 3136  
Washington, D.C. 20410  
Telephone: (202) 708-2625  
Email: Erik.M.Cribbs@hud.gov

## DISCLAIMER

No representation or warranty, whether expressed, implied or created by operation of law, is made by HUD, FHA, or any of their respective affiliates, contractors, subcontractors, directors, officers, partners, employees, counsel, advisors or agents, as to the accuracy or completeness of the information contained herein or otherwise made available to prospective bidders in connection with the SFJV 2008 sale and no legal liability with respect thereto is assumed or may be implied.

No person has been authorized to make any written or oral representation as to the accuracy or completeness of the information contained or the materials referred to in this announcement and, if given or made, any such representation must not be relied upon. The purchase of an interest in SFJV 2008 involves substantial risk, and prospective bidders should, along with their advisors, undertake such investigation, as they deem advisable to evaluate the risks associated with such purchase.

This announcement is not an offer to sell or a solicitation of an offer to buy an interest in SFJV 2008 or the mortgage loans that are to be acquired by SFJV 2008. Passwords providing access to further information concerning the sale will be furnished only to, and bids will be accepted only from, bidders who certify that they have such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks, and the resources to bear the risks, of a purchase of an interest in SFJV 2008, and who have supplied the appropriate documentation required to become a qualified bidder.



## SINGLE FAMILY JOINT VENTURE LOAN SALE 2008

**Bid Date  
October 22, 2008**

Approximate UPB: \$400 - \$800 Million  
Number of Loans: 4,000 - 8,000

Office of Housing  
451 7<sup>th</sup> Street, SW, Room 3136  
Washington, DC 20410