



# FORECLOSURE SALE

Victory House  
4425 Plymouth Drive  
Knoxville, TN 37914

A 6-bedroom former Group Home

## Is offered for sale at foreclosure:

- ❖ This is an "all-cash", "as-is" sale. HUD is not offering financing with this sale.
- ❖ Purchaser to determine future use.



Oral bids will be accepted on:

November 27, 2017

at: 10:30 a.m. (local time)

Sale Location:

City County Building  
North Side Entrance  
400 Main Street  
Knoxville, TN 37902



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.



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







## 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 High Bidder, obligating the High Bidder to the terms and requirements of the Foreclosure Sale, the form of which is attached to this Invitation as Attachment B.
3. **Act:** Multifamily Mortgage Foreclosure Act, 12 U.S.C. § 3701-15.
4. **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.)
5. **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. Funds shall be paid in the form of a money order, certified funds or a cashier's check made payable to: The U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
6. **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.
7. **Closing:** When title to the Project is transferred to the bidder that HUD deems qualified to purchase the Project.
8. **Days:** Federal government business days, unless otherwise stated as calendar days.
9. **Deed:** see Foreclosure Deed.
10. **Earnest Money Deposit:** The amount of the deposit identified in the Property at a Glance. Must be submitted at the Foreclosure Sale.
11. **Eligibility:** To be eligible to have a bid considered, the bidder's Previous Participation Certification must receive HUD's approval. Note that approval of your Previous Participation Certification does not obligate HUD to approve your project application, and it does not satisfy all other HUD program requirements relative to your qualifications.
12. **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).
13. **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.
14. **Extension Period:** Extensions of time for Closing are granted for a thirty (30) calendar day period.
15. **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.
16. **Foreclosure Deed:** The deed that will transfer title to the Purchaser. It will not contain any warranties of title.
17. **Foreclosure Sale:** Sale of the Project resulting from a mortgage foreclosure by HUD.
18. **High Bidder:** Highest, responsive bidder at Foreclosure Sale.
19. **Highest Bidder:** meant the bidder placing the highest bid at the Foreclosure Sale.
20. **Post-Bid Document Submittals:** All documents, statement, and forms listed in the Invitation that must be submitted by High Bidder in order to be considered for HUD approval to purchase the Project.
21. **Previous Participation Certification:** Form HUD-2530. The information within this form, in combination with other factors and submitted documentation, will be used to determine whether HUD will approve a bidder to purchase, operate, and/or manage the Project.
22. **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.)

23. Project: The multifamily apartment project and all real and personal property appurtenant thereto, as presented on the cover of this Invitation.
24. Property at a Glance: Contains information about the Project and contact information for the Realty Specialist – see Attachment A to Invitation.
25. Purchaser: Person or entity receiving HUD approval to purchase the Project.
26. 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.
27. 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 High Bidder hereafter will be deemed to be to and those of Second High Bidder.
28. 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 Acknowledgement, and thereafter be deemed to be the Highest Bidder.
29. Statement of Experience: The written statement to be submitted by High Bidder, as part of the qualification process in order to be considered by HUD for approval to purchase the Project.
30. 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 the 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:** HUD is not requiring repairs. Purchaser to determine future use.
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) 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, 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, and an Organizational Chart of the proposed ownership entity to the Realty Specialist.
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 High 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. 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 High Bidder.
6. **NOTIFICATION TO THE HIGH AND SECOND HIGH 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 High 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 High Bidder must submit the following items within the timeframes shown below:
  - a. Five (5) Days After Foreclosure Sale:
    - i. Previous Participation Certification:
      - (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:** 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: A completed and original, Attachment G to this Invitation. If HUD determines that such projects of the High Bidder, are not in substantial compliance with state and local codes, HUD may determine that the High Bidder is not qualified to purchase the Project. The Earnest Money Deposit may be forfeited.



- b. Ten (10) days After Foreclosure Sale: The High Bidder must submit the documents checked below:
- Form HUD-2530 for Purchaser, if different from High Bidder
  - Personal Financial and Credit Statement (Form HUD 92417), for each proposed
- c. Fifteen (15) days After Foreclosure Sale: Electronic filing of the Form HUD-2530 for the management agent or the High 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**

- i. Submission and approval of Previous Participation Certification,
- ii. Submission of Certification of Substantial Compliance.  
(See Section 4, paragraph 2 for more information)
- iii. If HUD rejects the High Bidder, HUD may in its sole discretion elect to contact the Second High Bidder, and/or succeeding bidders as bidders withdraw or do not qualify, to purchase the Project. If contacted by HUD, the Second-High bidder or succeeding bidder will be offered the opportunity to purchase the Project and will be given twenty-four (24) hours to submit 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 is qualified to purchase the Project;
- iv. HUD's notification of rejection due to lack of 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 High Bidder. Interest will not be paid on Earnest Money Deposits.

- a. If HUD determines that the High Bidder has eligibility and is qualified to own and manage the Project, its bid is acceptable and 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 High Bidder, it is found that the High 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 High Bidder is determined not to be qualified to purchase the Project **and** the High Bidder has complied with the requirements of this Invitation the Earnest Money Deposit will be refunded.
- e. If the High Bidder has failed to comply with the provisions outlined in this Invitation, the Earnest Money Deposit will be forfeited.

5. **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).

6. **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. **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, in the form of a money order, certified funds or cashier's check made payable to:

**THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

6. **CONVEYANCE:** Conveyance of the Project shall be by Foreclosure Commissioners Deed ("Deed"). The Deed will not contain any warranties of title.
7. **RECORDATION OF DEED:** HUD shall record the Deed and the Use Agreement.
8. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING:**  
 **Foreclosure Sale Use Agreement**       **Letter of Credit**       **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:** Reserved
- ATTACHMENT E:** Reserved
- ATTACHMENT F:** Reserved
- ATTACHMENT G:** Certification of Substantial Compliance

**THESE FORMS ARE AVAILABLE AT**

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/forms](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms)

**OR USE THE URL PROVIDED BELOW TO OBTAIN THE FORM**

<input checked="" type="checkbox"/>	Previous Participation Certification (Form HUD-2530) <a href="http://portal.hud.gov/hudportal/documents/huddoc?id=2530.pdf">http://portal.hud.gov/hudportal/documents/huddoc?id=2530.pdf</a>
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner <a href="http://portal.hud.gov/hudportal/documents/huddoc?id=92417.pdf">http://portal.hud.gov/hudportal/documents/huddoc?id=92417.pdf</a>

**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

### Victory House FHA #: 087-HD017

ADDRESS: **4425 Plymouth Drive  
Knoxville, TN 37914**  
COUNTY: **Knox**

EARNEST MONEY: **\$10,000** SALES PRICE: **Unstated Minimum**  
TERMS **"All Cash- As Is"; 30 calendar days to close**  
LETTER OF CREDIT: **N/A** SALE TYPE: **Foreclosure**

#### PROJECT INFORMATION

<b>Total Units</b>	<b>Residential</b>	<b>Commercial</b>	<b>Foundation:</b>	Concrete slab on grade
<b>1</b>	Revenue <b>1</b>	<b>0</b>	<b>Roof:</b>	Composition Shingle
	Non-Revenue <b>0</b>		<b>Exterior:</b>	Wood frame with brick veneer
<b>Building/Site Type</b> Single Family Home			<b>Floors/Finish:</b>	Wood/Carpet/Ceramic Tile

<b>Number of Buildings</b>	<b>Stories</b>	<b>Year Built</b>	<b>Rehab Year</b>	<b>Approximate Site Acreage</b>	<b>Approximate Net Rentable Area</b>
<b>1</b>	<b>1*</b>	<b>1955</b>	<b>Unknown</b>	<b>.5</b>	<b>1400 sq. ft. each level</b>

#### Mechanical Systems

<p><b>Heating:</b> Fuel <b>Electric</b> System <b>Central</b></p> <p><b>Hot Water:</b> Fuel <input type="text"/> System <input type="text"/></p>	<p style="text-align: center;"><b>Air Conditioning</b></p> <p>Central/Electric Thermo-pane</p>
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#### Utilities

Public Water	<input checked="" type="checkbox"/>
Gas Main	<input type="checkbox"/>
Electric	<input checked="" type="checkbox"/>
Sanitary Sewer	<input checked="" type="checkbox"/>
Storm Sewer	<input type="checkbox"/>
Septic Tank	<input type="checkbox"/>

#### Parking

Street	<b>Asphalt</b>
Curb	<b>Concrete</b>
Sidewalk	<b>N/A</b>
Parking Lot	<b>Asphalt</b>
Parking Spaces	<b>1</b>
	<b>12</b>

#### Apartment Features

<input checked="" type="checkbox"/>	Air Conditioning
<input checked="" type="checkbox"/>	Dishwasher
<input type="checkbox"/>	Microwave
<input checked="" type="checkbox"/>	Garbage Disposal
<input checked="" type="checkbox"/>	Refrigerator
<b>Elec</b>	Range/Oven
<input checked="" type="checkbox"/>	Drapes/Blinds

#### Community Features

<input type="checkbox"/>	Garage
<input type="checkbox"/>	Covered Parking
<input type="checkbox"/>	W/D Hookup
<input type="checkbox"/>	Cable/Sat Hookup
<input checked="" type="checkbox"/>	Laundry Facility
<input type="checkbox"/>	Pool
<input checked="" type="checkbox"/>	Community Space

#### Owner Expense

<b>Refuse Removal</b>
<b>Electricity</b>
<b>Water</b>

#### Tenant Expense


#### OCCUPANCY

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

#### ESTIMATED ANNUAL RENTAL INCOME and EXPENSE:

# of Units	Type (# of Bdrs)	Approx Square Feet	Current Gross Rent	After Sale Rent	Total After Sale Rent
<b>1</b>	<b>6</b>	<b>2800</b>	<b>767</b>		
<b>Estimated/Possible Monthly Total</b>					

Total Estimated/Possible Annual Income	
<b>Rent</b>	
<b>Commercial</b>	
<b>Parking</b>	
<b>TOTAL</b>	
Estimated Annual Expenses	
<b>Administrative</b>	
<b>Utilities</b>	
<b>Operating</b>	
<b>Taxes/Insurance</b>	
<b>Reserve/Replace</b>	
<b>Total</b>	

#### COMMENTS CONCERNING PROJECT INFORMATION:

\*The property is a one-story residence with full walk-out basement. This is a six-bedroom former group home. Size is estimated at approximately 1400 square feet on each level. On the upper level, there is a living room, dining room, kitchen, bathroom (with separate shower and tub), and three bedrooms. On the lower level, there is a den (with wood-burning fireplace), laundry, bathroom (tub/shower combo), mechanical spaces and three bedrooms.

The property contains mold. The purchaser shall inspect and remediate for, at a minimum, asbestos, lead based paint and mold.

Purchaser to determine future use of property.

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.

## 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 evidence of bidding eligibility, the Earnest Money Deposit, forms and statements as required in the Invitation. High Bidder will be reviewed to determine if eligible to bid and qualified to purchase the Project.
- Among other requirements, the High Bidder 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.
- High 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.**
- Closing is to be held thirty (30) calendar days after HUD notifies the High 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 \$30.89 per unit per calendar day for each thirty (30) calendar day period.

**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](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 Victory House:

**MUST BE PRESENTED ON:  
November 27, 2017**

**At: 10:30 a.m. (local time)**

**Location:**

**City County Building – North Side Entrance  
400 Main Street  
Knoxville, TN 37902**

### HUD Office and Contact Information for submission of documents:

Fort Worth HUD Office  
Multifamily Property Disposition Division, 6AHMLAT  
801 Cherry Street, Unit #45, Suite 2500  
Fort Worth, TX 76102

**Realty Specialist:** Farla Knight  
Phone: (817) 978-5810  
Fax: (817) 978-6018  
Email: [farla.g.knight@hud.gov](mailto:farla.g.knight@hud.gov)

**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.**

**ATTACHMENT B**

TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER

**PART I**

BID PRICE - The Undersigned, \_\_\_\_\_, (the "High Bidder") submits a bid of \_\_\_\_\_ dollars (\$) at the Foreclosure Sale of **Victory House** (4425 Plymouth Drive Knoxville, TN 37914) (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 High Bidder at Closing, in the form of a money order, certified funds, or cashier's check 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 High 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. High Bidder 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 High Bidder at Closing.

**PART II**

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

1. **ACKNOWLEDGMENT OF TERMS:** High 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.
2. **EXECUTION OF USE AGREEMENT:** Without limiting the foregoing, at Closing High Bidder 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 HIGH BIDDER:**
  - a. **Five (5) Days After Foreclosure Sale:**
    - i. **Previous Participation Certification:**
      - (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:** 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:** Complete, original certification (Attachment G). The High Bidder must certify to HUD that any/all projects that are owned by the High 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 High Bidder are not in substantial compliance with state and local codes, HUD may refuse to sell the Project to the High Bidder and retain its Earnest Money Deposit.

4. ESTABLISHMENT OF CLOSING DATE, TIME AND PLACE:
  - a. Time is of the essence.
  - b. If HUD approves the High Bidder as being qualified, the High Bidder will be confirmed, identified as the Purchaser and notified in writing of the approval. 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. Payment will be made by submitting a cashier's check made payable to: **U. S. Department of Housing and Urban Development**
7. 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.
8. 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, 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. ~~\$30.89~~, per unit, per calendar day, which is ~~\$185.34~~ daily, a cost of ~~\$5,560.20~~, 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**

9. 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 Eligibility 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.
10. 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. High 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. High 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.
11. 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. 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.
12. LIMITATION OF LIABILITY: In no event shall HUD's liability exceed the portion of the bid price that has been paid to HUD.
13. ANTI-COLLUSION CERTIFICATION:
- a. The High 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 High 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.
14. FAILURE TO COMPLY: Upon the failure or refusal of the High Bidder to comply with any of the requirements listed above or elsewhere in this Invitation, HUD may declare the High Bidder ineligible to purchase the Project. In which case the High 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 High 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 High Bidder does not meet this obligation,

HUD reserves the right to reject the bid and retain the High Bidder's Earnest Money Deposit and any Extension Fees paid.

- 15. 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.
- 16. ASSIGNMENT: The High Bidder may not assign its rights and responsibilities under this Acknowledgment without the prior written approval of HUD.
- 17. 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.
- 18. REQUIRED STATEMENTS AND FORMS: The High Bidder acknowledges the receipt of the Use Agreement applicable to this Project's Foreclosure Sale and the inclusion of the following requirements to that Use Agreement:
  - Conveyance
  - Demolition of Project
  - Environmental Hazards
  - Nondiscrimination against Section 8 Certificate Holders and Voucher Holders
  - Post-closing Repairs
  - Condition of Units
  - Enforcement

19. EXECUTION

- a. By signature below, High Bidder indicates acknowledgment of an 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 High Bidder, the signatory attests to be duly authorized to submit the bid on behalf of the High 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:(\_\_\_\_)\_\_\_\_ - \_\_\_\_\_



Exhibit A  
Legal Description

SITUATED in District 7, Knox county, Tennessee and within the 30<sup>th</sup> Ward of the City of Knoxville, Tennessee, being known and designated as all of Lot 7, Block "B", Holston Heights Subdivision of record in Map 19 page 547 in the Knox County Register of Deeds Office and being further described as follows:

BEGINNING at an iron pin in the West line of Plymouth Road, said pin being located South 58 deg 44 min West, 315.2 feet from a nail set at the centerline Point of Intersection of Dartmouth Road and Plymouth Drive; thence with the West Right of Way line of Plymouth Drive, South 01 deg 25 min 00 sec East, 124.85 feet to a chisel mark in a concrete driveway common corner to Lot 7; thence with said lot, South 81 deg 05 min 48 sec West, 161.59 feet to an iron pin corner to Lot 7; thence with the line of Lot 16 and 15 North 05 deg 32 min 44 sec East, 125.60 feet to an iron pin common corner with Lot 9; thence with said Lot, North 80 deg 15 min 07 sec East, 146.53 feet to an iron pin and Point of Beginning, containing 0.433 acres or 18,878 ± Sq. Ft. according to a survey by Sizemore Lynch Surveyors, dated October 25, 1995, project no. 2412.

BEING the same property conveyed to Victory House, Inc., by Deed from Laura G. Ramsey, Unmarried Widow, dated October 10, 1995, and of record in Deed Book 2192, page 338, et seq., in the Register's Office for Knox County, Tennessee.

## 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 **Victory House**, HUD Project No. 087-HD017, (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:

**I. TERM OF AGREEMENT:** The term of this Agreement ("restricted period") shall be in effect for twenty (20) years from the date of this Agreement.

#### **II. GENERAL:**

This Project is being sold with no specific repair requirements. Grantee will determine future use.

**III. CONVEYANCE:** 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 rental properties of a similar size, type and complexity as the Project.

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

**IV. 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.

**V. ENVIRONMENTAL HAZARDS**

**Grantee covenants that within six months of the date of this deed he will:**

1. Investigate and test the Property for substances, chemicals and waste (collectively "Hazardous Substances") and perform cleanup, remedial, removal or restoration work required by any governmental authority ("Inspect and Remediate Requirements").
2. Certify to HUD (in a form acceptable to HUD) that the Inspect and Remediate Requirements have been performed in accordance with this provision.
3. Indemnify, defend, and hold HUD harmless from any liability arising from Grantee's failure to satisfactorily perform the Inspect and Remediate Requirements. Grantee acknowledges that HUD's acceptance of the work is not a warranty that all Hazardous Substances have been eliminated from the Property and does not relieve Grantee of its ongoing responsibility to comply with appropriate governmental authorities.
4. This provision shall remain in effect for either the duration of the Restricted Period or when all Hazards referenced in this rider have been removed and certification of such removal is provided to HUD, whichever occurs first.

**Grantee shall comply with Inspect and Remediate Requirements checked and any additional Hazardous Substances it becomes aware of concerning:**

- ASBESTOS: 29 CFR 1926 and any subsequent regulations(s) including, but not limited to, all federal, state and local laws regarding detection, abatement, containment and removal of asbestos containing materials.
- LEAD-BASED PAINT: 42 USC 4821-4886 and the regulations thereunder, 24 CFR Part 35. Grantee shall inspect, test and abate any lead-based paint. Grantee shall comply with Section 35.88 "Disclosure Requirements for Sellers and Lessors" and Section 35.92 "Certification and Acknowledgment of Disclosure" of 24 CFR, *Lead Based Paint Poisoning Prevention in Certain Residential Structures*.
- RADON: All federal, state and local laws, and EPA guidelines regarding detection and abatement of radon.
- MOLD: All federal, state and local laws, and EPA guidelines regarding detection and abatement of mold.

**VI. IF THE PROJECT IS USED AS RENTAL HOUSING THEN THE FOLLOWING APPLIES:**

**1. NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS:**

a. 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.

b. 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.

## 2. CONDITION OF UNITS

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.

## 3. POST-CLOSING REPAIRS

All property improvements and repairs must meet or surpass, at a minimum:

- All state and local codes and ordinances,
- General Repair and Property Standards
- Physical Condition Standards (pursuant to 24 CFR Part 5) Environmental Laws and Regulations, as applicable

## VII. ENFORCEMENT

- a. The restricted 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 HUD and an all/successors in Office.
- b. Without limiting any other rights and remedies available to HUD, HUD shall be entitled to:
  - (1) institute legal action to enforce performance and observance of these covenants,
  - (2) enjoin any acts which violate these covenants, and
  - (3) exercise any other legal or equitable right or remedy with respect to these covenants
- c. In addition, the restrictive covenants, if any, set forth in this Use Agreement relating to Section 8 assistance under the Section 8 program.

**VIII. SUCCESSORS AND ASSIGNS:** This Agreement is binding upon the Grantee's heirs, successors and assigns.

**IX. AMENDMENT:** This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute. By initialing hereunder the parties acknowledge that these requirements are incorporated into and are part of the Use Agreement.

Grantee\_\_\_\_\_

HUD\_\_\_\_\_

IN WITNESS WHEREOF:

The Grantee has executed this Use Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

WITNESS:

\_\_\_\_\_  
\_\_\_\_\_

GRANTEE:

\_\_\_\_\_  
By: Signature

\_\_\_\_\_  
Typed/Printed Name of Grantee

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

STATE OF:                    )  
COUNTY OF:                )

Came before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.   **Notary Seal**

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

WITNESS:

\_\_\_\_\_  
\_\_\_\_\_

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT (HUD)

BY: \_\_\_\_\_

\_\_\_\_\_  
Official's Typed Name

\_\_\_\_\_  
Official's Title

STATE OF:                    )  
COUNTY OF:                )

Came before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.   **Notary Seal**

## Inspection Report – June 6, 2017

Victory House  
4425 Plymouth Drive  
Knoxville, TN 37914

City records indicate the property was constructed in 1955 on an irregular lot with approximately 125 feet street frontage and 155 feet deep.

The property is severely sloped from the front right corner to the back-left corner. One entrance to some sub-surface drainage piping was located. Other sub-surface drainage could be possible but was not located due to the height of the grass.

Property is a one-story residence with full walk-out basement. Size is estimated at 1400 square feet on each level.

On the upper level, there is a living room, dining room, kitchen, bathroom (with separate shower and tub), and three bedrooms. On the lower level, there is a den (with wood-burning fireplace), laundry, bathroom (tub/shower combo), mechanical spaces, and three bedrooms.

Upper level is wood frame with brick veneer. Lower level appears to be poured concrete with brick veneer on exposed exterior surfaces. Roof is composition shingles. Windows are thermo-pane aluminum single hung and horizontal slider.

The property is served by city utilities and is total electric. There are two heat-pump systems and an 80-gallon water heater. It is equipped with emergency lighting and a commercial fire alarm system.

The property is not handicapped accessible compliant. There is a ramp on the end of the house which would assist in access but getting to the ramp in a wheelchair would be difficult. The interior layout of the house does not lend itself to handicapped accessibility.

The City of Knoxville reported there were no code violations against the property but they had issued an order to mow the grounds.

Interior walls were drywall. Ceilings were drywall on the top level and a combination of drywall and acoustical dropped ceilings on the lower level. The top level finished flooring is wood, ceramic tile, and carpet. The lower level finished flooring is vinyl tile and carpet.

All utilities were off during the inspection, lots of personal property remained in the unit, and the grass was deep so inspection was limited to readily accessible visual items only. The attic space and some storage areas were not accessible.

Per the management agent, the property has been vacant for some time and had not been winterized so plumbing damage might be possible.

The brick exterior was generally in good condition. Exterior wood surfaces need to be painted. The roof appears to be old but in decent condition as no ceiling leaks/damage were noted. Walk and ramp/deck maintenance is needed.

The upper level is in decent condition and would require minimal rehab for a livable condition.

The lower level has severe mold in many areas (mainly den and bedrooms 5 & 6). The carpet appeared to have been quite wet at some point and was still very damp in places at the time of the inspection. Since the utilities had not been on for some time, it is probable the moisture is either infiltrating a ground-contact basement wall or coming up through the floor. The moisture situation will require removal of carpet and drywall, mold abatement, infiltration investigation, and repairs prior to making the lower level habitable.

Tree trimming and lawn maintenance is required. After mowing, it might be possible to locate areas that are allowing water intrusion to the basement. Positive drainage away from house would help reduce the risk of moisture intrusion.

Site Plan

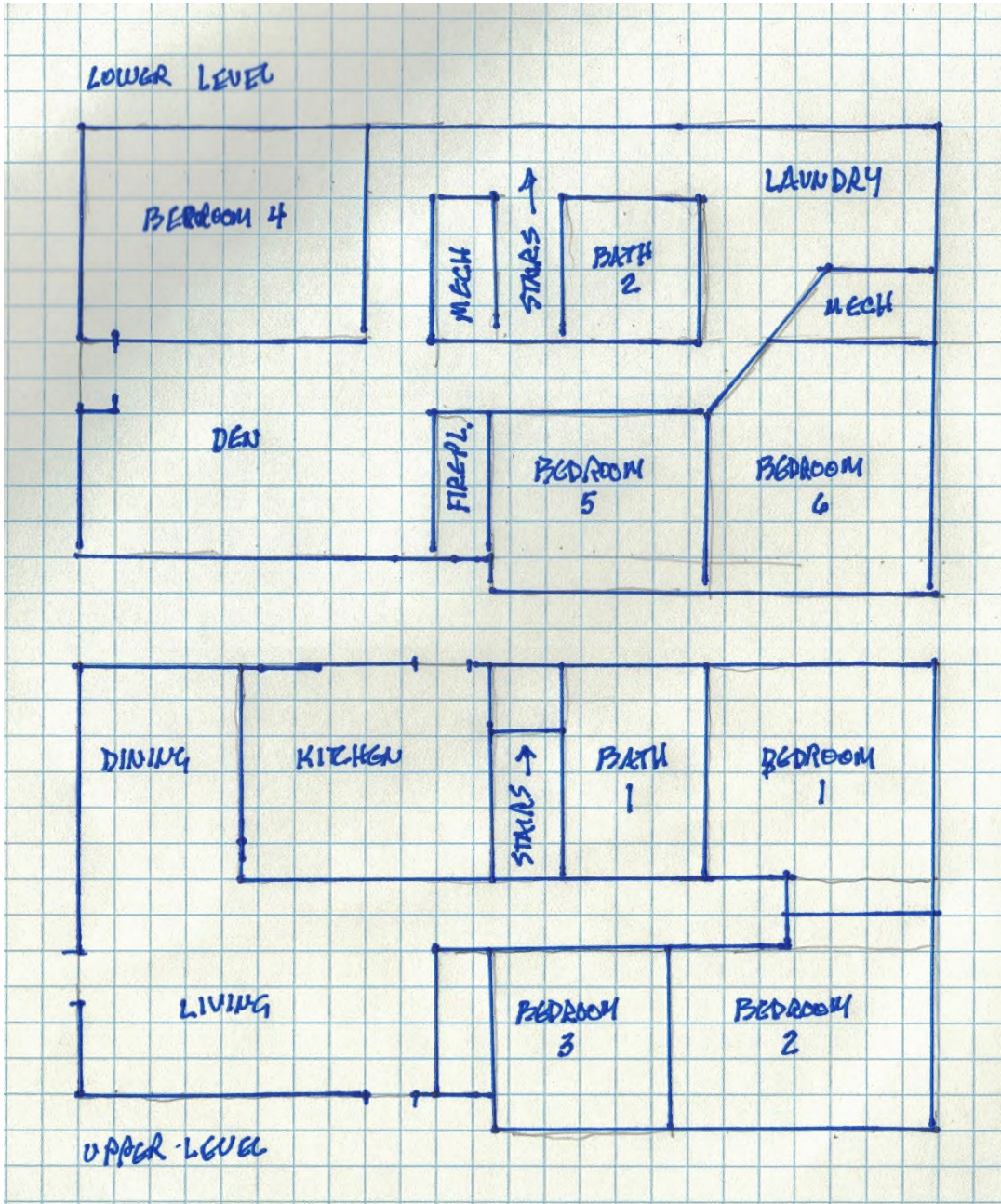


Aerial





Floor Plan



**Attachment G:**  
**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.

<b>List each project name</b>	<b>List name of principal or affiliate with ownership of project.</b>	<b>List project address</b>