

HUD Single Family Non-Profit Loan Sale Webinar: **Encouraging Opportunities to Succeed**



1



October 21, 2015

1:00 – 3:00 PM

Overview of the Webinar



2

Webinar goals and objectives: The goal of the Webinar is to educate Non-Profit Organizations on the HUD Single Family Note Sale process and the various way to acquire HUD defaulted notes.

Specific objectives include:

- Educate Non-Profit organizations about the entire lifecycle of the HUD single family notes sales process;
- Share Non-Profit success stories associated with the Single Family Loan Sale program.



Session 1: Neighborhood Stabilization Outcome (NSO) Program

Session 1



4



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Overview and Background of the Single Family Loan Sale (SFLS) Program

Erik Cribbs

Overview of the SFLS Program



Single Family Loan Sale Program Background

- The SFLS Program was instituted in 2010. Under this program, FHA can accept assignment and sell distressed mortgages, prior to foreclosure and property conveyance to FHA, thereby avoiding costly and potentially lengthy foreclosures. Through the SFLS Program and other FHA non-foreclosure options (e.g., Claims without Conveyance of Title and Pre-foreclosure sales), FHA can assess distressed insured loans to determine the best means of proceeding with the insurance claim where loss mitigation is not successful in modifying or bringing a loan current.

Sale Name	Sale Description	Sale Date	Loan Count	Approximate UPB	Number of Pools
NEIGHBORHOOD STABILIZATION OUTCOME PROGRAM					
SLFS DASP 2012-3	NSO - Chicago, Newark, Phoenix, Tampa	9/27/2012	2,860	\$554,477,501	7
SLFS DASP 2013-1	NSO - Atlanta, Ohio, Orlando, Florida, California	3/27/2013	3,289	\$523,625,153	5
SLFS DASP 2013-2	NSO - California, Ohio, North Carolina, Chicago	7/10/2013	3,164	\$493,281,053	6
SLFS DASP 2014-1	NSO - Atlanta, California, Las Vegas, Indianapolis, Baltimore, DC Metropolitan area, Prince George County, MD	12/19/2013	3,191	\$657,908,175	7
SLFS DASP 2014-2 Part 1	NSO - Atlanta, Chicago, Detroit, Miami, Philadelphia, San Antonio, San Bernardino, Cumberland County, NJ	6/25/2014	3,329	\$544,371,758	10
SLFS DASP 2014-2 Part 2	NSO - Baltimore, New Jersey, New York, Texas, Florida, California, Philadelphia	11/19/2014	4,955	\$929,384,722	15
SLFS DASP 2015-1	NSO - NJ Northern, NJ Southern, NY Nassau Suffolk, Chicago, Baltimore, DC Metropolitan area, Detroit	7/16/2015	2,049	\$474,065,857	7
NSO Total	NSO		22,837	\$4,177,114,219	57
TOTAL	National and NSO		103,802	\$17,715,508,601	141

- The SFLS Program maximizes recoveries to the MMI Fund, reduces claim costs, minimizes the time that assets are held by FHA, and helps keep borrowers—otherwise headed to foreclosure—in the home. The SFLS Program also serves as part of FHA’s effort to target relief to areas experiencing high foreclosure activities. For successful purchasers (Purchasers), the program is an opportunity to acquire assets at competitive prices with the flexibility to service the assets while providing borrowers an opportunity to avoid costly foreclosures. The program is meeting financial goals as the amounts offered for these assets are steadily rising as volume has increased in recent years.

Distressed Asset Stabilization Program (DASP) Background

- Under the Distressed Asset Stabilization Program (DASP), loans are segregated into two types of pools: the National/Regional pools; and the NSO pools, which are secured by properties in a limited geographic area and have specific servicing requirements designed to encourage outcomes that help stabilize neighborhoods.
- Purchasers of NSO pools are required to achieve neighborhood stabilizing outcomes on no less than 50% of the loans in each NSO pool they purchase. These acceptable outcomes include re-performance, rental to a borrower, gift to a land bank, or a loan payoff.
- By adding the NSO component to the SFLS Program, the Program strengthens its strategic focus on community stabilization.
- The NSO post-sale requirements encourage investment in communities hit hardest by the foreclosure crisis to stabilize neighborhoods. Purchasers of NSO pools are required to achieve NSO’s, as defined in the sale documentation, with respect to at least 50 percent of loans within four years.
- As shown above, recent NSO pools included approximately 23,000 loans totaling \$4.2 billion in UPB, with approximately 2,000 loans totaling \$474 million being sold in 2015 Q3. The geographic locations of the NSO pools offered in each sale are also provided above.

Overview of the SFLS Program continued



6

- Approximately 30 different mortgage loan servicers have participated, with as few as four loans to over 10,000 loans per sale;
- Generally, sales have been held three times per year – goal is quarterly sales;
- There have been seven NSO sales to date. The most recent NSO sale was July 15, 2015;
- In 2015-1 HUD sold the first NSO Non-Profit only competitive pool. HUD plans to offer 3 more NSO Non-profit only competitive pools in the 2016-1 Sale on November 18th, 2015.

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7



Loan Eligibility

Emily Heller

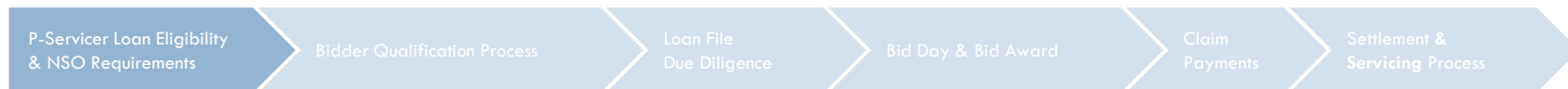
What are the criteria to make a loan eligible for sale?



8

Criteria	Eligibility Requirement
Collateral Type	Single Family 1-4 Unit Dwelling
Unpaid Principal Balance	No Less Than \$20,000
Default	<ul style="list-style-type: none"> • Eight full payments due and unpaid, or • Vacant or abandoned and four full payments due;
Loss Mitigation	P-Servicer has <ul style="list-style-type: none"> • evaluated for loss mitigation and has determined no such action is appropriate or, if appropriate, such action has been taken and failed, or • made diligent attempts to make contact with the borrower, but such attempts failed.

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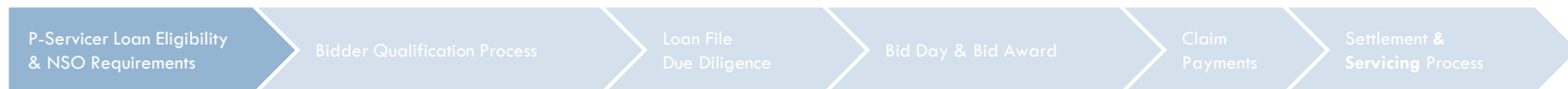
What are the criteria to make a loan eligible for sale? (continued)



9

Criteria	Eligibility Requirement
Mortgaged Property	<ul style="list-style-type: none"> • Is not a condemned property; • Has not been seized by the United States Department of Justice, and is not otherwise the subject of a seizure order; • Has not sustained any Surchargeable Damage.
Foreclosure	<ul style="list-style-type: none"> • Foreclosure sale has not been scheduled for a date prior to the note sale's "no foreclosure sale" date 3 months prior to the sale; • There has been no foreclosure or pre-foreclosure sale, and no deed-in-lieu of foreclosure has been accepted.

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10



Non-Profit Bidder Participation and Qualification

Marlene Robinson

Non-profit Participation



11

- There are two ways that a non-profit may acquire defaulted HUD notes:
 - Qualifying and bidding directly in the loan sale
 - Purchasing from a HUD loan sale purchaser in a re-trade
 - REO
 - Loans

How to Become a Qualified to bid in a HUD sale



12

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An Eligible Bidder is a person or entity that has:

1. Submitted to HUD a completed and executed Confidentiality Agreement that is in form and substance acceptable to HUD at HUD's sole discretion;
2. Certified that it is qualified to bid, by submitting to HUD a completed and executed an NSO non-profit Qualification Statement that is in form and substance acceptable to HUD, at HUD's sole discretion; and
3. Submitted to HUD a completed and executed Bid Terms Acknowledgment Form, along with any other required documentation, agreeing to be bound by certain terms upon submission of a Bid. This information will be provided in a Supplement to this Bidder Information Package.



Non-profit Certification



13

- 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)).
- 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 Bidder is sufficient for a determination that Bidder operates in a manner consistent with the 501(c)(3) organization’s charitable purpose .
- 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.



Financial Capacity Requirements

14

Non-profit financial capacity is determined by the size of the pool:

- **Net Worth:** Bidder has a net worth (amount determined by the size of the pool) in accordance with Generally Accepted Accounting Principles, consistently applied (“GAAP”).
- **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.

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Bidder Capabilities and Approach

To determine that NSO bidders are qualified to achieve the neighborhood stabilization outcomes, Bidders must provide narratives in the following three areas, which are reviewed and scored as follows:

Factor	Category	Maximum Points
1	Default Servicing	25
2	Asset Management Capacity	10
3	Asset Management Approach	20
4	Property Management Capacity	15
5	Property Management Approach	30
Total		100

*Minimum score necessary for approval: **70 points**,
but must earn **at least 50%** in every category.*





What does HUD want to see?

16

Factor 1: Default Servicing

- Quantity and dollar volume of existing delinquent loans
- Quantitative information and data related to the geographic area served
- Strategies for sustainable modification and non-foreclosure disposition of delinquent loans
- Ability identify payment problems at an early stage
- Identified strategies for success (e.g. forbearance plans, workout plans, modifications, deed-in-lieu, foreclosures, short sales, short refinancings, short payoffs, and deeds-for-lease, etc.)
- Present quantitative data to support your historical success
- Track record of proactive outreach and success in obtaining re-performance and non –foreclosure outcomes
- Creative strategies and quantitative data to support the strategies

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Bidder Capabilities and Approach

17

Factor 2: Asset Management Capacity

- Quality track record for asset management for 2+ years
- Professional, capable staff and corporate expertise in asset management of scattered single family rental and small multifamily
- Evidence of proactive asset management strategies

Factor 3: Asset Management Approach

- Feasible business plan to achieve the desired neighborhood stabilization outcomes
- A viable financing plan with funding sources and assumptions for property rehabilitation
- Quality control and oversight for proactively managing risk
- Innovative strategies for keeping owner occupants in the homes
- Business processes for completion of critical tasks

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Bidder Capabilities and Approach

18

Factor 4: Property Management Capacity

- Experience providing property management to similar type and scope of properties
- Necessary skills and resources to manage a similar type and scope of properties in the requested areas
- Sufficiency of property management tools – software for capturing property management tasks

Factor 5: Property Management Approach

- Leasing management and tenant relations
- Local engagement with particular area needs, companies, and neighborhoods
- System for reporting on existing portfolio: budget reports, repairs, finances, tenant information
- Process for ascertaining and completing necessary repairs and rehabilitation of properties

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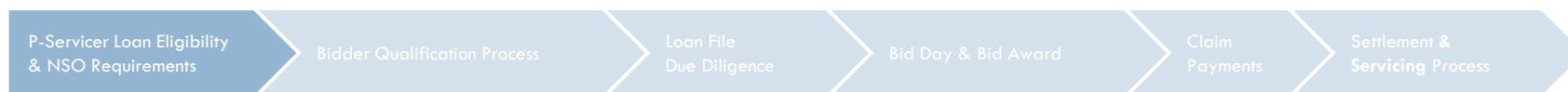


Neighborhood Stabilization Outcomes (NSO)



NSO (1): Mortgage Loan Re-Performance

Qualification Requirements	Documentation Requirements
<p>Requires 6 months of consecutive on-time payments on an unmodified or permanently modified loan.</p> <p>Payments on trial payment plans do not count towards the 6 month requirement unless:</p> <ul style="list-style-type: none"> • The mortgage has been permanently modified; and • The terms are the same or better as the terms of the trial payment plan. <p>Once re-performance has been achieved, its future performance or disposition will not affect Purchaser's receipt of NSO credit.</p>	<p>Purchaser must retain payment histories documenting Mortgage Loan Re-performance to support each such NSO.</p> <p>Once Mortgage Loan Re-performance has been achieved, Purchaser shall continue to maintain performance information concerning:</p> <ul style="list-style-type: none"> • Any Mortgage Loan in Purchaser's portfolio; and • The disposition of any Mortgage Loan no longer held by Purchaser.





NSO (2): Sale to Owner Occupant

Qualification Requirements	Documentation Requirements
<p>Sales to owner occupants qualify as an NSO if one of the following the requirements is met:</p> <p>(A) Short Sale. Purchaser consents to a short sale of the property by the existing borrower directly to an owner occupant.</p> <p>(B) Deed-in-Lieu. To qualify as an NSO, Purchaser may accept a deed in lieu of foreclosure on the property by the existing borrower, followed by a direct sale to an owner-occupant within one (1) year of the date of the deed from the existing borrower.</p> <p>(C) Sale to Held-for-Rental Tenant. Purchaser sells the property, first Held-for-Rental for a period of at least 3 months to the existing tenant, who continues to occupy the property.</p> <p>(D) Sale of Vacant REO Property. To qualify as an NSO, the Purchaser must identify the property as vacant prior to the Servicing Transfer Date, acquire the property and sell the vacant REO by first providing a thirty (30) day priority purchase period to governmental entities, including their instrumentalities, and Eligible Nonprofit Organizations. After which, it can be sold to an owner occupant. The specific procedures are detailed in the CAA NSO Rider, and described below.</p>	<p>(A) Short Sale. Purchaser must retain a copy of the HUD-1 Settlement Statement and obtain an Owner Occupancy certification from the new purchaser for each Sale to Owner Occupant NSO.</p> <p>The Owner Occupancy certification must be signed by the purchasers of the property and provide as follows:</p> <p>“One of the undersigned intends to occupy the subject property as his or her principal residence for a period of at least one year.”</p> <p>(B) Sale to Held-for-Rental Tenant. Purchaser must:</p> <ul style="list-style-type: none"> • Retain a copy of the lease agreement that lists new purchaser as the existing tenant at the time of the sale; • Retain a copy of the HUD-1 Settlement Statement; and • Obtain an Owner Occupancy certification as described above from the tenant/new purchaser for each Sale to Owner Occupant NSO.





NSO (3): Held for Rental

Qualification Requirements	Documentation Requirements
<p>Purchaser must take title to property and hold it as a rental unit until the earlier of:</p> <ul style="list-style-type: none"> • Expiration of a 3 year period beginning on date it is first leased; or • Expiration of the Post-Sale Compliance Period. <p>Purchaser must actively market and manage the property as a rental unit at all times during the period the property is designated as Held-for-Rental.</p> <p>Purchaser must ensure the unit meets and complies with:</p> <ul style="list-style-type: none"> • Applicable local code requirements; • Minimum Property Standards; and • Requirements under federal, state and local property rental and management laws. <p>A sale to an owner occupant does not qualify as an NSO if the property was listed for sale or marketed as an REO at any time.</p>	<p>Purchaser must retain fully executed leases for each Held-for-Rental NSO.</p> <p>For any Held-for-Rental unit that remains vacant for a period in excess of ninety (90) days during the Post-Sale Reporting Period, Purchaser's Post-Sale Reports must include an explanation of the extended vacancy.</p> <p>Purchaser must retain documentation necessary to support the Purchaser's inability to lease the unit.</p> <p>Such documentation must either:</p> <ul style="list-style-type: none"> • Demonstrate Purchaser's active marketing of the rental unit; or • Support the extended vacancy as a result of necessary rehabilitation being undertaken on the property where the extended vacancy period is the result of rehabilitation and repair of the rental unit.





NSO (4): Gift to Land Bank or ULG

A “Gift to Land Bank” includes a gift to a Unit of State or Local Government (ULG).

Qualification Requirements	Documentation Requirements
<p>To qualify as an NSO, during the Post-Sale Compliance Period, Purchaser must transfer all rights and title to the Mortgage Loan or property securing the Mortgage Loan to a Land Bank :</p> <ul style="list-style-type: none"> • At no cost to the Land Bank; and • Without receiving any benefit, property, services or money from the Land Bank in exchange. <p>Such Land Bank must be operated as a 501(c) tax-exempt organization or be a unit of state or local government.</p>	<p>Purchaser must obtain the following:</p> <ul style="list-style-type: none"> • A donation receipt from the receiving Land Bank confirming the transfer without the provision of any benefit, property, service, or money in exchange; and • Documentation of the Land Bank’s status as a 501(c) tax-exempt organization or a unit of state or local government.



NSO (5): Sale to a Unaffiliated Non-Profit or NSP Grantee



This NSO includes a Sale to a HUD Approved Neighborhood Stabilization Program (NSP) Unaffiliated Grantee or Sub-Grantee or Non-Profit.

Qualification Requirements	Documentation Requirements
<p>To qualify as an NSO, during the Post-Sale Compliance Period, Purchaser must sell the property to an Unaffiliated Non-profit or NSP Grantee who has been approved by HUD as a purchaser for each specific transaction.</p>	<p>Purchaser must retain the following:</p> <ul style="list-style-type: none"> • A copy of the HUD-1 Settlement Statement for each sale; and • Documentation of the NSP Grantee’s eligibility to purchase the property.





NSO (6): Mortgage Loan Satisfaction

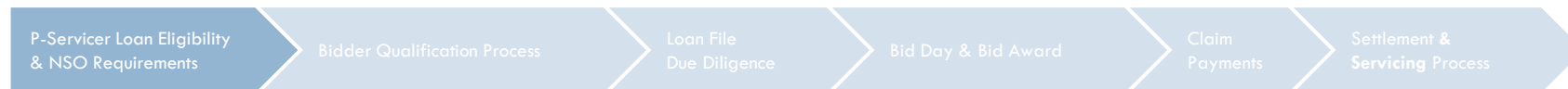
Qualification Requirements	Documentation Requirements
<p>To qualify as an NSO:</p> <ul style="list-style-type: none">• The borrower must satisfy the mortgage debt; and• The Purchaser must ensure recordation of the release of the corresponding security instrument.	<p>Purchaser must retain the following:</p> <ul style="list-style-type: none">• Proof of the borrower’s satisfaction of the mortgage debt; and• Recordation of the release of the corresponding security instrument.



NSO (7): HUD Approved Alternative NSO



Qualification Requirements	Documentation Requirements
<p>Purchaser may petition HUD for NSO credit for novel or alternative Neighborhood Stabilizing Outcomes not listed above.</p> <p>In its sole discretion, HUD may grant Purchaser’s petition and approve an Alternative NSO, and allow such approved Alternative NSO to constitute a Neighborhood Stabilizing Outcome as required by the CAA.</p>	<p>In the event that HUD approves an Alternative NSO pursuant to the CAA, Purchaser will be notified by HUD of the corresponding NSO reporting requirements for the approved Alternative NSO.</p>





NSO Penalties

27

- Liquidated Damages for Non-NSO Dispositions in excess of Non-NSO threshold (50%) may be assessed in HUD's sole discretion.
- For Non-NSO Dispositions exceeding threshold by no more than 10%:
 - For each loan disposed of in excess of the allowable threshold, HUD may require Purchaser to remit up to the Net Sales Proceeds from the sale.
 - Net Sales Proceeds is the difference between Purchaser's Sales Price for the loan and the gross sales proceeds from the subsequent purchaser.

Where the sale of a non-NSO property/loan subject to the damage provision is not an arms-length transaction, or where the non-NSO Disposition is in excess by 10% or more than the allowable threshold, HUD may require Purchaser to remit to HUD up to the greater of:

- (i) Gross sales proceeds from the subsequent purchaser from such sale; or
- (ii) Fair Market Value as of the date of sale as determined by an appraisal by a HUD-approved Appraiser or other valuation method approved by HUD.

Session 1



28



Due Diligence and Bid Submission

John Comeau

Sample Timeline of an Asset Sale



Milestone Description	Sample Timeline
Due Diligence Period Begins	X
Bid Terms Acknowledgement Form Due	X + 20 days
Due Diligence Period Ends	X + 22 days
Deposit Wired – Deadline	X + 22 days
Bid Date	X + 22 days
Best & Final Bids (if necessary)	On or after [X + 22 days]
Award Date	On or after [X + 23 days]
First Settlement Date	On or about [X + 60 days]
Final Settlement Date	On or about [X + 100 days]
Servicing Transfer Date	On or about [X + 130 days]



Due diligence on loan file information within the Aggregate Loan Database (ALD)



30

- The ALD is provided for each Mortgage Loan Pool and is comprised of two spreadsheets: a property address spreadsheet and a data spreadsheet .
- The ALD includes information on each Mortgage Loan obtained by HUD from the Participating Servicers unless otherwise noted in the ALD Data Dictionary.
- The information in the ALD may be updated prior to the Bid Date as part of Bidder Information Package Supplement(s), if additional information becomes available.

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Due Diligence

31

- To assist Bidders in the preparation of their Bids, HUD identifies, obtains, and compiles Due Diligence Materials for each Mortgage Loan from Participating Servicers.
- HUD's compilation of Due Diligence Materials consists solely of data accumulation and does not include any credit underwriting.
- Bidders must register with HUD to review the Due Diligence Materials. Once prospective bidders have completed the eligibility process, they may review the Due Diligence Materials for the pools which they are eligible on the Transaction Specialist's secure website.
- The Due Diligence Materials will be available to Bidders electronically through Bid Day. Bidders should expect to experience different speeds at which they access information depending on the quality of their internet access. Electronic access is available 24 hours a day, 7 days a week.

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Due Diligence Materials

32

- The Due Diligence Materials include the following, where available:
 - ALD;
 - Current BPO for each Mortgage Loan;
 - Loan Payment Histories;
 - General Loan Comments; and
 - Mortgage Loan Files.
- The ALD includes information on each Mortgage Loan obtained from the Participating Servicers and BPO providers by HUD, and provides a recent Fair Isaac Corporation (“FICO”) credit score where available. The information in the ALD may be updated as part of the Bidder Information Package Supplement(s) prior to the Bid Date as additional information becomes available.
- The Loan Payment Histories and General Loan Comments will include historical payment information and general loan servicing information for the most recent 36 months, where available, obtained from the Participating Servicers by HUD.

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Broker's Price Opinion

33

- Any BPO Dates that are missing will be provided in a Supplement to this Bidder Information Package, if received. Current BPOs are ordered by the Participating Servicers on all of the Mortgage Loans in the Sale.
- Each BPO provides a detailed description of the subject property and related information on comparable properties. Additionally, the BPOs provide a description of the neighborhood, a color photograph of the subject property, an estimated market value assuming an orderly sale, an estimated market value assuming a quick sale, and sales data on comparable properties. Some of the BPO information is available in the ALD.
- Information provided with regard to the BPO reports may not be accurate or complete. BPO reports are subject to change, and may be updated prior to the Bid Date. Revised BPO reports will be posted to the Transaction Specialist's website as applicable. A complete list of the revised BPO reports, if any, will be provided in a Supplement to this Bidder Information Package.

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P-Servicer Loan Eligibility
& NSO Requirements

Bidder Qualification Process

Loan File
Due Diligence

Bid Day & Bid Award

Claim
Payments

Settlement &
Servicing Process

What are the contents of the Bidder Information Package?



34

I. INTRODUCTION

II. EXECUTIVE SUMMARY

III. SUMMARY TIMETABLE

IV. BID INSTRUCTIONS AND CONDITIONS

V. DUE DILIGENCE

VI. CLOSING INSTRUCTIONS

VII. QUESTION SUBMITTAL

VIII. POST SALE SERVICING AND REQUIREMENTS

Exhibits:

A: KEY CONTACTS

B: SINGLE FAMILY LOAN PROGRAMS

C: LOAN ELIGIBILITY GUIDELINES

D: MORTGAGE LOAN POOL STRATIFICATIONS

E: AGGREGATE LOAN DATA

F: DOCUMENT MATRIX

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What is a Bid?

35

- A Bid is an offer to purchase all of the assets in an individual Mortgage Loan Pool.
- Bidders may submit Bids on any of the Mortgage Loan Pools for which they are qualified to bid.
- The Maximum Bid represents the highest total amount bid on all Mortgage Loan Pools by a single Bidder.

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Bid Terms

Bid Terms

- Each Bidder is solely responsible for, and bears the risk of, the proper completion, submission and delivery of its Bids, including any and all related documentation for the Bid. Neither HUD, nor any of its affiliates, officers, directors, partners, employees, contractors, subcontractors, or agents accepts any responsibility for: (i) mistakes in the completion or submission of any Bid or (ii) any undelivered Bid or any Bid delivered early or late (regardless of whether the inability to submit a Bid within the timeframes specified is due to communications failure or speed).

Assigned Bid Percentage

- Bids are submitted in the form of an Assigned Bid Percentage expressed as a percentage carried to one hundred thousandth of one percent of UPB to be paid for each Mortgage Loan. Each Assigned Bid Percentage must be greater than or equal to zero (no negative Assigned Bids) and less than or equal to 175% of UPB. The sales price is the result of multiplying the UPB for each Mortgage Loan in the Mortgage Loan Pool by the Bid Percentage . At Settlement the final sales price will be computed from the UPB at the time of Claim Payment.

Bid Date / Time

- Currently, Bids must be submitted online via the Transaction Specialist's website between 10:00 a.m. and 1:00 p.m. on Bid Day. Detailed bidding instructions will be provided in a Supplement to this Bidder Information Package.





Bid Procedures

37

Bid Date

Currently, Bids must be submitted during the period from 10:00 a.m. to 1:00 p.m. on Bid Day. No Bids will be accepted before 10:00 a.m. or after 1:00 p.m. on the Bid Date.

Form of Sale

Sealed bid competitive auction.

Eligible Bidder

Bids will be accepted only from HUD-approved persons or entities that have completed, executed, and submitted a Confidentiality Agreement, Qualification Statement, Bid Terms Acknowledgement Form, and have submitted a Bid Deposit.

Supplements to the Bid Package

Supplements to this Bidder Information Package will be posted from time to time on the Transaction Specialist's website. Bidders will be required to acknowledge receipt of such Supplements on bid day in the Bid Terms Acknowledgement Form.

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Bid Deposit

38

- Bidders will be required to wire transfer a deposit equal to the lesser of \$5,000,000 or 10% of the Bidder's Maximum Bid across all pools. Upon notification of the winning bid(s) by HUD, Bidders will be required to wire transfer an additional deposit equal to the difference, if any, between the Bid Deposit and 10% of aggregate winning bid(s) prior to HUD awarding the winning bids.
- Fifty Percent (50%) of the Bid Deposit will be used to offset the Sales Price on the First Settlement Date and fifty percent (50%) of the Bid Deposit will be used to offset the Sales Price on the Second Settlement Date.
- The Bid Deposit must be received the day before Bid Day or prior to 1:00 p.m. on Bid Day.
- Generally, any Additional Deposit must be received by 1:00 p.m. on the next business day following the Bid Date.
- The Bid Deposit and Additional Deposit must be in the form of immediately available funds and sent in accordance with the Wire Transfer Instructions in the Bidder Information Package.
- Bidders will not be paid interest or earnings on their Bid Deposits or Additional Bid Deposits. If a Bidder increases its Bid in connection with a Best and Final Bid, HUD reserves the right to require that the Bidder increase its Bid Deposit within a time frame specified by HUD.
- Non-winning Bidders' deposits will be returned on a timely basis.

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Bid Award

39

- It is anticipated that awards will be made on or about one business day after Bid Day. The winning Bidder shall be identified as the Purchaser (as defined in the CAA). HUD will attempt to first notify the Purchaser(s) by telephone and will confirm its acceptance of one or more of the Bids by email of a Bid Confirmation Letter on the Award Date. An original Bid Confirmation Letter will be sent to each Purchaser by either certified mail, return receipt requested, or overnight courier. Each Bid Confirmation Letter will identify the Mortgage Loans that the Purchaser has been awarded and the amount of the Bid Deposit being held on account for the Purchaser.
- A Purchaser's Deposit, up to the amount of the Sales Price for the Pool(s) awarded to the Purchaser, is not refundable. Fifty Percent (50%) of the Bid Deposit will be used to offset the Sales Price on the First Settlement Date and fifty percent (50%) of the Bid Deposit will be used to offset the Sales Price on the Second Settlement Date.

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Claim Date

40

- The Claim Date for each Mortgage Loan in the Sale is the date on which the Participating Servicer is paid the FHA Insurance Claim by HUD. This is the effective date on which HUD sells, transfers, assigns, sets over and conveys to Purchaser all rights, title and interest of HUD in and to the Mortgage Loan as set forth on Schedule I to the CAA for such Mortgage Loan.

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Session 1



41



Closing Process and Post Sale Servicing Requirements

Emily Heller



Closing Instructions

42

Settlement Dates

- HUD will schedule Settlement Dates with Purchaser(s).

Settlement Statements

- No later than two (2) Business Days prior to each Settlement Date, HUD shall provide Purchaser(s) with a written Settlement Statement identifying the Settlement Date and the amount due on the Settlement Date as described in the CAA.

Mortgage Loan Payments

- Payments received by the Participating Servicers from any mortgagor after the Claim Date will be allocated to the Purchaser in accordance with the terms of the CAA.

Settlement Date Payment

- Settlement Date Payments will be accepted from 9:00 a.m. through 1:00 p.m. on the applicable Settlement Date. The Settlement Date Payment must be in the form of immediately available funds and sent to HUD in accordance with the instructions contained in the Settlement Statement.

OFFICE OF ASSET SALES

P-Servicer Loan Eligibility
& NSO Requirements

Bidder Qualification Process

Loan File
Due Diligence

Bid Day & Bid Award

Claim
Payments

Settlement &
Servicing Process



Closing Instructions (continued)

43

Collateral Files

- Within ten (10) Calendar Days after the Settlement Date, the Participating Servicer is required to deliver to the Purchaser a complete Collateral File for each of the Mortgage Loans sold to Purchaser pursuant to Section 2.01 (a) and (b) of the CAA on such Settlement Date.

Mortgage Files

- The Mortgage Files will be provided to Purchasers as provided in the CAA.

Recordation of Assignments of Mortgage

- For Mortgage Loans not registered in the Mortgage Electronic Registration System (“MERS”), Purchaser (at its expense) shall utilize the Limited Power of Attorney to endorse from HUD to Purchaser the original Notes and deliver or cause to be delivered the Assignments of Mortgage for recordation within thirty (30) days after receipt in accordance with the provisions of the CAA.

OFFICE OF ASSET SALES





Post Sale Servicing Requirements

44

OFFICE OF ASSET SALES

- The Mortgage Loans must be serviced by a servicer that is either an FHA-approved mortgagee and/or a Fannie Mae or Freddie Mac approved servicer.
- **All of the Mortgage Loans will be sold servicing released.** The Purchaser(s) will be responsible for servicing via the Interim Servicer the Mortgage Loans from the Claim Date. Pursuant to the terms of the CAA, the Purchaser(s) shall be required to avoid finalizing any foreclosure action for twelve months from the applicable Settlement Date for each Mortgage Loan that is owner occupied unless there are extenuating circumstances.
- For loans where a foreclosure is completed prior to the end of the twelve-month period, the Purchaser shall report reason(s) for the foreclosure as part of the Post Sale Reporting Requirements as specified by HUD. Purchaser shall provide a self-certification regarding compliance in the format specified by HUD with the first two Post-Sale Reports.
- The Mortgage Loans are currently being serviced by the Participating Servicers. They are responsible for data collection and maintenance on all of the Mortgage Loans. Billing, collection of payments, and data file management functions are also handled by the Participating Servicers.
- On the First Settlement Date the Purchaser(s) will enter into interim servicing agreements with the Participating Servicers. Following the Claim Date the Participating Servicers shall continue to service the Mortgage Loans until the Servicing Transfer Date on behalf of the Purchaser(s).

P-Servicer Loan Eligibility
& NSO Requirements

Bidder Qualification Process

Loan File
Due Diligence

Bid Day & Bid Award

Claim
Payments

Settlement &
Servicing Process

Session 1



45



Post Sale Reporting

Sal Espinosa



Post Sale Reporting Introduction

46

- Post-sale reporting provides transparency for taxpayers and other stakeholders and assists HUD in designing program refinements.
- Post-sale reporting requirements are included in Section 2.09 and Exhibits B-1, B-2 and B-3 of the Conveyance Assignment and Assumption Agreement (CAA) between HUD and the Purchasers.
- Questions on post-sale reporting can be directed to the ASO at 800-481-9895 or via e-mail to assetsales@hud.gov.

Post Sale Reporting Overview



47

- General guidance on post-sale reporting; and
- Information on the requested reporting schedule
- Format to use for future reporting on all loans purchased to date.
- Information included reflects the latest reporting requirements and is subject to changes at a future date
- Post-sale reporting are now required to be submitted online through HUD's Post-Sale Reporting (PSR) Tool at www.psrtool.com.
- Training materials, an excel version of the file layout and the Data Dictionary are provided on the PSR Tool website.



Post Sale Reporting Schedule

48

- In order to conform reporting dates for all sales HUD requests that Post-Sale Reports be submitted quarterly through the applicable final reporting period in accordance with the schedule below. Reporting is due on the first business day of the month.

Reporting Period	Report Due Date
Mar 16 – Jun 15	Jul 1
Jun 16 - Sep 15	Oct 1
Sep 16 - Dec 15	Jan 2
Dec 16 - Mar 15	Apr 1

- Your initial reporting period will be specific to your sale.
- Each Purchaser's reporting schedule is provided in an attachment to the CAA.

General Reporting Instructions



TOPIC	DESCRIPTION
<p>What has to be Submitted</p>	<p>The Post-Sale Report is comprised of the following:</p> <p>I. Loan by Loan (LBL) status data on the sale portfolio, which includes data on the reasons for foreclosure during the 12 month foreclosure avoidance period (or 6 month period in the case of loans in the Aged Loan pools)</p> <p>II. Self-Certification Forms certifying compliance with the following provisions:</p> <ul style="list-style-type: none"> • Servicer Eligibility (National pools) • Servicer and Asset Management Eligibility (NSO pools) • Foreclosure Avoidance and HAMP/Proprietary Modification (National and NSO pools) • Post-Transfer Data for loans sold to an NSP Grantee or Non-Profit (NSO pools)
<p>Report Completeness</p>	<p>In each quarterly Post-Sale Report:</p> <ul style="list-style-type: none"> • Include Status reporting on the entire loan population, even for loans or properties sold in the prior period; • Carry the Foreclosure Avoidance reporting forward, even after the 6 or 12 month avoidance period has expired

General Reporting Instructions (continued)



TOPIC	DESCRIPTION
File Format	The requested reporting formats are as follows: <ul style="list-style-type: none"> • CAA Exhibit B-1: Loan by loan detail on loan status and Reason for Foreclosure. Excel. • CAA Exhibit B-2 & B-3: Self-Certification Forms for Servicer and/or Asset Management Eligibility, Foreclosure Avoidance and HAMP Provision - PDF.
File Naming Convention	The requested naming convention is “Sale Name_Pool Number(s) _Data as of Date” <ul style="list-style-type: none"> • Example “SFLS 2013-2_114_1-2-2014”
Submission Instructions	An electronic copy of the Post-Sale Reports including the self-certifications should be provided to HUD online at psrtool.com
Point of Contact (POC)	E-mail HUD with updated information if any of the POC information changes, and update it in the PSR Tool.



Reporting Templates - Overview

51

- Purchasers are required to submit one Data Reporting Templates, and the required fields will vary depending on the type of pools purchased.
- Purchasers are required to include all loans they settled, including loans that were repurchased (reporting allows purchasers to indicate repurchased loans)
- Purchasers are required to submit two or three Self-Certification Forms, depending on the type(s) of pools purchased.
- The Data Dictionary provided includes codes to be used for different required data elements.
- Data Dictionary Codes are important so that uniform reporting can be prepared for policy analysis and decision making.
 - Note that using other data codes will result in non-compliant reporting.



LBL Data Template – All Loans

The tables below, applicable to all loans, provide information from the Data Dictionary on data elements from the LBL Data Template that require additional explanation. (Note: If loans were sold or securitized by the Purchaser, continue to provide all of the reporting data.)

Data Element	Definition/Acceptable Responses	Explanation
STATUS	A code indicating the current status of the asset.	
	DS RPRF FB	Delinquent Servicing Reinstated/Re-performing Forbearance
	FREO DREO FREOSOLD DREOSOLD DPO PIF POS	Foreclosed REO Deed-in-Lieu REO Foreclosed REO Property Sold Deed-in Lieu REO Sold Discounted Pay-Off Paid in Full Paid Off Short (Pre-foreclosure Sale)
	REP CHRG	Repurchase Charge-off

LBL Data Template – All Loans (continued)



Data Element	Definition/Acceptable Responses	Explanation
PERFORMANCE_CATEGORY	A code for Delinquent Servicing, Re-performing, and Forebearance. Use for Foreclosure REO & Deed-in Lieu REO that is Held for Rental only.	
	PAA FB PTM PPM NP F HFR	Re-Performing Under Original Terms Forbearance Performing Under Trial Modification Performing Under Permanent Modification Non-Performing In Foreclosure Held for Rental
LOAN_MODIFIED	Has the loan been permanently modified by the purchaser during the Post-Claim Servicing Period? (Yes or No)	
MOD_DATE	Date the loan was modified permanently. If loan not permanently modified leave blank. For REO leave blank.	

LBL Data Template – All Loans (continued)



Data Element	Definition/Acceptable Responses	Explanation
MOD_TYPE	The type of modification. If loan not permanently modified leave blank.	
	A B C	Forgiveness of Principal Deferment of Principal (Non-Interest Bearing) Deferment of Principal (Interest Bearing)
	D E F G H I K L M Other	Forgiveness of Interest Deferment of Interest (Non-Interest Bearing) Deferment of Interest (Interest Bearing) Forgiveness of Other Indebtedness Deferment of Other Indebtedness (Non-Interest Bearing) Deferment of Other Indebtedness (Interest Bearing) Capitalization of Other Indebtedness Rate Reduction Term Extension Please describe in detail
ARREARAGES_ CAPITALIZED	For permanently modified loans, were any arrearages capitalized? For loans not modified leave blank. For REO leave blank.	

LBL Data Template – All Loans (continued)



Data Element	Definition/Acceptable Responses	Explanation
AMOUNT_WRITTEN_OFF	For loans modified with a principal write-down and/or forgiven arrearages, how much principal and/or arrearages were written down? (Numeric) For loans not modified leave blank. For REO leave blank.	
UPB_BEFORE_MOD	The unpaid principal balance prior to a permanent modification. If loan not modified or if REO leave blank.	
UPB_AFTER_MOD	The unpaid principal balance at time of a permanent modification. If loan not modified or if REO leave blank.	
P_AND_I_AFTER_MOD	Principal and interest payment under the terms of a permanent modification. If loan not modified or if REO leave blank.	
RENT_IF_RENTED_TO_BORROWER	Monthly rent if property is rented to original borrower.	

LBL Data Template – All Loans (continued)



Data Element	Definition/Acceptable Responses	Explanation
COMMENT	Comment field to describe information related to the current status of the asset.	
LOAN_SECURETIZED	Indicate if the loan was included in a securitization by the Purchaser. (Yes or No)	
LOAN_SOLD	Indicate if the loan was included in a whole loan sale by the Purchaser. (Yes or No)	
DATE_STATUS_ACHIEVED	Date that the STATUS was achieved, (e.g. date of the Third Party Sale, date of the REO sale).	
PROPERTY_OUTCOME	SOO STI SNP HFR HFS DEM	Sold to Owner Occupant Sold to an Investor Sold to a Non-profit Group Held for Rental Held for Sale Demolition

NSO Reporting Differences - Summary



57

- For loans in NSO pools, three additional data fields are required to be populated in the LBL Data worksheet of the Data Reporting Template:
 - NSO Category
 - Initial Date of NSO
 - MARKETED_AS_REO
- The Self-Certification Form entitled “Servicer and Asset Management Eligibility Provision” is used for NSO loans versus the one entitled “Servicer Eligibility Provision” for National/Regional pools.
 - The NSO Self-Certification Forms are in the NSO Self-Certification Form Template file provided above.
- Detailed information on the additional NSO data fields and Self-Certification Forms is provided below.

LBL Data Template – NSO Loans (continued)



Data Element	Definition/Acceptable Responses	Explanation
NSO CATEGORY	A code indicating the status of the loan with respect to achievement of a NSO.	
	1 2 3 4 5 6 7	Final NSO: Mortgage Loan Re-Performance Final NSO: Sale to Owner Occupant Final NSO: Held-for-Rental Final NSO: Gift to Land Bank Final NSO: NSP Grantee Final NSO: Mortgage Loan Satisfaction Final NSO: Disposition in Accordance with Eligible Program Guidelines
	8 9 10 11 12	Planned NSO: Mortgage Loan Re-Performance Planned NSO: Sale to Owner Occupant Planned NSO: Held-for-Rental Planned NSO: Gift to Land Bank Planned NSO: NSP Grantee
NSO CATEGORY	A code indicating the status of the loan with respect to achievement of a NSO.	

LBL Data Template – NSO Loans (continued)



Data Element	Definition/Acceptable Responses	Explanation
NSO CATEGORY (cont)	13	Planned NSO: Mortgage Loan Satisfaction
	14	Planned NSO: Disposition in Accordance with Eligible Program Guidelines
	15	Interim Status (Purchaser is in process of determining whether to pursue an NSO, and if so, which NSO.)
	16	Non-NSO Outcome (Servicing outcome is not a qualified NSO.)
INITIAL_DATE_OF_NSO	The date marking the first day of qualification	Reporting required only for final NSO Categories. For Held for Rental and Re-performing the required time-frame must be met to be categorized as final.
MARKETED_AS_REO	(Yes or No)	Since the purchaser took ownership of the mortgage, has the property been listed for sale or marketed as an REO at any time?

LBL Data Template – All Loans (continued)



Data Element	Definition/Acceptable Responses	Explanation
REASON_FOR_FORECLOSURE		For each loan that was foreclosed within 6 months of the applicable Settlement Date, (12 months for SFLS 2015-1 and thereafter except for loans in Aged Loan pools) report in narrative form on the reason for foreclosure.
INVESTOR	Purchaser name	
NSO OR NO		Indicate if the loan was in a National or NSO pool
HAMP_EVALUATION_COMPLETED	(Yes or No)	Indicate if a HAMP evaluation required by Section 2.09 was completed.
LOAN_ELIGIBLE_FOR_HAMP	(Yes or No)	Indicate if the loan was eligible for HAMP.
HAMP_ACTION_SUCCESSFUL	(Yes or No)	Indicate if the loan HAMP action was successful.
TYPE_OF_HAMP_INITIATIVE_IMPLEMENTED		Indicate the type of MHA initiative (e.g. loan modification)

Note that the HAMP fields are not mandatory for loans in “Aged Loan” pools.



Reason for Foreclosure Data

61

- For loans that are owner-occupied Purchasers are required to avoid finalizing any foreclosure action for 6 or 12 months, as applicable, from the Settlement Date, unless there are extenuating circumstances.
- For each loan that was foreclosed within the applicable six or twelve month period, the reason for the foreclosure must be reported in the Post-Sale Report.
- Indicate if the loan was either: a) not owner occupied, or b) provide a summary explanation of the extenuating circumstance for the foreclosure action.
- Continue to include the Reason for Foreclosure data in each report.
- Sample LBL data is provided below:

FHA_CASE_NUMBER	REASON_FOR_FORECLOSURE
023-2641227	Not Owner Occupied
052-1522570	Court refused to cancel the foreclosure

Recommended Quality Control Protocols



No.	Quality Control Review Item	Confirmed?
1	Report prepared in accordance with the requested quarterly reporting schedule	
2	Report includes all applicable information:	
	a. Loan by Loan (LBL) Status data on the sale portfolio, including the reason for foreclosure (carry forward in each report)	
	b. Post Transfer Data for loans sold to an NSP Grantee or Non-Profit	
	c. Self-Certifications: Servicer/ Asset Manager, Foreclosure Avoidance and HAMP requirements	
3	Data files (except foreclosure avoidance and Post Transfer Data) and tables includes all loans	
4	Junior lien PPC loans are not included in the report	
5	Information is provided in the correct format: Excel for loan data and PDF for Self-Certifications.	
6	The file name conforms to the requested naming convention: "Sale Name_Pool Number(s)_Data as of Date"	
7	The "Data as of Date" provided is the end of the reporting period (e.g. 12/15/13)	
8	The Codes provided in the Data Dictionary for LBL reporting were used	
9	Report is submitted to www.psrtool.com	

Post-Sale Certifications: Servicer and Manager Eligibility



Certification Form	Requirements
<p>Servicer Eligibility for National and NSO Sales (CAA Exhibit B-2)</p>	<p>Purchaser certifies that the loan servicer is:</p> <ul style="list-style-type: none"> (i) An approved servicer for FHA, Fannie Mae or Freddie Mac; and (ii) In good standing with the applicable Agencies.
<p>Servicer and Asset Management Eligibility for NSO Sales only (CAA Exhibit B-2)</p>	<p>In NSO sales Purchaser also certifies that the servicer for loans, and Asset Manager or Rental Manager for properties, are either:</p> <ul style="list-style-type: none"> (i) Identified in the Qualification Statement; or (ii) Authorized by HUD as a successor servicer or manager.

Post-Sale Certifications: Foreclosure Avoidance Provision



64

Certification Form	Requirements
<p>Foreclosure Avoidance and HAMP/Proprietary Modification Provision for National and NSO Sales</p> <p>(CAA Exhibit B-3)</p>	<p>Purchaser certifies to compliance with the 6 or 12 month foreclosure avoidance provision and reporting requirement:</p> <p>The foreclosure avoidance provision states that for loans that are owner-occupied Purchasers must avoid finalizing any foreclosure action for 6 or 12 months from the Settlement Date, unless there are extenuating circumstances.</p> <p>The reporting requirement is that for each loan that was foreclosed within the applicable six or twelve month period, the reason for the foreclosure must be reported in the Post-Sale Report.</p>



Session 2: Interactive Panel Discussion

Session 2



66



Success Stories and Creating Winning Partnerships

Moderator: Jelani House

Panelists:

- Harry Sewell, HomeFree, USA
- Marcos Morales, President & CEO, Hogar Hispano Inc.
- Louis Amaya, Neighborhood Stabilization Capital Management (NSCM)
- Sharon Pratt, Pratt Consulting
- Tim Hayes, NSO Program Manager, Southside Community and Housing Development Corporation (SCHDC)
- Carlos Prevolis, CGA, Vice President, Portfolio Management, Bayview Asset Management, LLC