

Subsidized



U. S. Department of Housing and Urban Development
Multifamily Property Disposition
307 W. 7th Street, Suite 1000
Fort Worth, TX 76102

FORECLOSURE SALE

The following property is offered for sale at foreclosure in the manner specified below:

Name: _____

Address: _____

No. of Units/Type: _____

Subsidized/Unsubsidized: _____

Use Restrictions:

Special Conditions/Announcements:

Written bids will be accepted no later than **two (2) business days** prior to the date of the Foreclosure Sale. Mail bids to _____
by _____ 20____, at _____ (local time).

Oral Bids will be accepted **on the day** of the foreclosure. The Foreclosure Sale will commence promptly at _____ (local time) on _____ 20____, at _____.

Realty Specialist Contact Information:

INVITATION TO BID

Consistent with and subject to the terms and conditions herein, 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 the “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 requirements, terms, conditions, and a list of the forms necessary to submit a complete, responsive bid.

DEFINITIONS

1. *Act*: The Multifamily Mortgage Foreclosure Act, 12 U.S.C. §3701-17, as amended.
2. *Acknowledgment*: The contract executed at the Foreclosure Sale by the High Bidder, obligation the High Bidder to the terms and conditions of the Foreclosure Sale. The form is attached to this Invitation as Attachment B.
3. *Affiliate*: An individual or entity as defined in 2 C.F.R. §180.905 - Affiliate. An individual or entity is an affiliate of each other if, directly or indirectly, when 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 HUD may 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. Affiliates of the defaulting borrower are prohibited from being the High Bidder.
4. *Approved High Bidder*: The High Bidder who, after the Foreclosure Sale, submits the Post-Bid Documents, demonstrates its eligibility to purchase the Property, and is approved by HUD to proceed to Closing.
5. *Balance*: The amount of money the High Bidder must pay at Closing. Balance is calculated by taking the High Bid amount less the Earnest Money Deposit plus all initial deposits to escrows and/or reserve accounts HUD may require as a condition of sale, less the proration of any Extension Fees and any outstanding encumbrance that survived the Foreclosure. Funds shall be paid only in the form of certified funds or cashier’s check made payable to: **THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.**
6. *Bidder*: An individual or entity that meets the eligibility requirement of this Invitation and registers with the Foreclosure Commissioner.
7. *Bid*: A legal offer from a Bidder of a certain amount to purchase the Property, submitted to the Foreclosure Commissioner either; (1) in writing two business days prior to the sale, or (2) orally during the Foreclosure Sale. No offers submitted via email, facsimile, orally to HUD staff prior to, during, or after the Foreclosure Sale will be considered valid bids.
8. *Closing*: The date where the obligations of HUD and High Bidder in the Acknowledgment are completed, including the transfer of title to the Property and the personal property to the High Bidder, which shall take place at a time specified by HUD.
9. *Controlling Participants*: Any individual and entity HUD determines to exercise financial or operational control over the owner, operator, borrower, management agent, landlord,

construction manager, and general contractor. See 24 CFR §200.212 and §200.216.

10. *Earnest Money Deposit*: The amount identified in Section III, Subsection 4, that a Bidder must provide during the Foreclosure Sale to be eligible to submit a Bid.
11. *Electronic Registration*: Electronic Registration refers to the Business Partner Registration system HUD uses to register all new partners we do business with. Through this system, a partner can register to do business with HUD, submit their Form HUD 2530, and obtain a WASS User ID to enable the processing and receipt of subsidies, including Section 8 vouchers for relocations. Please refer to Section II (4), Section IV (1)(a) & (b), and Section V (5).
12. *Extension Fees*: A fee HUD assesses when the High Bidder requests an Extension Period for Closing. If authorized, the Approved High Bidder must pay for the entire Extension Period, the amount of which HUD determines, consistent with current policies and procedures.
13. *Extension Period*: An additional thirty (30) calendar day period that HUD may give for the Closing to occur.
14. *Foreclosure Commissioner*: An individual or entity HUD designates to conduct the Foreclosure Sale, pursuant to 12 U.S.C. §3704 and 24 C.F.R. §27.10. A Foreclosure Commissioner is designated for each sale due to varying circumstances.
15. *Foreclosure Deed*: A no warranty deed that gives the High Bidder title to the Property. Form of the deed must comply with the Act.
16. *Foreclosure Sale*: Sale of the Property pursuant to 12 U.S.C. §3710.
17. *High Bid*: The highest responsive bid amount received by the Foreclosure Commissioner at the Foreclosure Sale.
18. *High Bidder*: The bidder at Foreclosure Sale that submits the highest responsive bid amount to the Foreclosure Commissioner.
19. *Invitation*: This Invitation to Bid including all the accompanying exhibits, which sets forth the terms and conditions of the sale of the Property at the Foreclosure Sale and includes information about the documents and actions necessary to submit a complete and responsive bid and for HUD to approve a bidder as qualified.
20. *Owner*: The individual or entity that owns the Property after Closing. The terms Owner, High Bidder, and Approved High Bidder often refer to the same individual or entity, but are used separately to designate the point of the Foreclosure Sale.
21. *Previous Participation Certification*: This Certification is often referred to its form number, Form HUD-2530 or e-2530, as required pursuant to HUD Notice H 2016-15 Processing Guide for Previous Participation Reviews of Prospective Multifamily Housing and Healthcare Programs' Participants. Any Controlling Participant who is engaged to do business with HUD is required to submit this form either electronically or a paper copy, and receive an approval prior to conducting business with HUD. The Previous Participation Certification form is part of an application, used to disclose current and previous property ownership and management experience to HUD.
22. *Post-Bid Documents*: All documents, statements, and forms listed in the Invitation that must be submitted by the High Bidder and its principals and management company, if any, in order to be considered for HUD-approval.

23. *Post-Closing Repairs*: All HUD-required repair and/or rehabilitation work that the Approved High Bidder/Owner must perform after Closing in a workmanlike manner, and compliant with state and local codes, laws, ordinances, regulations, and HUD's Physical Condition Standards found in 24 C.F.R. § 5.703. If Post-Closing Repairs are required, this information will be disclosed in the attachments to this Invitation, with a list of HUD-required repairs on Form HUD-9552. HUD has estimated the cost of these repairs. Actual costs ultimately incurred by the Approved High Bidder/Owner may be more or less than the estimates.
24. *Principal*: (a) an officer, director, owner, partner, principal investigator, or other person within an entity 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; or (c) a person who has a critical influence on, or substantive control over, a covered transaction, whether or not employed by the participant. For a complete definition, see 2 C.F.R. §180.995 – Principal, as supplemented by 2 C.F.R. §2424.995.
25. *Property (aka Project)*: The multifamily housing property for sale in this Invitation and all real and personal property appurtenant thereto.
26. *Property Summary*: Attachment A to the Invitation that contains summarized information about the Property and contact information for the Realty Specialist. The information contained therein is intended to help Bidders perform due diligence and is the extent of information that HUD will give about the Property.
27. *Realty Specialist*: HUD staff member, identified on the cover page and the Property Summary, who can be contacted concerning the Property or the Foreclosure Sale.
28. *Second High Bidder*: The responsive Bidder with the second highest Bid at the Foreclosure Sale. If sale to the High Bidder is not completed, HUD may contact the Second High Bidder to accept its Bid.
29. *Use Agreement*: The Foreclosure Sale Use Agreement, if applicable, will be attached to this Invitation. The Approved High Bidder will execute at Closing, and which will run with the land to bind the Owner and any permitted successors and assigns, to purchase and/or manage the Property. This may be an addition to any Deed restrictions.

SECTION I: INTRODUCTIONS AND GENERAL INFORMATION

1. *All Cash, As-Is Sale*: The Foreclosure Sale is an "All Cash, As-Is" sale. All Bidders are expected to perform their own due diligence to reach their own 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 on the valuation of the Property. While HUD has exercised care to provide accurate information, all information provided herein is solely for interested Bidders to determine whether or not the Property is of such type and general character to purchase. HUD makes no warranty as to the accuracy of this information. A Bidder's failure to be fully informed as to the conditions of the Property, including its value, or any conditions of the Foreclosure Sale do not constitute ground for any claim or demand against HUD or the adjustment or withdrawal of any Bid,

including the High Bid. HUD shall consider all Bids to have been made with full knowledge of the terms, conditions, and requirements contained in this Invitation.

2. *Contingencies:* HUD will not consider Bids that are contingent upon a Bidder obtaining financing to purchase the Property or any other contingency. By signing the Acknowledgement, the High Bidder represents that its High Bid is assured.
4. *Modification to the Invitation:* Any oral modification by any HUD representative that changes or supplements this Invitation, or any conditions hereof, is unauthorized, unenforceable, and shall confer no right upon a Bidder, including the Approved High Bidder. All modifications to the Invitation will be in writing.
5. *Bid Acceptance or Rejection:* At any time prior to Closing and upon its sole discretion, HUD reserves the right to reject any and all Bids, to waive any informality in any received Bid, and to reject the Bid of any Bidder HUD determines is ineligible, lacks the experience, ability, or financial responsibility necessary to own and manage the Property in a manner acceptable to HUD.
6. *Cancellation of Sale:* HUD reserves the unconditional right to cancel this Invitation and reject any and all Bids at any time prior to Closing without recourse to HUD. HUD is not liable for any expenses incurred by a Bidder or its related parties.

SECTION II: PRIOR TO THE FORECLOSURE SALE

1. *General:* In accordance with the intent of the National Housing Act, participants of HUD's housing programs must be responsible individuals and organizations who honor their legal, financial, and contractual obligations. HUD will review and approve the Previous Participation Certification of High Bidder's Controlling Participants before Closing.
2. *Due Diligence:* Interested parties, their agents, and advisors should carefully review the information in this Invitation and any additional information HUD makes available prior to the Foreclosure Sale. As a general policy, HUD will not release the most current financial information for the Property other than what has been disclosed in this Invitation and the Property Summary. Bidders should undertake their own investigation to evaluate the Property and independently assess the benefits and risks associated with the Property. Bidders should be confident in their Bid amount and be prepared to follow through Closing. HUD will not negotiate to reduce any Bid amount after accepted at the Foreclosure Sale.
3. *Bidders Pre-Foreclosure Sale Conference Call:* HUD may decide to hold a conference call for all interested parties prior to the Foreclosure Sale. If a call is scheduled, information will be found on the Property Disposition website. On the call, HUD will discuss the Invitation, review the rules of the Foreclosure Sale, provide updates on the Property, and answer any questions interest parties may have. Following the conference call, all questions and answers will be posted to the same website to ensure that all interested parties receive the same information.
4. *Site Visit:* To give interested parties additional information and view portions of the Property, HUD may choose to conduct an Open House or a Virtual Tour. If a tour is available, information will be found on the Property Disposition website. HUD is not always in a position to provide a tour prior to a Foreclosure Sale. If an in-person tour is scheduled, a HUD representative will be present to walk through the Property. HUD will establish the scope of the site visit. Not all areas of the Property may be available for viewing. HUD will not accept Bids, nor provide information outside of this bid kit, during a Site Visit.

5. *Electronic Registration:* Registration in HUD's Business Partner Registration prior to the Foreclosure Sale is not mandatory to submit a Bid. However, a Bidder may complete this step prior to the Foreclosure Sale to reduce the amount of time between the Foreclosure Sale and Closing. HUD can take up to two (2) weeks to process registration requests. While the High Bidder is the only Bidder required to complete the Previous Participation Certification (e-2530), every Bidder may register in the event they become the High Bidder.
 - a. If a Bidder **has not previously conducted business with HUD**, the Bidder must first register with HUD's Secure Systems before submitting a Previous Participation Certification (e-2530) application. The Bidder should follow these steps:
 - i. A Bidder accesses HUD's [Business Partner Registration](#) to register a new entity with HUD. Wait twenty-four (24) hours to access the Secure Systems [Coordinator or User Registration link](#) to complete the registration for the individual that will have access to Secure Systems. The applicant will receive a Coordinator/User ID within two (2) weeks. With these credentials, a Bidder can complete the required Previous Participation Certification (e-2530) in the next step.
 - ii. A Bidder then completes a Previous Participation Certification (e-2530) application in HUD's single sign-on page then select [Active Partners Performance System \(APPS\)](#).
 - b. Bidders that **have previously conducted business with HUD** can complete the Previous Participation Certification (e-2530) application prior to the Foreclosure Sale by accessing [Active Partners Performance System \(APPS\)](#).
6. *Questions:* Please direct questions related to this Invitation and the Foreclosure Sale to the Realty Specialist identified in the Property Summary, after you have read this packet in its entirety. The Realty Specialist cannot provide information other than information in this Bid Kit or information posted on the Property Disposition Website.

SECTION III: DURING THE FORECLOSURE SALE – REGISTERING AS A BIDDER AND SUBMITTING BIDS

1. *General:* The Foreclosure Sale is an oral, open bid sale that takes place at the date, time, and place as shown on the cover of this Invitation. HUD designated a Foreclosure Commissioner to conduct the Foreclosure Sale. The Foreclosure Commissioner is empowered with the authority to conduct the Foreclosure Sale in an appropriate manner, using the rules and guidelines herein as the framework for the Foreclosure Sale.
2. *Bidder Eligibility:* Pursuant to 24 CFR §27.20, the defaulting mortgagor or any Principal, successor, Affiliate, or assignee thereof on the multifamily mortgage being foreclosed is not eligible to Bid or otherwise acquire the Property. Additionally, the FHA-lender or any Principal, successor, affiliate, or assignee thereof on the multifamily mortgage being foreclosed is not eligible to Bid or otherwise acquire the Property.
3. *Bidder Enrollment:* At the Foreclosure Sale and prior to the commencement of bidding, a Bidder must enroll with the Foreclosure Commissioner. The Foreclosure Commissioner will ask for the name of the Bidder, the name of the individual representing the Bidder, and the Bidder's address and contact information. The Foreclosure Commissioner will also collect the Bidder's Earnest Money Deposit and assign each enrolling Bidder a unique number. The

unique number will be used to be used to identify each Bidder during the Foreclosure Sale. The Foreclosure Commissioner will commence the Foreclosure Sale when all Bidders in attendance are enrolled. Enrollment as a Bidder does not mean that Bidder is qualified to purchase the Property.

4. *Earnest Money Deposit:* The Foreclosure Commissioner must receive the Earnest Money Deposit before the Foreclosure Sale commences. The Earnest Money Deposit shall be paid only in the form of certified funds or cashier’s check made payable to: **THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**. If a Bidder is a financial institution, the Earnest Money Deposit must be drawn from a different financial institution. Deposits will generally be set according to the following schedule

| Project Size | Earnest Money Deposit |
|-------------------|-----------------------|
| 200 units or more | \$100,000 |
| 100 to 199 units | \$75,000 |
| 50-99 units | \$50,000 |
| 25-49 units | \$25,000 |
| 5-24 units | \$10,000 |

5. *Bid Requirements:* A responsive Bid must meet all the terms of the Foreclosure Sale. Each Bid shall be firm, unconditional, fixed in an amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a Bid non-responsive. A Bidder must submit a Bid in one of two ways:
- a. *Written Bids:* HUD will only accept a written Bid if received in a sealed envelope and accompanied with the Earnest Money Deposit. The Foreclosure Commissioner must receive a written Bid at least two (2) business days prior to the Foreclosure Sale; the date is stated on the cover page of this Invitation. There is no guaranty written Bids received by the Foreclosure Commissioner less than two (2) business days before the Foreclosure Sale will be accepted, even if the bid has the appropriate postmark. No delay will warrant an exception. If a Bidder desires to modify or alter a written bid after the Foreclosure Commissioner accepts, the Bidder must do so in writing at least twelve (12) hours prior to the time the Foreclosure Sale commences.
 - b. *Oral Bids:* At the Foreclosure Sale and using the assigned number provided, a Bidder orally states a Bid. Oral Bids can be modified orally up until the Foreclosure declares the High Bid.
 - c. *Electronic Bids:* HUD will reject and will cause the Foreclosure Commissioner to reject Bids and Bid modifications received through e-mail, facsimile, or other electronic means. Electronic Bids are not valid Bids. All Bids must be submitted in accordance with this Invitation.
6. *Minimum Bid:* If HUD has a minimum Bid amount, HUD will disclose it in the Property Summary. If no minimum Bid is listed, HUD does not have a minimum Bid to purchase the Property.
7. *High Bidder at the Foreclosure Sale:* After reviewing all Bids, the Foreclosure Commissioner concludes the Foreclosure Sale and orally notifies the High Bidder and Second High Bidder of their respective bidding positions. The Property will be sold to the High Bidder. The Foreclosure Commissioner will retain the Earnest Money Deposit for the High Bidder and

immediately cause the High Bidder to execute the Acknowledgment. All collected Earnest Money Deposits from the other Bidders will be returned before the Bidder leaves the Foreclosure Sale. The Foreclosure Commissioner will return the Earnest Money Deposits received for written Bids within seven (7) business days.

8. *Continuance of Offers*: Even though the Earnest Money Deposit is returned to unsuccessful Bidders, HUD considers all received Bids at the Foreclosure Sale as continuing offers until Closing. HUD will keep the contact information of the Second High Bidder in the event that Closing with the High Bidder does not occur. HUD may contact the Second High Bidder to accept the previously submitted Bid.

SECTION IV: AFTER FORECLOSURE SALE AND LEADING UP TO CLOSING

1. *Post-Bid Documents*: The High Bidder must submit the following items (“Post-Bid Documents”) to the Realty Specialist within **five (5) business** days of the Foreclosure Sale so HUD can timely complete its review and approval. The Post-Bid Documents must show the High Bidder’s capacity to own and operate the Property. Based on the required information and documents set forth below, as well as any additional information independently obtained and verified by HUD, in its sole discretion, HUD will determine whether the High Bidder is eligible, has the requisite experience, qualification, and financial capacity to purchase the Property.

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME MAY BE GROUNDS FOR HUD TO REJECT THE HIGH BID AND RETAIN THE HIGH BIDDER’S EARNEST MONEY DEPOSIT.

- a. Previous Participation Certification (HUD 2530): Submit a Previous Participation Certification for the High Bidder and, if applicable, the intended Management Agent.
 - i. *Electronic Submission*: If the High Bidder already has access to Secure Systems, it can submit an electronic Previous Participation Form (e-2530) through APPS and provide proof of the electronic submission to the Realty Specialist. The High Bidder can print the signature page showing all participants listed, the required certifications, and electronic signatures. If the High Bidder has not previously registered, since there will be insufficient time to file electronically, the High Bidder must submit a paper Previous Participation Certification (HUD 2530).
 - ii. *Paper Submission*: The High Bidder will provide a completed [paper Previous Participation Certification \(HUD 2530\)](#) with original signatures for the High Bidder and its controlling participants. The intended ownership entity must have established a tax identification number (TIN) and each individual must list their social security number (SSN).
 - iii. *Paper Submission*: The High Bidder will provide a completed [paper Previous Participation Certification \(HUD 2530\)](#) with original signatures for the High Bidder and its controlling participants. The intended ownership entity must have established a tax identification number (TIN) and each individual must list their social security number (SSN). Paper submissions must include:

1. Organizational chart: a visual chart for the ownership entity that shows each ownership tier, the roles of each controlling participant within the organization who retain more than 25% ownership interest.
 2. Organizational documents including the following as applicable: Articles of Incorporation, Certificate of Incorporation, Operating Agreement, Partnership Agreement, Charter, By-Laws, Agent Certification, proof of TIN.
- b. Management Agent Application:
- i. Resume for Controlling Participants.
 - ii. Management Agent entity's organizational documents including the following,
as applicable: Articles of Incorporation, Certificate of Incorporation, Operating Agreement, Partnership Agreement, Charter, By-Laws, Agent Certification, proof of TIN.
 - iii. Management Agent Agreement.
 - iv. Management Agent Entity Profile [Form HUD 9832](#)
 - v. Project Owner's/Management Agent's Certification Form HUD [9839-A](#), [9839-B](#) or [9839-C](#), as applicable.
- c. Affirmative Fair Housing Marketing Plan (AFHMP) [Form HUD-935.2A](#): Please complete for all Section 8 HAP subsidized properties.
- d. Certification of Substantial Compliance: The High Bidder must submit a complete and original Certification of Substantial Compliance, located in the attachments to this Invitation. If HUD determines that properties disclosed by the High Bidder are not in substantial compliance with federal regulations and state and local codes, HUD may reject the High Bidder as not qualified to purchase the Property. The High Bidder may forfeit the Earnest Money Deposit as a result of such determination by HUD.
- e. Written Statement of Experience: The High Bidder must submit a written Statement of Experience that demonstrates at least five (5) years of experience successfully owning and managing properties similar to the Property. Please do not exceed five (5) pages per property and provide the following information for all properties owned by the High Bidder:
- i. The location of other owned multifamily properties.
 - ii. The number of units and construction type (garden, walk-up, hi-rise, etc.) for each property.
 - iii. The type of management for each property.
 - iv. Whether the properties have government assistance (I.e., project-based or tenant-based assistance, tax-credit, municipal grants, etc.)
 - v. The physical, economic, and social needs of each property and how the High Bidder has addressed them.
- The High Bidder's plan to satisfy the conditions of the Foreclosure Sale; implement a sound financial and physical management program for the property; respond to the needs of the tenants; work cooperatively with resident organizations; provide organizational staff and financial resources; provide services, maintenance, and utilities to the Property.

- f. Personal Financial and Credit Statement: The High Bidder must submit [Form HUD-92417](#) for each proposed Principal of the High Bidder.
2. *Acceptance of High Bid*: HUD does not fully accept the High Bid until the High Bidder all submits Post-Bid Documents, HUD reviews the Post-Bid Documents, and HUD, in its sole discretion, determines the eligibility of the High Bidder. HUD will notify the High Bidder of its determination in writing. Upon HUD's determination that the High Bidder is qualified, the High Bidder will be confirmed as the Approved High Bidder.
3. *Rejection of High Bid*: After review of the Post-Bid Documents, HUD may determine that the High Bidder is not qualified to purchase the Property. HUD may reject the bid due to High Bidder's ineligibility, lack of qualifications, or failure to comply with the Invitation. HUD will notify the High Bidder of this determination in writing, as promptly as possible and generally within thirty (30) days after the Foreclosure Sale. HUD may then contact the Second High Bidder.
4. *Impact on Earnest Money Deposit*:
 - a. If HUD accepts the High Bid, the Approved High Bidder's Earnest Money Deposit will be credited toward the Purchase Price.
 - b. If HUD rejects the High Bid because the amount is unacceptable, HUD will refund Earnest Money Deposit will be refunded.
 - c. If HUD determines the High Bidder is not qualified to purchase the Property and the High Bidder has complied with the requirements of this Invitation, HUD will refund the Earnest Money Deposit.
 - d. If HUD finds that the High Bidder made misrepresentations or material omissions in its submission, or failed to comply with the Invitation, HUD will keep the Earnest Money Deposit.
5. *Extensions*: The Approved High Bidder may request an additional thirty (30) calendar day period to allow more time for the Closing to occur. A written request clearly stating the reason for the Approved High Bidder's inability to close the sale, by the scheduled Closing date or by the end of any Extension Period, must be received within ten (10) days prior to the Closing date or the end of any extension period.
6. *Post Bid Site Visit*: HUD will not grant any High Bidder request to tour, visit, or otherwise have access to the Property prior to closing. To this end, HUD encourages participation in the site visit before the Foreclosure Sale, if available.
7. *Closing Date*: The time and place for the Closing will be determined by HUD. The Closing date will occur within the time specified in the Acknowledgment. HUD reserves the right to extend the Closing date or revise the location.

SECTION V: CLOSING

1. *Conveyance*: In accordance with the Act, HUD will convey the Property to the Approved High Bidder through a Foreclosure Deed. The Foreclosure Deed will not contain any warranties of title. The Foreclosure Deed is not subject to a redemption period by the defaulting owner of the Property. When the Invitation indicates, the Approved High Bidder and HUD will execute the Use Agreement and record as part of the Foreclosure Deed.
2. *Amounts Due at Closing*: The Foreclosure Sale is an all-cash sale. HUD is not offering financing to purchase the Property. At Closing, the Approved High Bidder will pay the

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Balance. HUD will not proceed with the Closing without acceptable receipt of the Balance, which shall be paid only in the form of certified funds or cashier's check made payable to: **THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

3. *Closing Expenses:* HUD will pay all recordation fees for the Foreclosure Deed, and if applicable, the Use Agreement. Irrespective of local custom, the Approved High Bidder shall pay all remaining expenses including, but not limited to, all documentary stamp taxes, and any costs incurred in connection with a review of title or title insurance.
4. *Prorations:* Approved High Bidder is responsible for paying all taxes, assessments, liens, and utility bills including, but not limited to, water, sewer, gas, electric, and any other encumbrances not extinguished by the Foreclosure Sale. These amounts will not be prorated from the High Bid or attributed to the Balance. If HUD received any rental payments from tenants living in the Property on the day of Closing, those rental payments will not be prorated nor credited toward the High Bid or attributed to the Balance.
5. *Extension Fees:* If Approved High Bidder paid Extension Fees 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 Balance at Closing. This is the only amount HUD will prorate.

ATTACHMENT B
TERMS AND REQUIREMENTS OF FORECLOSURE SALE
ACKNOWLEDGEMENT BY BIDDER

I. TERMS OF BID

A. The undersigned, _____, (the "High Bidder") submitted a bid of _____ dollars (\$ _____)(the "Bid) at the Foreclosure Sale to purchase _____ (the "Property") held at _____ on _____ 20__ at _____(AM/PM).

The legal description for the Property is included as Exhibit A. The Bid shall be calculated as follows:

1. EARNEST MONEY: \$_____ in the form of a money order, certified funds, or cashier's check (the "Earnest Money Deposit") has been collected at the Foreclosure Sale by the Foreclosure Commissioner, and which shall not earn interest, and
2. BALANCE OF THE BID: The High Bidder will pay the difference between the Bid and the Earnest Money Deposit, a sum of \$_____, (the "Balance") at Closing (as defined below), in the form of a money order, certified funds, or cashier's check as provided in the Acknowledgement.

II. HIGH BIDDER REPRESENTATIONS AND WARRANTIES: The High Bidder hereby represents and warrants to HUD, that as of the execution date of this Acknowledgement and as of the date of the Closing, the following:

- A. High Bidder has full knowledge of all the terms, conditions, and requirements of the Foreclosure Sale contained herein. High Bidder affirms that they are required to follow the terms of the Invitation, including by reference, which are incorporated by reference from the Invitation.
- B. High Bidder has the power and authority to execute, deliver and perform this Acknowledgement and all transactions contemplated herein. High Bidder has taken or will take all actions necessary to perform its obligations under this Acknowledgment and to consummate the Foreclosure Sale. This Acknowledgement and all of the other instruments and agreements executed and delivered by High Bidder in connection with the Foreclosure Sale prior to the Closing Date have been or will be duly executed and delivered by High Bidder to HUD and constitute or will constitute legal, valid and binding obligations of High Bidder. These terms are enforceable against High Bidder, except as such enforcement may be limited law and by general principles of equity (whether considered in a proceeding at law or in equity). The execution, delivery and performance of this Acknowledgement by High Bidder does not violate any provisions of any existing federal, state, or local law or regulation applicable to High Bidder, or violate or contravene any judgment, injunction or decree binding upon High Bidder, or violate, contravene or constitute a default under any provision of the organizational documents, if any, governing High Bidder, or of any agreement, contract or other instrument binding upon High Bidder.
- C. High Bidder will accept the Property "AS IS" and understands HUD makes no representations or warranties concerning the physical condition of the Property.

High Bidder acknowledges and agrees that, while HUD provided some information concerning the Property to all bidders for review prior to the Foreclosure Sale, such information may have been inaccurate or incomplete.

- D. High Bidder understands that the Foreclosure Sale of the Property is not contingent upon the High Bidder securing favorable financing terms. High Bidder acknowledges that, prior to Closing, HUD will not allow access to the Property for appraisal or any other reason.
- E. High Bidder's Bid is based on its own evaluation of the Property and not upon any representations by HUD. High Bidder's inability or failure to inspect or otherwise be fully informed as to any factor bearing upon the valuation of the Property shall not be a basis for termination of this Foreclosure Sale nor affect High Bidder's or HUD's liability, obligations, or duties.
- F. **BIDDER RESTRICTIONS AND ELIGIBILITY:**
 - 1. No member of or delegate to Congress, resident commissioner of the Property, or any local elected official (a "Restricted Party") will share in any part of this Foreclosure Sale, or to any benefit arising from owning the Property. This provision does not apply to the extent that the High Bidder is a corporation, and a Restricted Party is a shareholder of the corporation and the purchase of the Property is for the corporation's general benefit.
 - 2. The High Bidder is not suspended, debarred, or temporarily denied from participating in HUD programs. If the High Bidder becomes suspended, debarred, or temporarily denied participation prior to Closing, the Foreclosure Sale will be terminated, and HUD will retain as liquidated damages the Earnest Money Deposit and any Extension Fees paid.
 - 3. The High Bidder is not the defaulting mortgagor, or any Principal, successor, Affiliate, or assignee thereof, on the multifamily mortgage that is the subject of the Foreclosure Sale. The High Bidder will also ensure that the defaulting mortgage or any Principal, successor, Affiliate, or assignee thereof will not acquire the Property or any interest in the High Bidder.
 - 4. The High Bidder is not the FHA Lender or an affiliate thereof that benefited from the FHA insurance claim associated with the mortgage HUD foreclosed upon as part of the Foreclosure Sale.
- G. **ANTI-COLLUSION:** High Bidder confirms it arrived at the Bid independently and without any consultation, communication, or agreement with any other bidder at the Foreclosure Sale relating to the Bid, the intention to submit the Bid, or the methods and factors used in calculating the Bid. Further, the Bid was not knowingly disclosed, directly or indirectly, to any other bidder before or during the Foreclosure Sale, unless otherwise required by law. High Bidder did not induce or attempt to induce any other Foreclosure Sale Bidder to submit or not to submit a bid for any purpose of restricting competition,
- H. **REMEDIES FOR BREACH:** In the event of a breach by High Bidder of any representation or warranty, HUD has at its election, the right to terminate this Acknowledgement and all further obligations of HUD hereunder and, in the event of such termination, the provisions of Section VIII of this Acknowledgment shall be applicable. If any representation or warranty set forth in this Acknowledgment is not true and accurate as of the Closing Date, High Bidder shall so advise HUD.

III. HUD REPRESENTATIONS AND WARRANTIES: HUD makes no representations and warranties concerning the physical condition of the Property. HUD does not represent or warrant the occupancy of revenue producing units or any other factor bearing upon the value of the Property.

IV. HIGH BIDDER OBLIGATIONS BEFORE CLOSING:

A. Post Bid Document Submission **within Five (5) Days of Foreclosure Sale**: The High Bidder must submit the following items to HUD within the listed business days of the Foreclosure Sale in order for HUD to begin its review process. The following documents must illustrate the High Bidder's capacity to own and operate the Property.

1. Previous Participation Certification (HUD 2530). Submit one (1) HUD 2530 for the High Bidder and one (1) separate HUD 2530 for any Management Agent.
 - i. Electronic Filers: If the High Bidder has prior access to HUD's Secure Systems, after previously registering through HUD's Business Partner Registration as described in the Invitation, it should submit an electronic Previous Participation Form using the Active Partners System (APPS) and provide proof of the electronic submission to HUD.
 - ii. Paper Filers: If the High Bidder has not previously registered in APPS, the High Bidder should provide a completed paper HUD 2530 with original signatures. The High Bidder entity must have an established tax identification number (TIN) and each individual must list their social security number (SSN). High Bidder should transmit to HUD using an encrypted file. Additionally, High Bidder should include (1) an organizational chart for the ownership entity that shows each ownership tier, the roles of each controlling participant and each member with more than 25% ownership interest; and, (2) the ownership entity's organizational documents, include Articles of Incorporation, Certificate of Incorporation, Operating Agreement, Partnership Agreement, Charter, Bylaws, Agent Certification, and proof of TIN, as applicable.
2. Certification of Substantial Compliance. The High Bidder must submit a complete and original Certification of Substantial Compliance, located in attachments to this Invitation. If HUD determines that properties disclosed by the High Bidder are not in substantial compliance with federal regulations and/or state and local codes, HUD may reject the High Bidder as not qualified to purchase the Property. The High Bidder may forfeit the Earnest Money Deposit as a result of such determination.
3. Written Statement of Experience. The High Bidder must submit a written State of Experience ("Statement"). The Statement must demonstrate approximately five (5) years of experience successfully owning and managing properties similar to the Property and must address future management of the Property. High Bidder shall not exceed five (5) pages per property when providing the following information for each property:
 - i. The location of other owned multifamily properties.

- ii. The number of units and construction type (garden, walk-up, high-rise, etc.) for each property.
 - iii. Identify type of management for each property.
 - iv. Identify properties that have government assistance and type of assistance, i.e., project-based, tenant-based, etc.
 - v. Identify the initial physical needs of each property and how they were addressed.
 - vi. Identify the social needs of each property and how they were addressed.
 - vii. Identify the economic needs of each property and how they were addressed.
 - viii. How, based on its experience, the High Bidder will satisfy conditions of the sale, i.e., Post-Closing Repairs, income and rent restrictions, etc.
 - ix. How High Bidder will implement a sound financial and physical management program for the Property.
 - x. How High Bidder plans to respond to the needs of the tenants and work cooperatively with resident organizations.
 - xi. How High Bidder will provide adequate organizational staff and financial resources to the Property.
 - xii. How High Bidder will provide serves, maintenance and utilities to the Property.
4. Personal Financial and Credit Statement. The High Bidder must submit Form HUD-92417 for each of its controlling Principal(s).
5. Previous Participation Certification for Management Agent, if applicable.
6. Additional Documents Required for HUD Subsidized Properties:
- i. Management Agent Resume
 - ii. Affirmative Fair Housing Marketing Plan (Form HUD-935.2A)
 - iii. Management Entity Profile (Form HUD-9832)
 - iv. Project Owner's/Management Agent's Certification Form HUD 9839-A, 9839-B or 9839-C. Must choose applicable version.
- B. Changes within five (5) Days to the High Bidder or Management Agent. If the High Bidder, the Management Agent, or any controlling participant thereof changes, the individual or entity shall resubmit a corrected Previous Participation Certification within five (5) days of any such change.
- C. The High Bidder shall ensure compliance with submissions as required herein. Failure to comply with all requirements may result in High Bidder declared ineligible to purchase the Property. In such case, the High Bidder shall forfeit the Earnest Money Deposit and Extension Fees paid.
- V. HUD'S REVIEW OF POST-BID SUBMISSION
- A. Before HUD can schedule the Closing, HUD must complete the review of the submitted documents and approve the High Bidder.
 - B. HUD will provide a response to the High Bidder, and Management Agent if applicable, within fifteen (15) days of receipt.
 - C. Acceptance of High Bid. HUD does not fully accept the High Bid until the High Bidder submits all Post-Bid Documents, HUD reviews the Post-Bid Documents,

and HUD, in its sole discretion, determines the eligibility of the High Bidder. HUD will notify the High Bidder of its determination in writing. Upon HUD's determination that the High Bidder is qualified, the High Bidder will be confirmed as the Approved High Bidder.

- D. Rejection of High Bid. After review of the Post-Bid Documents, HUD may determine that the High Bidder is not qualified to purchase the Property. HUD may reject the bid due to High Bidder's ineligibility, lack of qualifications, or failure to comply with the Invitation. HUD will notify the High Bidder of this determination in writing, as promptly as possible and generally within thirty (30) days after the Foreclosure Sale. HUD may then contact the Second High Bidder.

VI. CLOSING

- A. Time is of the essence.
- B. If HUD confirms the High Bidder is qualified to purchase the Property, HUD will notify the High Bidder in writing. The transfer of title to the Property (the "Closing") shall be within thirty (30) calendar days of approval unless the High Bidder requests and HUD grants an Extension Period.
- C. The Closing date and place will be determined by the Foreclosure Commissioner and/or HUD and will occur within thirty (30) days of HUD approval of the High Bidder. HUD and/or the Foreclosure Commissioner will notify the High Bidder of the Closing.
- D. At Closing, the High Bidder will shall assume all responsibilities and obligations as owner of the Property arising on or after the Closing. After the Closing, HUD shall have no further responsibilities or obligations with respect to the Property.
- E. High Bidder shall pay the Balance at Closing in the form of a money order, certified funds, or cashier's check made payable to: THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVLEOPMENT.
- F. CLOSING COSTS, DEPOSITS, REPAIR ESCROW: In addition to the Balance, the High Bidder will be required to pay all Closing costs, regardless of local custom, and, where applicable, fund deposits to reserve accounts and obtain any Letter(s) of Credit for the Repair Escrow. However, HUD will pay fees for recording the Foreclosure Deed and Use Agreement, if any.
- G. EXECUTION OF USE AGREEMENT: Without limiting the foregoing, at Closing, High Bidder will execute the Use Agreement and required exhibits as contained in the Invitation. The Use Agreement will control the use of the Property for the specified period, be recorded as part of the Foreclosure Deed, and will run with the land.
- H. EXTENSION OF CLOSING DATE:
 - 1. High Bidder may request an additional thirty (30) calendar day period (the "Extension Period") for the Closing to occur. High Bidder must submit a written request, which clearly states the reason for the High Bidder's inability to close the sale on or before the Closing date, or within any Extension Period. HUD must receive any extension request no less than ten (10) days prior to the Closing date. The request must be accompanied by the payment of the required Extension Fees and sent to the following address:

Multifamily Property Disposition
ATTN: Jovanna M. Morales, Director
307 W. 7th Street, Suite 1000
Fort Worth, TX 76102

2. All payments for an Extension Period must be in the form of a cashier's check or certified check made payable to: The U.S. Department of Housing and Urban Development
3. HUD will notify the High Bidder in writing of all approved Extension Periods. HUD will grant an Extension in accordance with the following conditions:
 - i. Extension Fees shall be equal to \$_____ per unit in the Project per calendar day, or one and one-half percent (1.5%) of the Bid, whichever amount is greater.
 - ii. Extension Fees will not be credited against the Balance. However, if the Closing is held prior to the end of the Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period shall be credited toward the Balance.
 - iii. HUD shall not be obligated to grant any additional Extension Period because it has previously granted one or more Extension Period.
 - iv. If High Bidder does not submit any HUD-required documents within sufficient time for HUD's review, and such delay necessitates an Extension Period, Extension Fees shall be paid for this time.

VII. PRORATIONS:

- A. **TAXES AND FEES:** High Bidder is responsible for paying all taxes, assessments, liens, and utility bills including, but not limited to, water, sewer, gas, electric, and any other encumbrances not extinguished by the Foreclosure Sale. Any amounts paid will not be prorated to the Balance or used to offset the Bid amount in any way. HUD is responsible for payment of taxes before the closing date.
- B. **PROPERTY RENTS:** Regardless of the Closing Date, rent collected by HUD, if any, will not be prorated toward the Balance.
- C. **EXTENSION FEE:** In the event High Bidder pays Extension Fees, and the Closing occurs before the expiration of the Extension Period, a prorated amount of the unused portion of the Extension Fees shall be credited toward the Balance.

VIII. BREACH

- A. The High Bidder agrees that any breach of these terms shall result in the forfeiture of the Earnest Money Deposit, and the payment of any expenses incurred HUD by in managing the property, including taxes, and utilities, until transfer of ownership in a Closing, as liquidated damages, not a penalty.
 1. Failure to pay these funds shall result in a debt to the federal government.
 2. Failure to pay these funds may result in the High Bidder being prevented from participation in future HUD foreclosure sales.
- B. Breach by the High Bidder includes withdrawing their bid after signing this document, and any other actions or inactions by the High Bidder that result in failure to close on the sale.

- C. If actions by HUD result in failure to close on the sale, High Bidder's sole remedy shall be the return of any amounts paid by High Bidder pursuant to this Agreement. Without limiting the generality of the foregoing, High Bidder hereby waives any claim for damages (other than amounts paid by High Bidder pursuant to this Agreement) and any right to seek specific performance or other equitable relief.
- D. Upon the failure or refusal of the High Bidder to comply with any of the requirements in this Acknowledgement, HUD may declare the High Bidder ineligible to purchase the Property, in which case the High Bidder shall forfeit the Earnest Money Deposit and any Extension Fees paid.

IX. MISCELLANEOUS

- A. **RISK OF LOSS AND RIGHTS OF RECISSION:** In the event of any substantial damage to the Property prior to Closing by any cause, including but not limited to fire, flood, hurricane, earthquake, tornado, or significant vandalism, HUD, in its sole discretion, may renegotiate with the High Bidder for a reduction in the Bid corresponding to the estimated amount of damages. Such amount shall be added to the Post-Closing Repair amount, if applicable. If the Bid reduction cannot be negotiated or if the High Bidder and HUD are unable to agree on the amount by which the Bid should be reduced, or on the amendment to any Post-Closing Repair requirements, High Bidder may withdraw the Bid. In such case, HUD will retain the Earnest Money Deposit and any Extension Fees paid.
- B. **EXISTING SECURITY DEPOSITS:** Any security deposits collected from tenants and paid to HUD or in HUD's control prior to Closing shall be assigned to High Bidder within fifteen (15) business days of Closing. In no event shall HUD deliver security deposits forfeited by a tenant in accordance with the terms of the tenant's lease. Notwithstanding state and local law, HUD will not transfer any other security deposit collected from tenants. HUD has no other liability under state and local law with respect to security deposits. High Bidder agrees to assume all responsibility and liability under state and local law with respect to the collection, application, and return of tenant's security deposits.
- C. **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.
- D. **LIMITATION OF LIABILITY:** In no event shall HUD's liability exceed the Earnest Money Deposit and any Extension Fees paid.
- E. **ASSIGNMENT:** High Bidder may not assign its rights and responsibilities under this Acknowledgment without the prior written consent of HUD.
- F. **CONFLICTING TERMS:** If there are terms or conditions herein that conflict with the terms or conditions contained in the Invitation incorporated herein by reference, the terms or conditions of this Acknowledgment shall control.
- G. **REQUIRED FORMS:** The High Bidder acknowledge the receipt of the Use Agreement as a term and condition of the Foreclosure Sale and the inclusion of the riders attached to the Use Agreement in the Invitation.

By signature below, High Bidder acknowledges and agrees to the terms and conditions of this Foreclosure Sale. In the case where an agent or representative of the High Bidder submitted the Bid, the signatory attests to be duly authorized to submit the bid on behalf of the High Bidder and to execute this Acknowledgement.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this Foreclosure Sale. Penalties upon conviction can include a fine or imprisonment. See 18 U.S.C. 1001 and 1010.

Executed by the High Bidder on the ____ day of _____, 20____.

Witness: _____

By: _____

Printed Name: _____

Printed Name: _____

Address: _____

City, ST ZIP: _____

Phone: (_____) _____ - _____

Email: _____