

Restored Homes HDFC

**REO PROGRAM
AND
ASSET CONTROL AREA (ACA) PROGRAM**

DEVELOPMENT AND SALES OF FORECLOSED PROPERTIES FOR
AFFORDABLE HOMEOWNERSHIP

REQUEST
FOR
QUALIFICATIONS

Community Partners

ISSUE DATE: September 18, 2009

RFQ RESPONSE DUE DATE: October 19, 2009

**REO AND ASSET CONTROL AREA PROGRAMS
REQUEST FOR QUALIFICATIONS**

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REO AND ASSET CONTROL AREA PROGRAMS

REQUEST FOR QUALIFICATIONS

NOTE: If you previously submitted an RFQ for the ACA program and were approved there is no need to resubmit your application as you will be considered pre-approved for REO, however RH may ask for updated information.

This Request for Qualification (RFQ) is being issued by Restored Homes Housing Development Fund Corporation (RH) to determine the eligibility of experienced Community Partners (CP) to participate in the rehabilitation of vacant foreclosed 1 to 4 family homes RH will purchase from lenders and/or the U. S. Department of Housing and Urban Development (HUD). Through the Real Estate Owned (REO) and Asset Control Area (ACA) Programs, when either a lender or HUD makes properties available for disposition, RH will select qualified CPs from among the list of Applicants who qualify through this RFQ. **It is important to note that not all Applicants deemed qualified will be assigned properties.**

I. INTRODUCTION

This RFQ specifically addresses vacant 1 to 4 family properties made available through the REO and ACA Programs.

REO Program

In 2008, Congress passed the Housing and Economic Recovery Act (HERA), which created the National Neighborhood Stabilization Program (NSP). The NSP provides grants to States and localities for the redevelopment of foreclosed and abandoned homes. The grants are intended to prevent further declines in neighborhoods most severely impacted by foreclosures. The City of New York's Department of Housing Preservation and Development (HPD) received a direct allocation of \$24 million in NSP funds which will be used to implement its *2008 Consolidated Plan: Addendum – Neighborhood Stabilization Program*, focusing on acquiring, rehabilitating, and re-selling lender-owned, foreclosed properties in the five boroughs.

RH was designated by HPD as the leading local non-profit to implement this program. Given its unique experience in re-developing foreclosed properties, RH is working in collaboration with HPD, the Center for New York City Neighborhoods, the National Community Stabilization Trust (NCST) and lenders/servicers to facilitate the transfer of lender-owned real estate ("REO") property to qualified owner-occupants to help alleviate the destabilizing effects that the growing stock of vacant homes is having on many New York City neighborhoods. Under the REO Program, Restored Homes has been allocated \$24 million in federal and city subsidies which will leverage \$32 million in private financing. A \$56 million credit facility will allow Restored Homes to purchase and redevelop 85 to 100 REO properties over a 36 month period. In order to create the largest positive impact, the REO Program targets the areas of greatest need, based on the highest percent of foreclosures, high cost loans and *lis pendens* filings, for property acquisition, rehabilitation, and marketing of homes. Additionally, RH and HPD are embarking on a pilot program to rehabilitate a number of these homes using green, energy-efficient standards and practices.

Description:

Through the REO Program, RH will purchase, rehabilitate and resell 85 to 100 vacant 1 to 4 family properties.

Locations:

RH and HPD have identified 13 areas of greatest need to acquire and rehabilitate REO foreclosed homes focusing on sub-borough areas with:

- the greatest percentage of home foreclosure auctions
- the highest percentage of homes financed by a subprime mortgage related loan (high cost loans)
- the highest percentage of lis pendens (leading indicator of areas facing significant rise in the rate of home foreclosures)

AREAS OF GREATEST NEED - Neighborhood Ranking of Highest Percentage of Foreclosures, including Zip Codes With Highest Risk Score					
NEIGHBORHOODS		FORECLOSURES ¹			
Sub Borough Area	Borough	Volume	Percent of Total Citywide	Ranking	Zip Codes in Area with Risk Scores of 8, 9, 10
Jamaica	Queens	1152	17.31%	1	11430, 11432, 11433, 11434, 11435, 11436, 11451
Bellerose/Rosedale	Queens	578	8.68%	2	11413, 11422, 11429
North Shore	Staten Island	496	7.45%	3	10301, 10302, 10303, 10310
Howard Beach/S. Ozone Park	Queens	340	5.11%	4	11414, 11417, 11420
Kew Gardens/Woodhaven	Queens	330	4.96%	5	11416, 11418, 11419
Rockaways	Queens	283	4.25%	6	11691, 11692
South Shore	Staten Island	223	3.35%	7	-
Bedford Stuyvesant	Brooklyn	196	2.94%	8	11205, 11206, 11216, 11221, 11233, 11238
Jackson Heights	Queens	193	2.90%	9	11368, 11369, 11377
Williamsbridge/Baychester	Bronx	188	2.82%	10	10466, 10467, 10469, 10470, 10475
East New York/Starrett City	Brooklyn	182	2.73%	11	11203, 11207, 11208, 11212
Flatlands/Canarsie	Brooklyn	152	2.28%	12	11210, 11234, 11236,
Mid-Island	Staten Island	150	2.25%	13	10304

¹If a foreclosure auction is listed for the same borough/block/lot (BBL), with the same defendant name, and within the same 365-day timeframe, the listing is counted once, on the first occurrence of the auction. Period: January 2007 to September 2008.

ACA Program

Through the ACA program, HUD sells to local units of government and non-profit organizations deeply discounted, vacant HUD-owned 1 to 4 family properties obtained through FHA foreclosure in designated revitalization areas. HPD and RH submitted a joint application and were awarded a contract by HUD to purchase, rehabilitate and sell up to 112 ACA properties in all revitalization areas in New York City. RH began acquiring these homes in 2006. RH's contract with HUD, which runs through 2012, enables it to purchase up to 112 ACA homes at 50% of HUD's appraised value.

Description:

Through the ACA Program, RH will purchase, rehabilitate and resell as many as 112 vacant 1 to 4 family properties. RH began purchasing ACA properties in July 2006 and currently owns 44 ACA homes.

Locations:

The ACA properties will be located in all HUD-designated revitalization areas which are defined as neighborhoods in need of economic and community development where there is already a strong commitment by the local governments to address preservation of existing housing. HUD designates revitalization areas by census block groups that are in very low-income areas, have

a high concentration of eligible assets, or have a low homeownership rate.

RH can be designated buildings in any of New York City's revitalization areas, however has most commonly been designated buildings in the following neighborhoods: Arverne, Bedford Stuyvesant, Bushwick, Canarsie, Crown Heights, Cypress Hills, East Flatbush, East New York, Far Rockaway, Ocean Hill, Wycoff Heights, Jamaica, South Jamaica-Baisley Park, South Jamaica, Springfield Gardens, North Shore and Northwest Bronx. The extended revitalization areas are included in **Appendix I**.

Regardless of which properties are acquired by RH, organizations selected as CPs will be required to accept all the properties offered to them by RH. CPs cannot reject any properties offered by RH for development.

A. Objective

RH's objective is to facilitate the transfer of foreclosed upon properties to qualified low to moderate income owner-occupants to help alleviate the destabilizing effects that the growing stock of vacant homes is having on many New York City neighborhoods. The homes that will be included in these programs will be rehabilitated to a standard to help facilitate the long term success of the homebuyers and to make significant investments in the future of the neighborhoods where they are located.

B. Program Participants

After purchasing the properties through either program, RH is responsible to undertake all predevelopment activities, oversee rehabilitation and sell the properties directly to low-to-moderate income families within a very strict timeframe. For assistance with the development, construction and sales processes, RH will contract with the entities described below:

- Community Partners (CP) are not-for-profit and for-profit, locally based community development housing organizations that have extensive affordable housing development experience and the ability to manage the design and construction processes alongside RH staff. At the same time, the CPs will identify eligible low- and moderate-income homebuyers and provide them with access to pre-purchase training, homeownership counseling, access to mortgage products, and financial assistance including down payment assistance and post purchase training and support;
- Locally based architects and general contractors who are pre-qualified and familiar with the program requirements will be directly responsible for planning and executing the rehabilitation plans;
- HUD-approved community based homeownership counseling and training organizations will provide a full complement of supportive services to the prospective and actual homebuyers;
- Lending institutions will fund the development activities through two separate credit facilities and offer competitive permanent mortgage products to homebuyers;

Participation in the REO and/or ACA Programs will position CPs to gain access to a new pipeline of development opportunities, bring affordable homeownership opportunities to the communities in which they work, and deliver formerly

troubled properties to long-term owner-occupants.

II. REQUEST FOR QUALIFICATION PROCESS

This RFQ has been issued to determine the eligibility of responding organizations (“Applicants”) to serve as Community Partners and take responsibility for assisting RH in all predevelopment, construction and marketing activities required to complete and sell the REO and ACA properties within the required 18 month timetable. As RH acquires properties through the REO or ACA programs, RH will select CPs from among the Applicants who qualify through this RFQ. **It is important to note that not all Applicants deemed qualified will be assigned properties.**

A. Submission of Applications

On or before the submission deadline date, Applicants must submit their qualifications in accordance with the instructions and attachments contained in the RFQ. Submission of qualifications shall be deemed to be permission by Applicants for RH or HPD to make inquiries concerning the Applicants as deemed necessary.

Eligible Applicants and their principals, if applicable, must be experienced not-for-profit and for-profit developers doing business or residing in the targeted areas.

Based upon responses to the RFQ, consideration may be given to applicants doing business or residing in adjacent neighborhoods. However, preference will be given to qualified Applicants in the targeted areas.

B. Review and Selection

Applicants must meet the threshold requirements outlined in the RFQ to be considered for participation in the REO and ACA Programs. Failure to meet these threshold requirements or to provide the complete information required in the RFQ will disqualify the Applicants from consideration in the programs.

RH will review the responses to the RFQ and identify eligible CPs. To be considered eligible, CPs must be experienced not-for-profit or for-profit housing developers doing business in the targeted neighborhoods. RH will evaluate Applicants based upon the extent of their experience with the rehabilitation of 1 to 4 family scattered site buildings for homeownership. In addition to comparable development experience, RH will investigate CPs development capacity, record of completion, current workload, financial solvency, homeownership counseling experience and the presence of adverse findings. Applicants will also be evaluated based upon their demonstrated ability to work successfully with government and not-for-profit organizations and their knowledge and experience in developing affordable housing in New York City. RH encourages CPs to highlight any experience they have in green, energy-efficient building standards and practices, however this is not required to participate in the programs.

Selection of Applicants under this RFQ means only that RH has determined that such Applicants meet the requirements set forth in this RFQ to be CPs and that RH may thereafter elect to execute a contract with such Applicants regarding the development of properties.

RH is also establishing a pre-qualified list of architects and general contractors from which CPs will assist RH in selecting architects & general contractors to perform design and construction activities. RH reserves the right to disapprove the inclusion of any or all members of the Applicants team and to require selected Applicants to substitute other individuals or firms.

The REO and ACA Programs consist of the following phases: 1) Selection of Community Partners, 2) Execution of Community Partner Agreement, 3) Property Assignments, 4) Issuance of Property Development Timeline, 5) Predevelopment and Design Phase, 6) Construction Phase, 7) Selection of Eligible Homebuyers and provisions for Homebuyer Counseling Services, and 8) sale to Eligible Homebuyer.

III. PROGRAM GUIDELINES

Disclaimer: All REO Program requirements and guidelines are subject to those stipulated in the federal Neighborhood Stabilization Program legislation.

A. Execution of Contract for Services

To be considered eligible CPs, Applicants are required to review and execute a Community Partner Agreement. The Agreement will outline the general contract terms between CPs and RH. All CPs must agree to the contract language in advance of assignment of properties because the predevelopment timeline required by each program is so short that it does not allow RH the ability to hold separate negotiations with each CP. This Agreement with the CPs will be executed only after RH enters into a contract of sale with a lending institution for an REO property or receives a Property Designation Notice from HUD for an ACA property. The Agreement will include a generic Development Timeline outlining the CPs obligations for the development and sales of its designated properties. The Agreement will be amended when (1) scopes of work are formulated that alter the extent of rehabilitation required, and (2) as additional properties are given to the CP at later dates. In both instances, updated Development Timelines will be added to the Agreement.

B. Site Assignment

REO Program

RH will have the opportunity to select REO properties from the pool of available properties provided by lending institutions. Properties will be acquired on a rolling basis and will be within the areas of greatest need, however RH will have no advanced knowledge of lender offerings so CPs will not be designated until a contract of sale is signed.

ACA Program

RH is required to take all ACA properties that HUD designates in the agreed upon revitalization areas. HUD will send Property Designation Notices to RH that identifies available properties for RH to purchase. HUD will designate properties on a rolling basis and RH will have no advanced knowledge of the location or type of properties to be designated.

RH will seek to pair CPs with properties within their catchment area but cannot guaranty that all properties will be within those boundaries. RH cannot guarantee assignment of a particular number of properties at any point in time.

To be considered eligible CPs, Applicants must agree to take properties that RH assigns regardless of the number assigned in any one month. **CPs must agree to accept all properties that RH assigns. Failure to do so will disqualify CPs from further consideration in either Program.**

If RH elects to enter into an Agreement with selected CPs with respect to particular properties, RH will send the CPs a Property Designation Letter and request execution of the Agreement with an addendum that identifies the property and the corresponding development timeline. If the CPs wish to participate in the program, they will sign the Agreement and return it within 1 day to RH. If RH and the CPs determine that the scope of work for the rehabilitation of properties needs to be altered or if RH wishes to assign additional properties to CPs at a later date, RH will request the execution of amendments to the original Agreement that identifies the properties and their updated development timelines.

The sending of the Designation Letter by RH to the CPs signifies, for the purpose of this RFQ, only that RH is considering assigning the particular Property to the CPs, and will not create any equitable or legal rights whatsoever on the CPs part with respect to the Property or the proposed transfer.

C. Rehabilitation Services

The CPs will be responsible in assisting RH in the development of a scope of work and completing in a timely manner, plans and specifications in consultation with, and subject to the approval of RH.

If the magnitude of the work needed to bring a home up to code requires architectural drawings, the CPs and RH will be responsible for hiring an architect to develop a scope of work and complete plans and specification. RH will provide CPs with a pre-qualified list from which to select an architect. CPs shall monitor the quality of work and timeliness of performance of the architect. The cost of these architectural services will be paid with predevelopment funds that RH will make available to the CPs.

CPs and RH must enter into a contract with a general contractor selected from a pre-qualified list provided by RH. CPs and RH will work with the general contractors to plan, implement and complete the rehabilitation work in a professional and timely manner. The CPs and RH shall monitor the quality of the work and timeliness of the performance of the general contractor.

RH staff will provide oversight of the pre-development, design and construction phases of the properties. Such oversight will include status meetings and reports by CPs, conducting site visits and approving both predevelopment and construction related expenditures.

D. Development Timeline

REO

The use of federal Neighborhood Stabilization Program funding to develop REO properties, as authorized by the HPD Consolidated Plan, requires RH to commit its funds within an 18 month period for acquisition and rehabilitation of properties. In light of this timeframe, RH has devised a detailed REO

Development Timeline that is in **Appendix II**. This timeline assumes that the Program's properties will be rehabilitated and sold to eligible homebuyers within 18 months from the date RH shows interest in a property.

ACA

RH's contract with HUD states that it must reach certain development milestones by specified dates or risk possible termination from the ACA Program. In light of this timeframe, RH has devised a detailed ACA Development Timeline that is in **Appendix III**. This timeline assumes that the Program's properties will be rehabilitated and sold to eligible homebuyers within 18 months from the date that HUD issues RH a designation letter.

Given that properties, in both programs, are likely to become available to RH on a monthly basis and that the properties will require differing levels of rehabilitation, each property will have its own Development Timeline. RH anticipates that some of the properties will be able to complete rehabilitation earlier than the 18 months.

RH's failure to comply with HUD's development timeframe requirements for both the REO and ACA programs, would place RH in default. In order to insure that HUD's requirements are met, Applicants must agree to accept and adhere to all of the development deadlines imposed on RH by HUD. Failure to meet the agreed upon deadlines may be grounds for a CPs termination by RH.

E. Obligations of Community Partner

The Development Timeline deadlines for the CPs are non-negotiable. By signing the CP Agreement with RH, the CPs accept responsibility for meeting the deadlines in the Agreement and subsequent amendments and for complying with its enforcement provisions. RH and the CPs will establish these deadlines using the generic Development Timeline as a starting point, and adjusting it to reflect the actual building conditions and required scope of work for the designated properties. **Under no circumstances will RH sign a contract with the CP that extends the completion and ultimate sale of a property for homeownership beyond the required 18 month deadline.**

RH will review the project status with the CPs on a weekly basis to determine if the CPs and their subcontractors are on schedule. It is the responsibility of the CPs to ensure that all of their subcontractors, architects and/or contractors accomplish the stated goals on the Development Timeline. If CPs or any members of their development team misses one or more deadlines, RH staff will invoke the enforcement provisions and terminate the Agreement and reassign the properties to another architect, contractor or CP.

F. Marketing and Sales

RH will retain ownership of the properties throughout the rehabilitation and will be the entity that executes the contracts of sales and deeds with the eligible homebuyers. The marketing and sales of the rehabilitated homes to eligible homebuyers, however, will be the sole responsibility of the CPs, with oversight by RH and HPD. The CPs will be responsible for advertising the availability of these homes, overseeing the selection of potential homebuyers through a lottery

system and maintaining the lottery log, interviewing potential candidates to determine their income eligibility, identify sources of financial assistance including down payment assistance, provide access to mortgage products, and assist in the mortgage loan approval process with lenders and provide pre and post purchasing homeownership counseling services. If the CPs do not have the required experience in providing these services, the CPs must include in their development team a not-for-profit or for-profit organization that can provide these services. All pre-purchase homeownership counseling must be provided by a HUD approved counseling agency. Documentation that the organization is a HUD approved counseling agent must be provided with RFQ submission.

Upon designation as CPs, RH will provide a detailed manual outlining the marketing and sales requirements for the REO and ACA properties.

1. Eligible Homebuyers

REO Program

While the NSP legislation allows for homes to be sold up to 120% of Area Median Income (AMI) for New York City adjusted for family size, RH's REO Program targets households earning between 80% and 105% of AMI adjusted for family size.

ACA Program

Through the ACA program, RH will sell its homes to households earning below 115% of AMI for New York City adjusted for family size.

Both Programs may target families at lower AMIs, by utilizing additional public financing from the City and State, and loan products from the participating lenders to allow for greater affordability for low- and moderate-income purchasers. Affordability levels will be determined by RH in consultation from HPD and HUD.

2. Preferences

The following preferences must be included in CPs outreach and marketing efforts to identify qualified homebuyers:

Qualified Veteran Preference (ACA Program Only) – 33 1/3% of the homes will be offered to qualified military personnel – service members, reservists and honorably discharged veterans of the US Marine Corp. Army, Navy, Air Force National Guard and Coast Guard who served in active duty in Operation Enduring Freedom and Operation Iraqi Freedom at any time after September 11, 2001, or their surviving spouses.

Community Preference (ACA & REO Programs) – 50% of the homes will be offered to eligible homebuyers who are residents of the Community Boards in which the properties are located.

Municipal Employee Preference (ACA & REO Programs) – 5% of the homes will be offered to eligible homebuyers who are New York City municipal employees. The list of employees eligible under this category will be provided by HPD.

Residency Preference (ACA & REO Programs) – Preference will be given to

eligible homebuyers who are residents of New York City at the time an application to a purchase home is submitted.

As part of the RFQ submission, Applicants will be required to demonstrate what outreach and marketing efforts they will undertake to maximize the pool of potential homebuyers from these preference categories.

3. Homeownership Training

CPs will be required to provide homebuyer education services to eligible homebuyers. As part of the RFQ submission, Applicants must indicate how they will ensure that new homebuyers purchasing the REO and ACA properties will be prepared for the financial requirements of homeownership. The Applicants must describe what homebuyer education services will be provided, including but not limited to, pre-purchase counseling and training, financial assistance including down payment assistance and post purchase training and support. The Homeownership Training services must be provided by a HUD approved organization.

4. Occupancy Requirements and Resale Restrictions

REO Program

Homeowners must agree to occupy at least one of the units in the building as a primary residence for up to 15 years following the initial purchase of the property, In compliance with HOME program standards reference in HUD's NSP notice.

ACA Program

Homeowners must agree to occupy at least one of the units in the building as a primary residence for up to 10 years following the initial purchase of the property.

Eligible homebuyers will be required to execute a Subordinate Enforcement Note and Mortgage that outlines these resale restrictions. City, State or Federal funds made available for a property will be passed on to the homebuyer as subordinated debt a portion of which will be repayable if the home is sold prior to set recapture period.

5. Warranties

CPs shall cause its general contractors to warrant to the eligible homebuyers that its rehabilitation work will be free from defects in workmanship for a period of one year from the date of the sale of the property to the eligible homebuyer. RH will provide the homebuyer with a warranty packet at closing, covering all items from the general contractor's scope of work.

G. Developer Fees

CPs that successfully develop and sell to eligible homebuyers the REO & ACA properties within the 18 month timeframe will be entitled to a developer fee. Additionally, CPs will be entitled a fee for the marketing and sales of these properties. The fee schedule is listed below:

1. Base Fee: \$10,000 for a one-family building (post rehabilitation), \$12,500 for a two-family building (post rehabilitation) and \$15,000 for a three-family building (post rehabilitation).

2. Sales/Marketing Fee: Marketing fee is 3% of a building sale price. CPs will be able to collect this fee for the sales and marketing of a building, or use all or portion to contract with another entity for those services.

3. Completion Incentive Fee (ACA Program Only) - \$5000 per building for 30 calendar days early sale to end purchaser, \$7,500 per building for 60 calendar days early, and \$10,000 per building for 90 calendar days early.

H. Reporting Requirements

CPs will be required to provide reports to satisfy both HPD and HUD requirements. These reports will be in a format acceptable to RH, HPD and HUD:

- Weekly, monthly and quarterly status reports providing information on the status of each building assigned to CP. These reports will include information about the submissions of selection of architects and contractors, status of design and construction, progress of marketing efforts, purchaser information and sales of homes
- Annual audited financial statements & insurance

In addition, CPs will be expected to maintain necessary records and back-up documentation for all reports. All records and reports are subject to review and audit by RH, HPD and HUD. **Appendix IV** itemizes information that must be provided to RH upon selection as CPs.

I. Financing

RH uses a separate pool of committed funds through credit facility financing for both programs. A credit facility enables RH to borrow private capital over a fixed period of time with terms (including rates) and conditions established upfront. The benefits of using a credit facility are to:

- Leverage federal grant funds and city subsidy to raise additional private funds
- Establish pool of available funds with defined terms for RH to quickly acquire properties
- Create a flow program that enables RH to continue acquisition of homes (up to a certain number) before income is generated from initial home sales

REO Program

A credit facility is currently being negotiated for the REO Program with JP Morgan Chase as the administrative agent. Approximately \$32M in private equity is expected to be raised in conjunction with \$18 million in NSP funding received in a direct allocation to NYC (~\$500K will be used for administrative costs) and an additional \$6 million in City funding for a total of \$56 million to support the purchase of 85 to 100 homes.

ACA Program

A credit facility is currently in place for the ACA Program with JP Morgan Chase as the administrative agent. This facility consists of \$15 million in City funding and \$45 million in private equity for a total of \$60 million to support the purchase of up to 112 homes.

At the commencement of the development of each home, RH will work with the

CPs to determine the approved predevelopment and construction costs. All requisitions for funding for both soft and hard costs must be approved by RH. RH will closely monitor spending according to the approved budget levels. CPs will not have the authority to exceed any budgeted amount without prior approval from RH. Any unauthorized spending above the RH approved budget will be the responsibility of the CPs to pay. RH will issue payment to the CPs or may pay the vendors directly.

IV. SELECTION CRITERIA

A. Threshold Criteria

The application must include all required information and must be deemed complete by RH. Upon review, RH, at its discretion, may notify an Applicant that additional information or clarification is necessary. Failure to meet any of the requirements listed below may result in the rejection of the application. Applicants must meet the following criteria in order to be considered:

1. The Applicant must be a not-for-profit or for-profit developer doing business in or whose members reside in the targeted neighborhoods. **Based upon responses to the RFQ, consideration may be given to Applicants doing business or residing in adjacent neighborhoods.**

Given that buildings acquired through the REO & ACA Programs will be from a city-wide pool, we encourage all interested non-profit and for-profit organizations to apply. Once the locations of the REO & ACA Homes are identified, RH will give preference to Applicants doing business or residing in those neighborhoods.

2. The Applicant must have “comparable development experience,” defined as the successful completion as a developer, of the moderate to substantial rehabilitation and/or new construction of at least one scatter-site residential project containing at least 5 buildings with at least 1 to 4 dwelling units in New York City in the last 5 years.

3. The applicant, or its selected marketing agent, must have successfully completed the marketing to low- and moderate-income families of one homeownership project of at least 5 homes in New York City in the last 5 years.

3. The Applicant, or its selected homeownership counseling organization, must be a HUD-approved community based homeownership counseling and training organizations.

4. Applicants will be disqualified for adverse findings with respect to:

- City and HUD mortgage foreclosure proceedings or arrears;
- In Rem foreclosure or substantial tax arrears;
- A record of substantial building code violations or litigation against properties owned by the Applicant or by any entity or individual that comprises the Applicant;
- Tenant harassment conviction or pending case;
- Arson, fraud, bribery, or grand larceny conviction or pending case;
- Previous record of default on work done under government contract;

- Formal debarment or suspension from entering into contracts with any governmental agency or other notification or ineligibility for or prohibition against bidding or proposing on government contracts;
 - Denial of a contract based on any obligation to, or unsatisfied judgment or lien held by, a governmental agency;
 - Subject of any voluntary or involuntary bankruptcy proceeding;
 - A negative history with NR, RH, HPD or HUD.
 - Entity, or principal thereof, cannot receive a HUD grant if subject to a debarment, suspension, or limited denial of participation under 24 CFR Part 24.
5. Criteria for not-for-profits only:
- The Applicant must be an incorporate not-for-profit organization located in New York City
 - The Applicant must have a tax exempt status under Section 501(c)(3) of the Internal Revenue Code
 - The provision of low-income housing must be an objective stated in the organization’s charter, articles of incorporation, or by-laws

B. Competitive Criteria

For all Applicants that pass all minimum threshold criteria, the following competitive criteria will be considered:

- a. Quality and Extent of Previous Development Experience: RH will consider the following factors: (i) quality of construction in completed projects or those under way; (ii) number and size of projects previously completed; (iii) effectiveness of marketing of completed projects; and (iv) responsiveness to consumer complaints and prompt handling of punch list items.
- b. Likelihood of Early Construction Start: RH will consider Applicant’s track record in delivering projects on time and within budget.
- c. Organizational Capability
The Applicant should demonstrate that it possesses sufficient capacity to undertake the project, including effective staffing, record keeping abilities and overall organization. This includes the experience, qualifications and stability of staff who would be involved in the development and management of the project; the organization’s record of success in carrying out its stated mission; and board leadership.
- d. Financial Capacity
This includes financial stability of the organization and the quality of its financial management.
- e. Housing Experience
This includes both the extent and quality of experience in developing home ownership housing for low- and moderate-income households. For the home ownership programs, this also includes experience in working with home ownership programs and potential homebuyers. The experience and qualification of members of the development team other than the Applicant are subject to review by RH and HPD.
- g. Current Capacity
The Applicant’s current workload in relation to its staffing and other resources will be evaluated to determine whether it has the capacity to market, sell, manage and undertake the rehabilitation of an additional project within the time frame required by this RFQ. Selected qualified CPs are expected to

follow an aggressive time schedule with respect to rehabilitation and operation or marketing of assigned properties as outlined by the respective disposition program.

V. SUBMISSION REQUIREMENTS

One fastened original and one fastened copy of the Applicant's qualifications, including all documentation requested, as described below, must be submitted by ALL APPLICANTS in response to this RFQ. Submission of an incomplete application may be grounds for disqualification of the Applicant.

All submissions must be organized in a three-ring binder. Each copy of the qualifications must be clearly labeled with tabs as indicated below. The tabs should run down the right hand side of the submission. The original applications must be signed by an authorized representative of the Applicant. Also, each copy must be clearly labeled with the name of the Applicant on the cover.

PLEASE NOTE THAT EACH COPY OF THE APPLICANT'S QUALIFICATIONS MUST CONTAIN THE FOLLOWING FORMS AND SUPPORTING DOCUMENTATION AS STATED BELOW.

A. Contents of Submission

TAB A - Applicant Questionnaire

Complete the forms contained in Tab A.

If the Applicant is a joint venture or a newly formed business partnership, provide a separate Questionnaire for each entity that comprises the joint venture.

For Applicants that are newly formed business entities, the forms and documentation listed below should be completed or provided for the entity or entities providing the management and rehabilitation experience.

TAB B - Residential Development Experience

Community Partners must have five years of housing development experience. Housing development experience is defined as acquisition, rehabilitation, and sale of real property to low-to-moderate income persons. Hiring of experienced personnel does not relieve the nonprofit of the experience requirement.

A completed Residential Development Experience form (Tab B) for each entity. List all projects that have been completed within the last 5 years or that are in construction, in pre-development or have otherwise been committed.

The spreadsheet can be provided in an alternate format as long as it contains the information required in a clear and concise way.

TAB C – Residential Marketing/Sales/Homeownership Training Experience

A completed Residential Marketing and Sales Experience form (Tab C) for each entity that comprises the applicant. If any principal listed in the Questionnaire for that entity has other experience that the applicant wishes to be considered, a separate form should be completed for that individual. List all projects that the applicant has experience within the last five years.

The spreadsheet can be provided in an alternate format as long as it contains the information required in a clear and concise way.

TAB D - Principal's Property Listing

A completed Property Listing Form (Tab D) for the applicant and each principal of the development team, listing all properties owned (defined as more than 10% ownership) within the last 3 years, either directly by the principal(s), or by an organization in which the principal(s), was a corporate officer, general partner, or held more than a 10% interest.

TAB E - Assets Statement

A current financial statement for the Applicant and each principal, (i.e. within 12 months of the date of submission of this application) and the two most recent years are required. This statement may be provided on the form included in Tab E, or in another format, provided that all required information is included.

TAB F - Credit Authorization Form

Completed and signed credit authorization form for each principal and Applicant.

TAB G – Legal Status (for not-for-profit organizations only)

The following is to be included in the original bound application only:

- Articles of Incorporation
- Bylaws
- For not-for-profits, a determination letter from the Internal Revenue Service (IRS) granting Applicant tax exempt status under Section 501(c)(3) of the Internal Revenue Code
- Homebuyer Counselor HUD certificate

TAB H – Organization Description

The organization description shall include:

For not-for-profit organizations only:

- Map of organization's catchment area
- Organizational charts showing the relationship of Applicant to each subsidiary and affiliate
- Organization structure within the Applicant organization and each subsidiary and affiliate

For both for-profit and not-for-profit organizations:

- Resumes for proposed members of the development and management team and staff members who would work on this project.
- Documentation that homeownership counseling and training organization is HUD-approved.

B. Submission Due Date

All submissions become the property of Restored Homes HDFC. Submissions shall be delivered by mail or by hand **no later than October 19, 2009 to the address as follows:**

Restored Homes HDFC
150 Broadway, Suite 2101
New York, NY 10038
(212) 584-8981
Attn: Salvatore D'Avola

To be accepted, each application requires a non-refundable fee of \$50.00. This fee must be in the form of a certified check, cashier's check or money order payable to the Restored Homes HDFC.

Submissions will be promptly reviewed by RH and HPD. Interviews, site visits and/or additional information may be requested.

VI. TERMS AND CONDITIONS

This RFQ is subject to the specific conditions, terms and limitations stated below:

- A. The proposed project shall conform to, and be subject to, the provisions of the Zoning Resolution and all other applicable laws, rules, regulations and ordinances of all Federal, State, and City authorities having jurisdiction, as the same may be amended from time to time.
- B. RH and HPD are not obligated to pay nor shall in fact pay any costs or losses incurred by any applicant at any time including the cost of responding to the RFQ.
- C. RH reserves the right to reject at any time any or all proposals and/or to withdraw this RFQ in whole or in part, to negotiate with one or more applicants, and/or dispose of the sites on terms other than those set forth herein. RH likewise reserve the right, at any time, to waive compliance with, or change any of the terms and conditions of this RFQ, and to entertain modifications and additions to the selected proposals.
- D. Designation of an Applicant as Community Partner for this Program will not create any rights on the Applicant's part, including without limitation, rights of enforcement, equity, or reimbursement, until the Community Partner Agreement is executed.

VII. CONFLICTS OF INTEREST

Current and former employees of the City of New York are advised that the City Charter, state and federal law impose certain restrictions on employment and business relationships with the City. HPD employees are subject to additional restrictions. Such individuals should consult the specific provisions and consult with their Agency.

RH staff is also subject to restrictions on employment and business relationships.

Conflict of Interest Statements

Participating entities must disclose any written and/or side agreements or contracts with parties that may derive financial gain through the ACA agreement. Disclosure should identify the name of the business entity, and the individuals from the company who will be working with potential ACA Participant, the terms of the relationship and how the party will be compensated. Failure to adequately disclose may result in a conflict-of-interest determination.

APPENDIX I
ACA Revitalization Areas

Kings County

Bedford Stuyvesant
Bushwick
Brownsville
Crown Heights
Cypress Hills
East Flatbush
East New York
Ocean Hill
Prospect Heights
Prospect Lefferts Gardens
Red Hook
Sunset Park
Weeksville

New York County

Central Harlem
East Harlem
Morningside Heights
Washington Heights
West Harlem

Bronx County

Baychester
Castle Hill
Crotona
Eastchester
East Tremont
Longwood
Melrose
Morrisania
Mott Haven
Olinville
Soundview
Williamsbridge

Queens County

Arverne
Edgemere
Jamaica
South Jamaica-Baisley Park
South Jamaica
Springfield Gardens
The Rockaways

Richmond County

North Shore

Appendix II REO Development Timeline

RH's overall development timeline calls for the acquisition, rehabilitation, and re-sale of REO properties within 36 months of closing on its credit facility and the receipt of federal NSP funding and other subsidies from the City of New York. RH's model calls for the purchase of properties over an 18 month period with the rehabilitation and re-sale of the properties to occur within 18 months. Upon acquisition of a property, RH will perform its pre-development activities within 3 months of acquisition and commence construction in month 4. On average, RH will complete construction within 12 months of acquisition and re-sell the property within 18 months. Given the differing types of rehabilitation needs, RH will establish individual timelines for each REO property that is commensurate with the extent of the rehabilitation.

In addition to the narrative below, RH is attaching a detailed flow chart of its' REO development timeline. Please note that the timeline commences from the date RH receives a list of REO properties being offered for sale by lenders.

A. PRE-ACQUISITION AND ACQUISITION PHASE (Day 0 through Day 60)

REO properties will become available to RH through two sources: the multi-city National Community Stabilization Trust (NCST) and local lenders/servicers.

National Community Stabilization Trust (NCST)

NCST negotiates and fosters the sale of REO properties available for purchase from participating lenders to RH. RH conducts site visits to the properties and prepares repair reports that assess rehabilitation needs and estimated rehabilitation costs. These repair reports assist RH in its price negotiation with the seller as well as for the preparation of a detailed scope of work should it decide to purchase the property. Within two weeks of receiving an offering price, a final price is agreed upon and RH executes the sales contract with the lender and has 60 days to close on the property.

Local Lenders

RH is provided with lists of REO properties in New York City available for purchase from local lenders and/or servicers. The pre-acquisition process is very similar to the process with the NCST. The order and timing of the discussions, inspections, negotiations and offer prices are not as rigid. However, there is an understanding by RH and the lenders/servicers, that any home RH is interested in purchasing must close within 60 days of an offer being accepted.

<u>Action</u>	<u>Deadline</u>
RH Receives List of Properties	Day 0
RH Responds to NCST	Day 1 Deadline
RH Conducts Site Inspection	Day 6
RH Orders BPO	Day 7
Seller Provides Offer Price	Day 14
RH Accepts/Rejects Offer	Day 15 Deadline
Lender Accepts Offer	Day 16
RH Orders Appraisal	Day 16
RH/Lender Execute Sales Contract	Day 20

B. PRE-DEVELOPMENT PHASE (Month 2 through Month 5) (Community Partner Designations, Selection of Architect, Planning and Design Review, Scopes of Work, DOB Filings, Selection of Contractors)

RH's model calls for a 3-month period for planning and design review following the acquisition of each property. During that 3-month period, the development team is selected, the extent of the rehabilitation work is determined and the timeline for its completion is agreed upon.

RH, in conjunction with HPD, its CP, construction consultant and architect, will formulate and finalize the necessary scopes of work and architectural layouts for each property. The type of DOB filing will be based upon the scope of work. RH anticipates that since most properties it plans to acquire will require moderate rehabilitation, most filing will be done under a Directive 14/Alteration 2. Where feasible, RH expects architects to self-certify their plans and specifications with DOB. As a guide, RH and HPD have compiled a set of rehabilitation standards which outline the level to which homes in the program should be rehabilitated.

Action	Deadline
Designate CPs	Day 21
RH and CP Execute CP Agreement	Day 22
CP/RH Select Architect from List	Week 5
CP and Arch Execute Contract	Week 6
CP, RH & Arch Conduct Site Visit	Week 10 Deadline
CP, RH & Arch Prepare Scope of Work	Week 11 Deadline
Arch Completes Schematic Design Phase	Week 12 Deadline
Arch Submits Plans/Specs to RH	Week 13
Arch Completes Design Dev't Drawings	Week 14 Deadline
Arch Submits Construction Docs/Specs to DOB	Week 15 Deadline
Obtain Final DOB Approval	Week 20
CP/RH Obtain Formal Competitive Construction Bids (Contractors taken from RH pre-qualified list)	Week 20
CP/RH Negotiate Construction Contract (Contract included as part of pre-qualification process)	Week 22 Deadline

C. CONSTRUCTION PHASE (MONTH 6 THROUGH MONTH 18)

Our financial model calls for RH to re-sell properties to eligible buyers within 18 months of acquisition of a home. In general terms, RH expects construction to span 12 months, however, individual construction timelines will be established for each property to reflect the extent of rehabilitation required. RH anticipates that many of the properties being developed will complete construction in less than 12 months. Construction commences once a general contract agreement has been executed and all DOB approvals and permits have been issued.

Action	Deadline
Construction Starts	Week 23 Deadline
Monthly Requisitions & Construction Monitoring	
Construction Completion	Month 16
Contractor Completes Punch List	Month 17
Obtain DOB sign off and C of O	Month 18 Deadline
Sales of Property to Homebuyer	Month 18

APPENDIX III ACA DEVELOPMENT TIMELINE

All timelines commence from the date that RH receives the initial Designation Notice from HUD.

A. APPRAISAL APPEAL

RH must submit to HUD within 10 business days from issuance of the HUD Designation Notice

As part of the initial Designation Notice, HUD will typically provide RH with an appraisal for each property. RH is permitted to purchase each ACA property at a cost of 50% of the HUD appraised value. RH may appeal the appraisal within 10 business days from the date of receipt of the appraisal if RH or the CP believes the condition of the building warrants a more extensive rehabilitation and, as a result, the value of the building is lower than indicated on the HUD appraisal. Failure to submit the appeal in a timely way could cause RH to spend more money on acquisition than is appropriate.

Action	Deadline
HUD Issues Designation Notice	Day 0
RH sends CP Designation Letter	Day 1
RH and CP execute contract	Day 2
CP selects Architect from list	Day 2
CP and Architect Execute Contract	Day 3
CP, Arch, RH Conduct site visit	Day 5 Deadline
Architect submits prelim scope with cost	Day 7
CP, Arch, RH finalize scope/cost	Day 9 Deadline
RH submits to HUD Appraisal Appeal	Day 10

B. REPAIR REPORT

RH must submit to HUD within 15 business days from issuance of the HUD Designation Notice

HUD requires RH to submit a Repair Report within 15 days from the issuance of the HUD Designation Notice. This report outlines the work that RH believes is necessary to meet the proposed rehabilitation standards.

Action	Deadline
HUD Issues Designation Notice	Day 0
RH sends CP Designation Letter	Day 1
RH and CP execute contract	Day 2
CP selects Architect from list	Day 2
CP and Architect Execute Contract	Day 3
CP, Arch, RH Conduct site visit	Day 5 Deadline
Architect submits prelim scope with cost	Day 7
CP, Arch, RH finalize scope/cost	Day 9
RH submits to HUD Appraisal Appeal	Day 10
CP and Arch submit Draft Repair Rpt	Day 12 Deadline
CP and Arch revise Repair Rpt	Day 14 Deadline
RH submits Repair Report	Day 15

C. DESIGN AND DOB FILING
15 Weeks from signing of Architectural Contract

RH estimates that most, if not all projects will require between 1 and 3 ½ months of planning and/or design in order to develop the required construction documents, specifications and DOB submissions. Not all projects will require involvement of design professionals depending upon the condition of the building and extend of work. Not all projects will require full DOB filings and Certificate of Occupancy changes. Where appropriate, it is expected that the Architect will self-certify the project.

At the commencement of the project RH construction staff will work with the CP and Architect to establish a specific development timeline for each building based on the scope of work. That timeline will include design deadlines for which the CP and Architect will be responsible. ***Failure to meet the agreed upon design deadlines will be grounds for termination of both CP and/or Architect.***

Please Note: The schedule listed below applies to projects requiring gut rehab and full DOB filings, and C of O change. Less extensive projects will require less time.

<u>Action</u>	<u>Deadline</u>
CP and Architect Execute Contract	Day 3 (from HUD Designation Notice)
CP, Arch, RH Conduct site visit	Day 5 <u>Deadline</u>
CP and Arch submit Draft Repair Report	Day 12 <u>Deadline</u>
CP and Arch revise Repair Report	Day 14 <u>Deadline</u>
Arch Completes Schematic Design Phase	Week 3 <u>Deadline</u>
Arch Files Documents with DOB	Week 6 <u>Deadline</u>
Arch Completes Design Development Drawings	Week 9 <u>Deadline</u>
Submits Final Construction Documents/Specs	Week 15 <u>Deadline</u>
Obtains final DOB approval (if necessary)	Week 20
CP obtains formal competitive construction bids (Contractors taken from RH pre-qualified list)	Week 20
CP negotiates construction contract (Contract included as part of pre-qualification process)	Week 22 <u>Deadline</u>

D. Construction
Completion must occur within 18 months from date RH receives the HUD Designation Notice

HUD requires that RH sell the rehabilitated properties directly to the homeowner within 18 months after receipt of the initial Designation Notice.

For a small number of severely dilapidated properties, requiring extensive rehabilitation, RH will, with written approval, allow CPs to complete construction within 21 months from the date RH purchases the properties.

<u>Action</u>	<u>Deadline</u>
CP and Contractor start construction	Week 23 <u>Deadline</u>
CP and Contractor complete construction	Month 16
Contractor completes punch list	Month 17
CP obtains DOB sign off and C of O	Month 18 <u>Deadline</u>

APPENDIX IV
Community Partner - Information Required by REO and ACA Programs

Please provide the following information:

1. ORGANIZATIONAL INFORMATION

- Name
- Address
- Telephone Number
- Federal Employer Identification Number

2. BOARD OF DIRECTORS INFORMATION

- Each member name
- Board position held, if any
- Length of term on the board,
- Each member's term expiration
- Name of organization where employed
- Position and title
- Nature of business
- Social Security information for each voting member (will be confidential)

3. STAFF INFORMATION

- Name of principal staff
- Resume/biography – must document relevant housing development/administrative experience
- Social Security Numbers (will be kept confidential)

4. BOARD RESOLUTION – Ratifying the Participation Agreement with Restored Homes

5. ARTICLES OF ORGANIZATION/BYLAWS

- Provide a conformed copy of the articles of organization and by-laws, if applicable, of the participating entity. Articles of organization means articles of incorporation, charter, articles of association, constitution, trust instrument, or any other written instrument by which an organization is created.
A conformed copy is a copy that agrees with the original and all amendments to it. These documents must be signed and dated by the appropriate persons under applicable state law. The conformed copy of each document must be accompanied by a written declaration signed by an authorized representative of the organization certifying that the copy is a complete and accurate copy of the document. With respect to an association's articles, the certification must also indicate that two or more individuals, whose names are identified in the articles, have signed. As an alternative to the foregoing declaration, an organization may submit a conformed copy of its articles approved and dated by the appropriate state authority.

6. ADMINISTRATIVE CAPACITY

Describe the administrative capacity of the participating entity to develop and carry out its part in the RH affordable housing plan in a reasonable timeframe and a successful

manner.

7. FINANCIAL CAPACITY

Provide evidence of the Community Partner financial capacity to assist RH in carrying out the missions of the RH Affordable Housing Plan. This evidence should include:

- Current and last two-year-end audited financial statements,
- Profit and Loss statements, and
- Balance sheets.

This documentation must clearly show:

- Capitalization,
- Source of Funds, and
- Liabilities.

8. ACCOUNTING/BANKING SYSTEM DESCRIPTION

Describe the participating entity's accounting and banking systems clearly stating how they will segregate and account for ACA activities and how their monthly banking activity statements are reconciled.

9. AUDITED FINANCIAL STATEMENTS

Nonprofits that expend \$300,000 or more per year in Federal funds must provide audited financial statements with an unqualified opinion from an independent Certified Public Accountant.

Those that expend less than \$300,000 per year in Federal funds and elect not to file audited financial statements, as allowed by exemption in OMB Circular No. A-133, must submit review quality financial statements with a review report from an independent Certified Public Accountant, including the assurance that the statements are prepared using Generally Accepted Accounting Principles (GAAP). Note: The exemption from submission of an audited statement applies only to the year in which an agency expends less than \$300,000. An audit is required for any year where \$300,000 or more is spent. In addition to the aforementioned requirements HUD/FHA reserves the right to request financial information at any time.

10. CONFLICTS OF INTEREST STATEMENTS

Participating entities must disclose any written and/or side agreements or contracts with parties that may derive financial gain through the ACA agreement. Disclosure should identify the name of the business entity, and the individuals from the company who will be working with potential ACA Participant, the terms of the relationship and how the party will be compensated. Failure to adequately disclose may result in a conflict-of-interest determination.

11. OFFICE PHOTOGRAPHS AND PLANS

Please submit photographs and floor plans for the agency's facilities.

Nonprofits must have office(s) located within a 50-mile radius of New York City. Nonprofits are required to have adequate office space, equipment and clerical assistance in each office, for employees to perform their duties in a responsible manner.

This includes, but is not limited to, a desk, telephone, and photocopying equipment.

Certifications

Please provide the following certifications:

1. An authorized representative of the organization must certify to HUD that the nonprofit is acting on its own behalf and is not under the influence, control, or direction of any party seeking to derive a profit or gain from the proposed project, such as, but not limited to, a landowner, real-estate broker, banker, contractor, builder, lender or consultant. THE NONPROFIT MUST OVERSEE AND MAINTAIN CONTROL OF THEIR OPERATIONS AND MAKE ALL DECISIONS.

Required Wording of Certification	
I certify that (Name of Nonprofit agency) is acting on its own behalf and is not under the influence, control, or direction of any party seeking to derive a profit or a gain from the proposed project, such as, but not limited to, a landowner, real – estate broker, banker, contractor, builder, lender, or consultant.	
Print authorized representative's name	
Signature	
_____	_____
Title	Date

2. Certification signed by an authorized representative of the nonprofit agency in the following format certifying that the nonprofit agency has a voluntary Board of Directors.

Required Wording of Certification	
(Name of Nonprofit agency) certifies that the members of its Board of Directors serve in a voluntary capacity and receive no compensation, other than reimbursement for expenses, for their services and the nonprofit agency operates in a manner so that no part of its net earnings is passed on to any individual, corporation, or other entity.	
Print authorized representative's name	
Signature	
_____	_____
Title	Date

WARNING: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

3. Certification that the information submitted in the application is accurate:

(Insert the below text on the letterhead of the Non-profit agency)

"I Certify that the information submitted to HUD on _____ (insert Date) by my agency is accurate.

Name of Authorized Representative:

Signature _____

Date _____

WARNING: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

NOTES to Appendix IV

Community Partner Board of Director Information

Board members must serve on a voluntary basis, and may not be paid nor receive any compensation for any services they provide in the implementation of RH's proposed ACA business plan.

FHA will collect information on the job responsibilities of all Board members to ensure that their occupational activities and obligations do not conflict with the work of the nonprofit.

HUD strictly prohibits the sale or lease of properties with FHA financing and/or discounted HUD Homes to any of the participating entity officers, directors, elected or appointed officials, employees, or business associates, either during their tenure or for one year thereafter, or to any individual who is related by blood, marriage, or law to any of the above.

CONFLICT OF INTEREST

It is a conflict of interest for any participating entity to employ staff who also work for and receive financial benefits from a for-profit entity that is providing RH with services related to RH's affordable housing plan.

SUSPENSIONS, CONVICTIONS, AND RESTRICTIONS

Program approval is contingent upon the following: Neither the nonprofit, or any officer, partner, director, principal or employee shall: Be suspended, debarred, or otherwise restricted under the Department's regulations in 24 or 25 CFR, or similar procedures of any other Federal agency, be indicted for, or convicted of, an offense which reflects upon the responsibility, integrity, or ability of the nonprofit to participate in FHA activities, be subject to unresolved findings as a result of HUD or other government audits or investigations, or be engaged in activities that do not conform to generally accepted practices of prudent nonprofits or that demonstrate irresponsibility. No person who is an employee, officer, or elected or appointed official of the participating entity or who is in a position to participate in a decision making process pursuant to the affordable housing plan or gain inside information with regard to the lease or purchase of the property pursuant to the affordable housing plan may obtain a personal or financial interest or benefit from the purchase of the property, or have any interest in any contract, subcontract, or agreement with respect thereto, or the proceeds there under, either for himself or herself, or for those with whom he or she has family or business ties, during his or her tenure or for one year thereafter.

COUNSELING SERVICES

Restored Homes must identify any other business entities that will provide support for the RH Affordable Housing Plan, including but not limited to down payment assistance providers, housing counseling agencies, those offering special financing arrangements for the program beneficiaries, contracting firms, and marketing or sales agents. HUD retains the right to request further information on such agencies and their management.

Nonprofit agencies must have the administrative capacity to develop and carry out their Affordable Housing Plan in a timely and successful manner. Nonprofits using consultant services to help implement their ACA programs are not relieved from this requirement. RH's operations must be independent of the influence, control, or direction of the consultant or any other outside party, particularly those seeking to derive profit or gain from a proposed project

(such as, but not limited to, landowners, real estate brokers, bankers, contractors, builders, or consultants). Therefore, to assure “arms-length” consultant services are provided, RH must disclose any written and/or side agreements with parties that may derive financial gain through the homeownership program. Disclosure should identify the name of the business entity, and the individuals from the company who will be working with the nonprofit, the terms of the relationship and how the party will be compensated.