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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5748-N-01]

Notice of HUD-Held Multifamily Loan Sale (MLS 2014-1)

AGENCY: Office of the Assistant Secretary for Housing - Federal Housing Commissioner, HUD.

ACTION: Notice of sale of an individual mortgage loan.

SUMMARY: This notice announces HUD's intention to sell an unsubsidized multifamily mortgage loan, without Federal Housing Administration (FHA) insurance, in a competitive auction limited to participation by Units of Local Governments (ULGs) and Non-profit Corporations on December 12, 2013 (MLS 2014-1). This notice also describes generally the bidding process for the sale and certain persons who are ineligible to bid.

DATES: A Bidder's Information Package (BIP) was made available on or about November 18, 2013. Bids for the loan must be submitted on the bid date of December 12, 2013, during the specified timeframe. HUD anticipates that the award will be made on or shortly after bid day, December 12, 2013. Closing is expected to take place between December 18, 2013, and December 20, 2013.

ADDRESSES: To become a qualified bidder and receive the BIP, prospective bidders must complete, execute, and submit a Confidentiality Agreement and a Qualification Statement acceptable to HUD. Both documents are available on the HUD website at www.hud.gov/fhaloansales. Please mail and fax executed documents to JS Watkins Realty Partners, LLC:

J.S. Watkins Realty Partners, LLC
c/o The Debt Exchange
133 Federal Street, 10th Floor
Boston, MA 02111
Attention: MLS 2014-1 Sale Coordinator
Fax: 1-978-967-8607

FOR FURTHER INFORMATION CONTACT: John Lucey, Deputy Director, Asset Sales Office, Room 3136, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-8000; telephone 202-708-2625, extension 3927. Hearing- or speech-impaired individuals may call 202-708-4594 (TTY). These are not toll-free numbers.

SUPPLEMENTARY INFORMATION: HUD announces its intention to sell, in MLS 2014-1, an individual unsubsidized multifamily mortgage loan (Mortgage Loan) secured by one (1) multifamily property located in St. Louis, Missouri. The Mortgage Loan is a non-performing mortgage loan. A listing of this Mortgage Loan is included in the BIP. The Mortgage Loan will be sold without FHA insurance and with servicing released. HUD will offer qualified bidders an opportunity to bid competitively on the Mortgage Loan.

Qualified bidders may submit bids on this Mortgage Loan. A mortgagor who is a qualified bidder may submit an individual bid on its own Mortgage Loan. Interested Mortgagors should review the Qualification Statement to determine whether they may also be eligible to qualify to submit a bid.

The Bidding Process

The BIP describes in detail the procedure for bidding MLS 2014-1. The BIP also includes a standardized non-negotiable loan sale agreement (Loan Sale Agreement).

As part of its bid, each bidder must submit a minimum deposit of the greater of 10 percent or \$100,000. HUD will evaluate the bids submitted and determine the successful bids in

its sole and absolute discretion. If a bidder is successful, the bidder's deposit will be non-refundable and will be applied toward the purchase price. Deposits will be returned to unsuccessful bidders. The Closing is expected to take place between December 18, 2013 and December 20, 2013.

These are the essential terms of sale. The BIP and the Loan Sale Agreement, which is included in the BIP, contains additional terms and details. To ensure a competitive bidding process, the terms of the bidding process and the Loan Sale Agreement are not subject to negotiation.

Due Diligence Review

The BIP describes the due diligence process for reviewing the loan file in MLS 2014-1. Qualified bidders can access loan information remotely via a high-speed Internet connection. Further information on performing due diligence review of the Mortgage Loan is provided in the BIP.

Mortgage Loan Sale Policy

HUD reserves the right to add Mortgage Loans to or delete the Mortgage Loan from MLS 2014-1 at any time prior to the Award Date. HUD also reserves the right to reject any and all bids, in whole or in part, without prejudice to HUD's right to include the Mortgage Loan in a later sale. The Mortgage Loan will not be withdrawn after the Award Date except as is specifically provided in the Loan Sale Agreement.

This is a sale of an unsubsidized mortgage loan, pursuant to Section 204(a) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1997, (12 U.S.C. 1715z-11a(a)).

Mortgage Loan Sale Procedure

HUD selected a competitive sale as the method to sell the Mortgage Loan. This method of sale optimizes HUD's return on the sale of this Mortgage Loan, affords the greatest opportunity for all qualified bidders to bid on the Mortgage Loan, and provides the quickest and most efficient vehicle for HUD to dispose of the Mortgage Loan.

Bidder Eligibility

In order to bid in the sale, a prospective bidder must complete, execute and submit both a Confidentiality Agreement and a Qualification Statement acceptable to HUD. The following individuals and entities are ineligible to bid on the Mortgage Loan included in the MLS 2014-1:

1. Any employee of HUD, a member of such employee's household, or an entity owned or controlled by any such employee or member of such an employee's household;
2. Any individual or entity that is debarred, suspended, or excluded from doing business with HUD pursuant to Title 24 of the Code of Federal Regulations, Part 24, and Title 2 of the Code of Federal Regulations, Part 24;
3. Any contractor, subcontractor and/or consultant or advisor (including any agent, employee, partner, director, principal or affiliate of any of the foregoing) who performed services for, or on behalf of, HUD in connection with MLS 2014-1;
4. Any individual who was a principal, partner, director, agent or employee of any entity or individual described in subparagraph 3 above, at any time during which the entity or individual performed services for or on behalf of HUD in connection with MLS 2014-1;
5. Any individual or entity that uses the services, directly or indirectly, of any person or entity ineligible under subparagraphs 1 through 4 above to assist in preparing any of its bids on the Mortgage Loan;

6. Any individual or entity which employs or uses the services of an employee of HUD (other than in such employee's official capacity) who is involved in MLS 2014-1;
7. Any affiliate, principal or employee of any person or entity that, within the two-year period prior to December 1, 2013, serviced the Mortgage Loan or performed other services for or on behalf of HUD;
8. Any contractor or subcontractor to HUD that otherwise had access to information concerning the Mortgage Loan on behalf of HUD or provided services to any person or entity which, within the two-year period prior to December 1, 2013 had access to information with respect to the Mortgage Loan on behalf of HUD;
9. Any employee, officer, director or any other person that provides or will provide services to the potential bidder with respect to such Mortgage Loan during any warranty period established for the Loan Sale, that serviced the Mortgage Loan or performed other services for or on behalf of HUD or within the two-year period prior to December 1, 2013 or that provided services to any person or entity which serviced, performed services or otherwise had access to information with respect to the Mortgage Loan for or on behalf of HUD;
10. Any mortgagor or operator that failed to submit to HUD on or before March 31, 2013 audited financial statements for fiscal years 2010 through 2012 (for such time as the project has been in operation or the prospective bidder served as operator, if less than three (3) years) for a project securing a Mortgage Loan;
11. Any individual or entity, and any Related Party (as such term is defined in the Qualification Statement) of such individual or entity, that is a mortgagor in any of HUD's multifamily housing programs or a mortgagor or operator in a healthcare facility (regardless of whether such mortgage loan is included in the Loan Sale) and that is in default under such mortgage loan or is

in violation of any regulatory or business agreements with HUD and fails to cure such default or violation by no later than November 30, 2013.

12. Any individual or entity that is not/cannot be classified as a Unit of Local Government (ULG) or Non-profit Corporation.

The Qualification Statement provides further details pertaining to eligibility requirements. Prospective bidders should carefully review the Qualification Statement to determine whether they are eligible to submit bids on the Mortgage Loans in this offering of MLS 2014-1.

Freedom of Information Act Requests

HUD reserves the right, in its sole and absolute discretion, to disclose information regarding MLS 2014-1, including, but not limited to, the identity of any successful bidder and its bid price or bid percentage for any individual loan, upon the closing of the sale of the Mortgage Loan. Even if HUD elects not to publicly disclose any information relating to MLS 2014-1, HUD will have the right to disclose any information that HUD is obligated to disclose pursuant to the Freedom of Information Act and all regulations promulgated thereunder.

Scope of Notice

This notice applies to MLS 2014-1 and does not establish HUD's policy for the sale of other mortgage loans.

Dated: December 5, 2013

Carol J. Galante
Assistant Secretary for Housing –
Federal Housing Commissioner

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