DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6199-N-01]

Notice of HUD Vacant Loan Sales (HVLS 2020-1)

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

ACTION: Notice of sales of reverse mortgage loans.

SUMMARY: This notice announces HUD’s intention to competitively offer multiple residential reverse mortgage pools consisting of approximately 700 reverse mortgage notes secured by properties with a loan balance of approximately $150 million. The sale will consist of due and payable Secretary-held reverse mortgage loans. The mortgage loans consist of first liens secured by single family, vacant residential properties, where all borrowers are deceased, and no borrower is survived by a non-borrowing spouse. This notice also generally describes the bidding process for the sale and certain persons who are ineligible to bid. This is the sixth sale offering of its type and the sale will be held on March 18, 2020.

DATES: For this sale action, the Bidder’s Information Package (BIP) was made available to qualified bidders on or about February 14, 2020. Bids for the HVLS 2020-1 sale will be accepted on the Bid Date of March 18, 2020 (Bid Date). HUD anticipates that award(s) will be made on or about March 19, 2020 (the Award Date).

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 via the HUD website at: http://www.hud.gov/sfloansales or via: http://www.verdiassetsales.com

Please mail and fax executed documents to Verdi Consulting, Inc.:

Verdi Consulting, Inc.
FOR FURTHER INFORMATION, CONTACT: John Lucey, Director, Asset Sales Office, Room 3136, 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 HVLS 2020-1 due and payable Secretary-held reverse mortgage loans. The loans consist of first liens secured by single family, vacant residential properties, where all borrowers are deceased, and no borrower is survived by a non-borrowing spouse.

A listing of the mortgage loans is included in the due diligence materials made available to qualified bidders. The mortgage loans will be sold without FHA insurance and with servicing released. HUD will offer qualified bidders an opportunity to bid competitively on the mortgage loans. The loans are expected to be offered in regional pools, with one or more geographically concentrated pools designated for bidding by qualified non-profit or unit of local government entities only. Qualified non-profit or unit of local government bidders will also have the opportunity to bid on up to 10 percent of the loans in the larger regional pools.

The Bidding Process

The BIP describes in detail the procedure for bidding in HVLS 2020-1. The BIP also includes a standardized non-negotiable Conveyance, Assignment and Assumption Agreement for HVLS 2020-1 (CAA). Qualified bidders will be required to submit a deposit with their bid. Deposits are calculated based upon each qualified bidder’s aggregate bid price.
HUD will evaluate the bids submitted and determine the successful bid, in terms of the best value to HUD, in its sole and absolute discretion. If a qualified bidder is successful, the qualified bidder’s deposit will be non-refundable and will be applied toward the purchase price. Deposits will be returned to unsuccessful bidders.

This notice provides some of the basic terms of sale. The CAA, which is included in the BIP, provides comprehensive contractual terms and conditions. To ensure a competitive bidding process, the terms of the bidding process and the CAA are not subject to negotiation.

**Due Diligence Review**

The BIP describes how qualified bidders may access the due diligence materials remotely via a high-speed Internet connection.

**Mortgage Loan Sale Policy**

HUD reserves the right to remove mortgage loans from HVLS 2020-1 at any time prior to the Award Date. HUD also reserves the right to reject any and all bids, in whole or in part, and include any reverse mortgage loans in a later sale. Deliveries of mortgage loans will occur in conjunction with settlement and servicing transfer, approximately 30 to 45 days after the Award Date.

The HVLS 2020-1 reverse mortgage loans were insured by and were assigned to HUD pursuant to section 255 of the National Housing Act, as amended. The sale of the reverse mortgage loans is pursuant to section 204(g) of the National Housing Act.

**Mortgage Loan Sale Procedure**

HUD selected an open competitive whole-loan sale as the method to sell the mortgage loans for this specific sale transaction. For HVLS 2020-1, HUD has determined that this method of sale optimizes HUD’s return on the sale of these loans, affords the greatest opportunity for all qualified
bidders to bid on the mortgage loans, and provides the quickest and most efficient vehicle for HUD to dispose of the mortgage loans.

**Bidder Ineligibility**

In order to bid in HVLS 2020-1 as a qualified bidder, a prospective bidder must complete, execute and submit both a Confidentiality Agreement and a Qualification Statement acceptable to HUD. In the Qualification Statement, the prospective bidder must provide certain representations and warranties regarding the prospective bidder, including but not limited to (i) the prospective bidder’s board of directors, (ii) the prospective bidder’s direct parent, (iii) the prospective bidder’s subsidiaries, (iv) any related entity with which the prospective bidder shares a common officer, director, subcontractor or sub-contractor who has access to Confidential Information as defined in the Confidentiality Agreement or is involved in the formation of a bid transaction (collectively the “Related Entities”), and (v) the prospective bidder’s repurchase lenders. The prospective bidder is ineligible to bid on any of the reverse mortgage loans included in HVLS 2020-1 if the prospective bidder, its Related Entities or its repurchase lenders, is any of the following, unless other exceptions apply as provided for in the Qualification Statement.

1. An individual or entity that is currently debarred, suspended, or excluded from doing business with HUD pursuant to the Governmentwide Suspension and Debarment regulations at 2 CFR parts 180 and 2424;

2. An individual or entity that is currently suspended, debarred or otherwise restricted by any department or agency of the federal government or of a state government from doing business with such department or agency;
3. An individual or entity that is currently debarred, suspended, or excluded from doing mortgage related business, including having a business license suspended, surrendered or revoked, by any federal, state or local government agency, division or department;

4. An entity that has had its right to act as a Government National Mortgage Association ("Ginnie Mae") issuer terminated and its interest in mortgages backing Ginnie Mae mortgage-backed securities extinguished by Ginnie Mae;

5. An individual or entity that is in violation of its neighborhood stabilizing outcome obligations or post-sale reporting requirements under a Conveyance, Assignment and Assumption Agreement executed for any previous mortgage loan sale of HUD;

6. An employee of HUD’s Office of Housing, 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 with household to be inclusive of the employee’s father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, first cousin, the spouse of any of the foregoing, and the employee’s spouse;

7. A contractor, subcontractor and/or consultant or advisor (including any agent, employee, partner, director, or principal of any of the foregoing) who performed services for or on behalf of HUD in connection with the sale;

8. An individual or entity that knowingly acquired or will acquire prior to the sale date material non-public information, other than that information which is made available to Bidder by HUD pursuant to the terms of this Qualification Statement, about mortgage loans offered in the sale;
9. An individual or entity which knowingly employs or uses the services of an employee of HUD’s Office of Housing (other than in such employee’s official capacity); or

10. An individual or entity that knowingly uses the services, directly or indirectly, of any person or entity ineligible under 1 through 10 to assist in preparing any of its bids on the mortgage loans.

The Qualification Statement has additional representations and warranties which the prospective bidder must make, including but not limited to the representation and warranty that the prospective bidder or its Related Entities are not and will not knowingly use the services, directly or indirectly, of any person or entity that is, any of the following (and to the extent that any such individual or entity would prevent the prospective bidder from making the following representations, such individual or entity has been removed from participation in all activities related to this sale and has no ability to influence or control individuals involved in formation of a bid for this sale):

(1) An entity or individual is ineligible to bid on any included reverse mortgage loan or on the pool containing such reverse mortgage loan because it is an entity or individual that:

(a) serviced or held such reverse mortgage loan at any time during the six-month period prior to the bid, or

(b) is any principal of any entity or individual described in the preceding sentence;

(c) any employee or subcontractor of such entity or individual during that six-month period; or

(d) any entity or individual that employs or uses the services of any other entity or individual described in this paragraph in preparing its bid on such reverse mortgage loan.
Freedom of Information Act Requests

HUD reserves the right, in its sole and absolute discretion, to disclose information regarding HVLS 2020-1, including, but not limited to, the identity of any successful qualified bidder and its bid price or bid percentage for any pool of loans or individual loan, upon the closing of the sale of all the Mortgage Loans. Even if HUD elects not to publicly disclose any information relating to HVLS 2020-1, HUD will 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 HVLS 2020-1 and does not establish HUD’s policy for the sale of other mortgage loans.


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John L. Garvin,
General Deputy Assistant Secretary for Housing.

[BILLING CODE: 4210-67]

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