Neighborhood Stabilization Initiative
RFP Question and Answers

Q: If we chose a property that we want to keep as a rental, but would like to transfer it to another company that is not the qualified developer: can we do that as long as it is still rented to a tenant under the rules set forth such and the 120% income restriction or can the agreement be assigned to another entity at the time of purchase?
A: The original developer should remain on title until rehab is complete. Once the original developer has rehabbed the home and rented it to an eligible household the property can be transferred/sold to another entity that will hold and manage the rental. The original developer will be responsible for ensuring the status of the property and the necessary post-closing data points are collected and reported in REO Track - the developer will be responsible for providing the rental start date, rental price, and rental agreement as part of their obligations for post-closing reporting. If a developer is unable to obtain this information when transferring the management of the rental to another company, we'll need to review the participation of the developer. An important aspect of the program is collecting information on the disposition of the property – if we don't know what happens to the properties after acquisition, it's difficult to justify the program's impact. We encourage groups who plan to transfer rental management to ensure this information can be collected.

Q: Will there be any meeting for the project?
A: There will not be a meeting for this RFP but we will gladly answer as many questions you have via email.

Q: For units that will be sold, will the FHA season requirement be waived as it was for NSP homes.
A: Any homes that will be sold to Buyers using FHA financing will still need to meet current seasoning requirements.

Q: Can the entity for this be a new company that is set up just for this endeavor, if the principles have sufficient experience and committed funding to qualify.
A: The company can be a new entity set up for that endeavor, however it would be prudent to make sure that company will have the necessary experience and resources to manage these scattered sites.

Q: If a new company can be used, will a financial statement from the principle be sufficient as for bank statements and other financial documentation?
A: Since proof of funding is required as part of the RFQ process, all developers should be able to provide sufficient documentation to meet the RFQ requirements. A financial statement from the principal as well as supporting documentation in the form of bank statements would be preferred.

Q: How will the "first look" be determined if more than one developer wants a property?
A: More than one developer partner can be provided the first look on a property and they must follow the process from initial interest, inspection, requesting pricing, and accepting and or declining upon receiving pricing.

Q: Who will oversee the income requirements of buyers? Will it be similar to NSP where a counselor needed to sign off?
A: The developer should collect whatever documentation is available from the potential home buyer to document the home buyer's income eligibility. The most acceptable forms of verification are recent tax returns, pay stubs, and bank statements. A housing counselor does not need to sign off.

Q: Can you decide on a case by case basis whether to rent or sell a property?
A: Yes. The developer partner should be thinking about the best possible outcome for any particular property when they are doing their due diligence during the inspection period. We recognize that can change after the property has been purchased.

Q: How many properties can you "look at" at the same time?
A: As many as may become available in your target and that you have the capacity to inspect and complete the due diligence.

Q: Is the discount that NCST is giving the same 1% that they gave for NSP?
A: We expect the discounts to vary per property but you can expect the discounts to be between 5% to 15%. There is also the occasional opportunity for a $1 sale for extremely low value properties.

Q: How long do you expect this program to last?
A: It's difficult to ascertain with any degree of certainty how long the program will last. It's all a function of the number of REOs Fannie Mae and Freddie Mac

have in their portfolios in the different markets. At this point, there is no expectation for this program to end in the foreseeable future.

Q: Can you take title in a different company at a later date?
A: The original developer must remain on title until the home is rehabbed and resold to an owner occupant or until it is rented to an income eligible household after which time it can be transferred to a related or unrelated third party for rental management. If the principals of the original approved entity form a new holding company, NCST does have the capability to change the entity allowed to take direct title in REOMatch. If the PRA is comfortable with this change, NCST will collect organizational document and ensure the membership is the same and that the new holding company has access to the same financial sources previously vetted in the RFQ.

Q: Will properties typically be single, scattered opportunities, or will there generally be opportunities for an assemblage.
A: Single site, scattered opportunities.

Q: Are these solely "renovation" opportunities, rather than ground up/redevelopment opportunities?
A: Renovations. These are all mortgage foreclosures for single family properties.

Q: If there is a tax issue, will I be able to pay it in full and get accepted?
A: Yes. You will need to get a clearance from the Revenue Department and provide the PRA a copy.

Q: Is there a rolling admission for developers? Are you limiting the amount of developers that can participate?
A: There is no rolling admission. While there isn't a cap on number of developers approved for the program, developer participation will be evaluated on a quarterly basis (the PRA, along with NCST, reserve the right to terminate developer participation at that time).

Q: What if you never had to have your company audited? Are you requiring that you have your company audited to be in the program?
A: The PRA will accept personal financial statements or balance sheets demonstrating access to capital and assets.

Q: Is there any standard/minimum rehab requirements?

A: At a minimum the rehab work should address any and all health issues including lead based paint testing/remediation and asbestos removal, safety, code violations, and any other local requirements to provide safe, healthy, legal livable homes for all occupants. Rehab should be completed prior to re-occupancy or resale to another entity (e.g. reselling to a management company for rental).

Q: For the NCST required authorized documentation, it is asking for a corporate resolution or written action delegating signature authority for purchase and sale agreement. We do not wish to delegate signature authority. Would you like us to explain this in the RFQ in lieu of a resolution delegating signature authority?
A: Please explain in the RFQ response why a signature authority document wasn't provided. As long as the governing document of the entity taking title explains the membership and powers, it should be sufficient. We can always follow up if the documentation is not sufficient for NCST and its seller partners.

Q: Our organization has an executed Memorandum of Understanding that acts as an Operating Agreement. Will this count as an equivalent document instead of having an Operating Agreement?
A: As long as the governing document of the entity taking title explains the structure, powers, and membership/interest, that should be sufficient. We can always follow up if the documentation is not sufficient for NCST and its seller partners.