Performance Work Statement (PWS)

Assets Sales Transaction Specialist Support Services

06/23/2026

Version 1.0

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Vision Statement

To strengthen the housing market through the accurate, timely, and efficient sale of HUD loans, notes and government assets while achieving operational excellence.

1 General Information

1.1 Scope of Work

The Department of Housing and Urban Development (HUD), Office of Asset Sales (OAS) is seeking contractor support to assist with asset sales. Services shall include executing loan sales initiatives for single family loans, Home Equity Conversion Mortgage (HECM) loans, and multifamily/healthcare loans. Services shall also include assisting with closing transactions such as transferring assets to winning bidders, monitoring and reporting on breaches, and performing Ad HOC tasks relative to the loan sales program.

The Contractor shall provide support and assist OAS with asset sales. The asset sales program primarily encompasses four types of note sales including:

1. Home Equity Conversion Mortgages
2. Single Family Forward Loans
3. Multifamily and Healthcare Notes
4. Other Government Assets

The Contractor shall gather and provide appropriate information to the investor community about the assets to be sold, ensure investors are qualified to purchase, market the offering to a maximum number of investors to produce best pricing to the government, assist with closing the transactions, and conduct post-closing tasks to transfer assets to winning bidders. These services shall include:

- Transition In
- Project Management
- Analysis of HUD's Defaulted Loan Portfolios
- Pre-Sale Activities
- Sale Day Activities
- Post-Sale Activities
- Transition Out

Detailed descriptions of specific tasks are provided in Section 5

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1.2 Background

The FHA Office of Asset Sales was established on December 1, 2001, by the HUD Deputy Assistant Secretary for Finance and Budget (FAB) under Section 601 of the National Housing Act to coordinate the disposition of FHA-held single family and multifamily mortgage loans. Through the Mortgage Acquisition and Recovery Initiative Pilot (MARI) launched in 2010 and expanded in 2012 with the Distressed Asset Stabilization Program (DASP) the Office of Asset Sales has managed the sale of over 733 multifamily and healthcare mortgage loans totaling approximately $5.23 billion in Unpaid Principal Balance (UPB).

The Office of Asset Sales facilitates competitive auctions selling the mortgages primarily to private sector entities at pricing that represents the highest recoveries to the FHA mortgage insurance fund. The Office of Asset Sales may also execute the sales function in accordance with HUD's mission of promoting home ownership, maintaining affordable housing, and preserving communities as deemed needed by the HUD Secretary.

1.3 Constraints

The services identified in this PWS will adhere to the rules, regulations, laws, standards, and conventions identified by HUD as well as within the Federal Government. Constraints include the following:

- The Contractor shall prepare PPM documentation in accordance with the format and content specified in the PPM Guide. The HUD PPM guide always takes precedence whenever inconsistencies manifest between the PPM Guide and its corresponding PPM templates and PPM Checklists. http://hudatwork.hud.gov/po/i/itm/ppm/ppm.cfm.

- The Contractor shall manage all projects in accordance with the National Defense Industrial Association (NDIA) American National Standards Institute Electronic Industries Alliance (ANSI/EIA) - 748 standards for Earned Value Management Systems (EVMS) and be subject to periodic compliance reviews. https://www.ndia.org/-/media/sites/ndia/divisions/ipmd/division-guides-and-resources/ndia_ipmd_intent_guide_ver_d_aug282018.ashx

- The Contractor shall prepare analysis reports in accordance with guidance provided within the *HUD Analysis Report Guid*e. https://www.hud.gov/sites/dfiles/SFH/documents/SFH_POLI_APPR_RPT_FIN.pdf

- Constraints include the following: The Debt Collection Improvement Act of 1996 credit agencies with over $100 million in loan assets are expected to sell delinquent loan assets that meet certain criteria.

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https://www.federalregister.gov/documents/2022/03/02/2022-03584/debt-collection-authorities-under-the-debt-collection-improvement-act-of-1996

- The National Housing Act section 204(a) (1) (A) (12 U.S.C. 1710(a) (A) also authorizes assignment of certain defaulted mortgages. https://uscode.house.gov/view.xhtml?req=(title:12%20section:1710%20edition:prelim

- OMB Circular Number A-11, Part 5 Section 185.8(e) requires OMB approval of the note sales. https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf

- Housing Handbook 4335.2, Secretary-Held Servicing https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh/43352

- Housing Handbook 7610.0, HECM Housing Counseling Protocol https://www.hud.gov/sites/documents/7610-0_COMBINED.PDF

- NARA (44 U.S.C. Chapter 21) https://www.archives.gov/about/laws#nara

- NARA Records Management NARA (44 U.S.C. Chapter 29) https://www.archives.gov/about/laws#recmgmt

- RA Records Management NARA (44 U.S.C. Chapte9) https://www.archives.gov/about/laws#recmgmt

- National Housing Act, 12 U.S.C. 1715z-20, Insurance of Home Equity Conversion Mortgages for Elderly Homeowners https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206

- 24 CFR 206, Home Equity Conversion Mortgage Insurance https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206?toc=1

- Privacy Act 1974 https://www.justice.gov/opcl/privacy-act-1974

- Reports Consolidation Act https://www.congress.gov/106/plaws/publ531/PLAW-106publ531.pdf

- Government Paperwork Elimination Act https://www.congress.gov/congressional-report/105th-congress/senate-report/335/1

- Disposal of Records (44 U.S.C. Chapter 33) https://www.archives.gov/about/laws/disposal-of-records.html

- Government Paperwork Elimination Act (5 U.S.C. 3504 note) (5 U.S.C. 552b) https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title5-section552b&num=0&edition=prelim

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- Electronic Records Management (ERM)Systems requirements https://www.archives.gov/records-mgmt/policy/requirements-guidance.html

- Department of Housing and Urban Development regulations, Handbooks and Policies http://www.HUD.gov GAO directives *et seq.*: https://www.gao.gov/agencies/department-housing-and-urban-development

Data Handling - The Contractor shall follow these rules when handling all data related to this requirement:

- The Contractor and its employees shall not divulge, or release data or information developed or obtained during performance of this contract without written approval of the Contracting Officer.

- Information contained in all source documents and other media provided by HUD is the sole property of HUD.

- Include the following statement on deliveries of hardware, software, and all data media made set forth in this contract: "This product has been scanned for known viruses using [name of virus-screening product, including version number, if any and is certified to be free of known viruses at the time of delivery.

- Adhere to HUDs policies for safeguarding sensitive electronically formatted information.

- As expiration of the contract approaches, the contractor must prepare and deliver all OAS data the governments designee in a machine-readable format. The data rights include but are not limited to all versions, processes, databases, models, reports, data, and related documentation.

  Ownership: Ownership and data rights of all the elements, structures and processes feeding into or produced by the databases or other automated tools developed under this contract will be the property of the government.

  The Contractor shall adhere to the: Mark-to-Market Operating Procedures Guide
  The Contractor shall adhere to the: HUD 4350.1 handbook

1.3.1 Restrictions

- The Contractor may not participate as a bidder or as an advisor to a bidder on any other sales transaction involving the assets in this Project conducted by HUD for the life of this Contract and any extensions.

- HUD always reserves the right to approve the structure, size, timing, budget, composition, and any other aspect of the note sale.

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- **Confidentiality of the Work Product**. Unless otherwise specified, all information, including but not limited to organizational, product, financial and personal data which is produced or otherwise made available to the Contractor by the Government is considered confidential and proprietary and shall not be used for any purpose other than performance of work under this request. Regardless of the form of this information, the Contractor agrees that no individual or entity that performs work under this contract shall disclose or allow disclosure of any such data or derivatives thereof to third parties, except as may be required in the performance of this contract. All information shall be returned to OAS at the completion of the contract. Any information of personal nature may also be subject to other laws, such as the Privacy Act, governing disclosure, which are fully applicable to the Contractor as a term and condition of this contract. For subcontractors, outside hires, etc., this provision shall be a flow down provision of the subcontract.

  The Contractor shall require its officers, employees, agents, subcontractors and independent contractors involved in this contract shall execute an appropriate nondisclosure agreement approved by the Contracting Officer, ensuring the confidentiality of any work product, pursuant to this paragraph. Such signed agreements shall be made available immediately upon request to the Contracting Officer for each entity and individual prior to that entity or individual performing work under this contract. Disclosure of work product may be a cause for termination, possible debarment from doing business with the federal government or whatever remedy may be appropriate.

- **Insurance Requirements**. The Contractor shall provide HUD evidence of error and omissions coverage, naming HUD as a third-party beneficiary, in a minimum amount of one million dollars ($1,000,000). Such evidence may be (1) a binder or (2) a copy of the original policy. Contractor shall furnish HUD's Contracting Officer with proof of insurance within five (5) business days of the execution of the Contract.

- **Contractor Protocols.** The Contractor performs their duties In accordance with the PWS.

- **Electronic Access.** The Contractor shall have the capability to receive and transmit documents, data files and e-mail to participants associated in the Contract using the Internet. The Contractor's connectivity to the Internet shall be through a reliable Internet Service Provider (ISP). The ISP service shall be of sufficient capacity to sustain the volume of traffic associated with the transmission of documents, e-mails and data files between the participants in the Project.

- Internet access shall be through Internet browsers supporting Secured Socket Layer (SSL) communications protocol and File Transfer Protocol (FTP). The Contractor shall insure the FTP capability can transfer large data files back and forth to HUD. The Contractor shall bear the expenses of providing the required Internet capabilities.

- **Electronic Delivery of Products.** All memorandums, reports, databases, spreadsheets, and deliverables of any kind shall be provided to COR/SCOR in an electronic file format consistent with established HUD standards. The file formats in general usage include the

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applications in the Microsoft Office Suite, Adobe Acrobat files (.pdf), or Web files (.html). Any deviations from the HUD standards shall require the prior written approval of the PM/COR.

- **Certificates of Defects or Other Claims on the sale of single-family loans.** Should certificates of defect or other claims regarding assets be submitted by the single family note sale purchasers or their agent during the claim/adjustment period or should HUD incur any liability due to the failure on the part of the Contractor to produce accurate and complete services/work products regardless of whether the service/work product has been delivered and accepted by PM/COR, all fees paid for services/work product on said asset(s) are subject to disallowance by HUD.

- The Contractor agrees that should any certificate of defect or other claim be honored by HUD or should HUD incur any liability as a result of inaccurate or incomplete services/work product by the Contractor, the Contractor is not entitled to any fees for the services/work performed for the asset(s) in question, and agrees to refund to HUD any fees paid to the Contractor for such assets within 30 business days after the date HUD agrees to honor any such certificate of defect or other claim or the date in which any other such liability is honored. This is not an exclusive remedy of HUD and HUD may, in its sole discretion, avail itself of all legal remedies to seek reimbursement for actual damages, including, but not limited to, all costs involved in honoring any certificate of defect or other claim or satisfying any such liability or marketing and selling the property which has been repurchased by HUD, or to avail itself of any other remedies set forth in this contract.

- **Loan Due Diligence and Bid Platform**. This requirement specifies that the contractor shall utilize a technologically state-of-the-art due diligence platform and electronic bid site and bid model. The Government is not requiring the Contractor to build, develop and or construct for the Governments sole use a loan due diligence platform and bid site. The Government expects the Contractor to be a qualified loan sale Transaction Specialist and, as such, have an existing loan sale due diligence platform and bid site or have them already available for its use. All costs associated with housing and providing HUDs loan sale due diligence data to qualified bidders on an electronic platform and use of an electronic bid site shall be reflected in the contractors the Sale Initiative Fee. The cost shall not include costs for construction and or development of such platform.

- **Minimum and Maximum loan sales initiatives**. HUD does not guarantee a minimum or maximum number of loan sale initiatives. However, the Contractor shall be ready to execute a loan sale initiative at HUD's directive, and as such, shall incur certain costs even when there are no loan sale initiatives. Even when there are no loan sale initiatives the Contractor shall respond to queries, questions, and calls from investors, nonprofits and other parties interested in HUD loan sales. Additionally, the Contactor shall keep its pulse on the loan sale market in terms of conducting period market surveillance related to product offerings, trading activity to include winning bidders, amount bid, offering size and the actions of market participants to include buyers and sellers.

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- Unless otherwise specified, all information, including but not limited to organizational, product, financial and personal data which is produced or otherwise made available to the Contractor by the Government is considered confidential and proprietary and shall not be used for any purpose other than performance of work under this request. Regardless of the form of this information, the Contractor agrees that no individual or entity that performs work under this contract shall disclose or allow disclosure of any such data or derivatives thereof to third parties, except as may be required in the performance of this contract. All information shall be returned to Contracting Officer Representative (COR) at the completion of the contract. Any information of personal nature may also be subject to other laws, such as the Privacy Act, governing disclosure, which are fully applicable to the Contractor as a term and condition of this contract. For subcontractors, outside hires, etc., this provision shall be a flow down provision of the subcontract.

- The Contractor shall require its officers, employees, agents, subcontractors and independent contractors involved in this contract shall execute an appropriate nondisclosure agreement approved by the Contracting Officer, ensuring the confidentiality of any work product, pursuant to this paragraph. Such signed agreements shall be made available immediately upon request to the Contracting Officer for each entity and individual prior to that entity or individual performing work under this contract. Disclosure of work product may be a cause for termination, possible debarment from doing business with the federal government or whatever remedy may be appropriate.

1.3.2 Insurance Requirements

The Contractor shall provide HUD evidence of error and omissions coverage, naming HUD as a third-party beneficiary, in a minimum amount of one million dollars ($1,000,000). Such evidence may be (1) a binder or (2) a copy of the original policy. Contractor shall furnish HUD's Contracting Officer with proof of insurance within five (5) working days of the execution of the contract.

1.4 Non-Personal Services

The Government will neither supervise Contractor employees nor control the method by which the Contractor performs the required tasks. Under no circumstances shall the Government assign tasks to, or prepare work schedules for, individual Contractor employees. It shall be the responsibility of the Contractor to manage its employees and to guard against any actions that are of the nature of personal services or give the perception of personal services.
If the Contractor believes any actions constitute, or are perceived to constitute personal services, it shall be the Contractor's responsibility to notify the Contracting Officer (CO) immediately. These services shall not be used to perform work of a policy, decision making or management nature, i.e. inherently Government functions. All decisions relative to programs supported by the Contactor shall be the sole responsibility of the Government.

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1.5 Period of Performance

The Period of Performance shall be for one base period of 12 months and four (4) 12-month option periods.

1.6 Place of Performance

The services to be performed under this contract shall be performed at the Contractor's facilities.

1.7 Hours of Operation

The Contractor shall be available between the core hours of 7:00 am to 6:00 pm EST, Monday thru Friday except Federal holiday or when the Government facility is closed due to local or national emergencies, administrative closing, or similar Government directed facility closings. The Contractor shall be available for extended hours on bid day to award day. Government agencies will not be available during scheduled holidays, inclement weather, weekends, after duty hours.

The Contractor must at all times maintain an adequate workforce for the uninterrupted performance of all tasks defined within the Contract when the Government facility is not closed for the above reasons. When hiring personnel, the Contractor shall keep in mind the stability and continuity of the workforce is essential.

1.8 Special Qualifications

N/A

1.9 Post Award/Kickoff Conference

The Contractor shall attend any post award conference convened by the contracting activity or contract administration office in accordance with FAR Subpart 42.5. The Government intends to convene a Post Award Conference with the Contractor within ten business days after contract award.

1.10 Status Meetings

The Contracting Officer, Contracting Officer's Representative (COR) and other Government personnel, as appropriate may meet periodically with the Contractor to also review Contractor performance, requirement status, etc. At these meetings, the Contracting Officer will apprise the Contractor of how the Government views the Contractor's performance or progress of the requirement. The Contractor will apprise the Government of problems, if any, being experienced. Appropriate action shall be taken to resolve outstanding issues. These meetings

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shall be at no additional cost to the Government. Post Award Conference and subsequent meetings may be held via teleconference at the Contracting Officer's discretion.

1.11 Contractor Travel

Prior to travel, the Contractor shall coordinate with and receive Government authorization from the COR for all travel. Reimbursement of travel costs will be in accordance with the Federal Travel Regulation and in accordance with FAR 31.205-46.

The Contractor shall provide in writing to the COR the purpose of the travel, the destination, the duration of stay, identify the personnel traveling, and provide an individual itemized estimate of the travel cost. Written approval from the COR is required at least three (3) days prior to any travel.

1.12 Transition In

The Contractor shall, upon the Contracting Officer's written notice, furnish Transition In services as required. As a successor, the Contractor shall have sufficient personnel on board during the 30-day Transition In period to ensure a smooth transition with the incumbent Contractor. The Contractor shall provide an orderly transition of work acceptance and accomplishment such that any impact to the program is minimized. During the Transition-In period, the Contractor shall become familiar with the requirements in order to commence full performance of services by the end of the contract Transition-In period. Transition In is not required if the successor Contractor is the incumbent.

1.13 Transition Out

To minimize any decrease in productivity and to prevent possible negative impacts on additional services, the Contractor shall have sufficient personnel on board during the 30-day Transition-Out period. The incumbent Contractor shall ensure a smooth transition with the successor Contractor during the Transition Out period, prior to completion of contractual performance. The incumbent Contractor shall aid the successor in the development of plans, procedures, and methods for the assumption of all on going work. The Contractor shall provide an orderly transition of work acceptance and accomplishment, such that full control by the successor Contractor is achieved by the end of the new contract Transition-In period.

2 Definitions and Acronyms

2.1 Definitions

***Asset Disposition and Management System (ADAMS/ P260*)** the Real Estate Owned (REO) Case Management system utilized by HUD staff and lenders relative to the disposition of HUDs REO properties.

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Assignments - Loans assigned by Lenders to the Secretary of HUD for servicing.

Contractor - A supplier or vendor awarded a contract to provide specific supplies or service to the Government. The term used in this contract refers to the prime.

***Contracting Officer* (CO)** - A person with authority to enter into, administer, and/or terminate contracts and make related determinations and findings on behalf of the Government. Note: the only individual who can legally bind the Government.

***Conveyance, Assignment and Assumption Agreements* (CAA)** - A legal document that transfers the rights and obligations of one party (the "assignor") to another party (the "assignee") in a contract, essentially allowing one party to step out and another to step in.

Defective Service - A service output that does not meet the standard of performance associated with the Performance Work Statement.

Deliverable - Anything that can be physically delivered but may include non-manufactured things such as meeting minutes or reports.

FHA Connection - The FHA Connection is an Internet based system through which Mortgagees report the status of insured loans. Additionally, the FHA Connection allows HUD to post information of interest to Mortgagees, including but not limited to, a roster of FHA approved Appraisers.

Government Furnished Property (GFP) - Government-furnished property is property in the possession of, or directly acquired by, the Government and subsequently furnished to the Contractor for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government-furnished property also includes contractor-acquired property if the contractor-acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.

Home Equity Conversion Mortgage (HEMC) is an FHA reverse mortgage program specifically designed for homeowners aged 62 and older, allowing them to tap into their home equity without selling their property.

Participating Servicer Agreement (PSA) is the agreement between HUD and a P-Servicer that governs the P-Servicers submission of Single-Family Loans to be sold in a Single-Family Sale on terms as prescribed by the Secretary.

Performance Work Statement (PWS) - A statement of work for performance-based acquisitions that describe the required results in clear, specific and objective terms with measurable outcomes.

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***Quality Assurance* (QA)** - Policies and procedures adopted by the Government to ensure supplies and services acquired under Government contracts conform to the contracts' quality requirements.

***Quality Assurance Surveillance Plan* (QASP)** - A plan describing how the agency will survey, observe, test, sample, evaluate and document the Contractor's performance in meeting critical performance standards identified in the contract.

***Quality Control (QC*)** - All necessary measures taken by the Contractor to assure the quality of an end product of service shall meet contract requirements.

Secretary-Held - Any mortgage or property owned by the Department of HUD.

Servicer an FHA-approved Mortgagee performing servicing actions on FHA-insured Mortgages on its behalf or on behalf of or at the direction of another FHA-approved Mortgagee.

Short Sale - The offer by a third party to purchase a property secured by a Secretary-held mortgage for the market value where that value is less than the total amount owed on the mortgage.

Single Family Acquired Asset Management System (SAMS) The Single Family Acquired Asset Management System (SAMS) is HUDs primary system of record for tracking and accounting for properties acquired by HUD following payment of a claim for insurance benefits.

Single Family Data Warehouse (SFDW) The Single-Family Data Warehouse is a repository of all single-family data from other databases within HUD.

Single Family Default Monitoring System (SFDMS/ F42D) the Single-Family Default Monitoring is the system of record utilized by lenders and servicers to record borrower default and lender loss mitigation activities. The system is used by HUD to monitor lender compliance.

Subcontractor - Any person, other than the prime Contractor, who offers to furnish or furnish any supplies, material, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and any person who offers to furnish or furnishes general supplies to the prime contractor or a higher tier subcontractor. The Government does not have privity of contract with a subcontractor.

Workday - The number of hours per day the Contractor provides services in accordance with the contract.

Work Week - Monday through Friday, unless specified otherwise.

2.2 Acronyms

ADAMS/ P260 Asset Disposition and Management System

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AQL Acceptable Quality Level

ALD Aggregate Loan Database

ACD Alternate Claim and Asset Disposition

BAUF Bidder Authorization and User Form

BEM Bid Evaluation Model

BIP Bidder Information Package

BPO Broker's Price Opinion

BTAF Bid Terms Acknowledgment Form

CAA Conveyance, Assignment, and Assumption Agreement

CAC Compliance Analytics Contractor

CAD Commercial Asset Disposition

CPP Case Pricing Profile

CFO or OCFO Office of the Chief Financial Officer of HUD

CFR Code of Federal Regulations

CO Contracting Officer

COR Contracting Officer Representative

DAS Deputy Assistant Secretary

EST Eastern Standard Time (U.S.)

FAB Office of Finance and Budget

FASS Financial Assessment of FHA Housing FHA Federal Housing Administration

HECM Home Equity Conversion Mortgage (Reverse Mortgage)

HUD U.S. Department of Housing and Urban Development

HUDAR HUD Acquisition Regulation

HVLS HUD Held Vacant Loan Sale ISA Interim Servicing Agreement

IT Information Technology

JV Joint Venture LLC Limited Liability Corporation

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LSA Loan Sale Agreement

MCA Maximum Claim Amount

MHLS Multifamily and/or Healthcare Loan Sales

MLS Mortgage Loan Schedule

NSC National Servicing Center

NSO Neighborhood Stabilization Outcome

OAS Office of Asset Sales

OGA Other Government Assets

OGC Office of General Counsel

OMB Office of Management and Budget

O&M Operations and Maintenance

ORM Office of Risk Management

PFA Program Financial Advisor

PNA Physical Needs Assessment

PSA Participating Servicer Agreement aka: P-Servicer Participating Servicer

SALD Selected Attributes Loan Database SFC Single Family Claims Branch

SFAB Single Family Accounting Branch

SAMS Single Family Acquired Asset Management System

SFDW Single Family Data Warehouse

SFDMS/ F42D Single Family Default Monitoring System

SFH Single Family Housing

SFJV Single Family Joint Venture

SFLS Single Family Loans Sale Operating Procedures for FHA Note Sales

SOP Standard Operating Procedures

TS Transaction Specialist

ULG Unit of Local Government

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UPB Unpaid Principal Balance

U.S.C United States Code

PM Project Manager

POC Point of Contact

POP Period of Performance

QA Quality Assurance

QASP Quality Assurance Surveillance Plan

QCP Quality Control Plan

3 Government-Furnished Property and Services

The Contractor shall ensure accurate control and accountability of all Government Furnished Property (GFP) in accordance with terms and conditions of this PWS and contract award. The Government will furnish, at no cost to the Contractor, the GFP and services shown below.

3.1 Government Services

Government services will not be provided.

3.2 Facilities

No facilities will be provided during the contract period of performance.

3.3 Equipment

Government Furnished Equipment (GFE) laptops may be required for staff if access to HUD systems is required.

3.4 Materials and Information

Copies of required materials will be provided to the Contractor in hard copy or soft copy within 15 days of contract award. All materials will remain the property of the Government and will be returned to the COR/PM upon request or at the end of the contract period.

3.5 Quality Assurance (QA)

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The Government will evaluate the Contractor's performance under this PWS and contract award in accordance with the Quality Assurance Surveillance Plan (QASP). The QASP is primarily focused on what the Government must do to ensure the Contractor has performed in accordance with the performance standards. It defines how the performance standards will be applied, the frequency of surveillance and the minimum acceptable quality level.

4 Contractor-Furnished Items and Services

The Contractor shall furnish all equipment required to perform the duties of this contract.

4.1 Facilities

The Contractor shall furnish all facilities required to perform the duties of this contract.

4.2 Equipment

The Contractor shall furnish all equipment required to perform the duties of this contract**.**

4.3 Material

The Contractor shall furnish all materials required to perform the work under this contract.

4.4 Contractor Responsibilities

The Contractor shall only conduct business with designated Government personnel listed as points of contact (POCs). Names of authorized personnel shall be provided to the Contractor by the Government, in writing, and updated as necessary throughout the contract period.
U.S. Government records, copies of original results and reports, verified original data, corrected data and corrected supporting final reports which are maintained by the Contractor remain the property of the U.S. Government. These files/results must be surrendered to the COR upon request or at the end of contract performance.

Organizational Conflict of Interest Solicitation and Contract Provision

It is the policy of the federal government to avoid situations which place a contractor in a position where: (1) its judgment may be biased because of past, present or currently planned interest, financial or otherwise, that the contractor may have on other work but would conflict with the work being performed under the proposed Statement of Work, or (2) where the contractors performance of such other work may provide it with an unfair competitive advantage for the proposed Statement of Work. See FAR 9.5, Organizational and Consultant Conflict of Interests. HUD has identified two primary conflict of interest situations that can arise in the future due to work performed for the government under the Statement of Work: (1) future participation as a bidder or representative/consultant in an asset sale; (2) future work providing services in the financial asset services field. To avoid these and other conflicts, as a result, the

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Contractor awarded this Contract shall be subject to the following requirements and future contracting restrictions:

One-year Bar: For the period of one year, after the completion of this requirement, the following individuals and entities (either alone or in combination with others) will be ineligible to bid on any one or combination of assets, specific to this Performance Work Statement (PWS), that are subsequently included in an asset sale offered by HUD:

1. Any contractor, subcontractor, advisor or consultant (including any agent of the foregoing) who performed services for or on behalf of HUD in connection with any asset sale, for assets specific to this PWS, or any affiliate of any such contractor, subcontractor, advisor, consultant or agent (such as someone who performed loan servicing, program financial advice, credit scoring or credit rating);

2. Any individual that was a principal or employee of any entity or individual described in paragraph A. 1. above who performed services under this PWS at any time during which the entity or individual performed services for or on behalf of HUD in connection with any asset sale for assets specific to this Statement of Work; and

3. Any individual or entity that uses the services of any person described in above in paragraphs A1 and A2in preparing its bid on any asset sale for assets specific to this PWS.

a. Other Contracts Notice and Determinations: Any contractor, its subcontractors, partners and affiliates performing financial asset management services for HUD under this PWS may not receive concurrent or subsequent Statement of Works or contracts to provide services in which a possible conflict of interest may arise, at the sole discretion of HUD. The Contractor shall notify the Contracting Officer immediately in writing whenever the work under this PWS conflicts with or potentially conflicts with the Contractors obligation to another entity or individual. The Contractor shall not proceed with the work in question until notified to do so by the Contracting Officer. The Contracting Officer shall make the final determination regarding appropriate action to take to address a conflict of interest.
b. Remedies: Failure to report a possible or actual conflict of interest to the Contracting Officer when reasonably apparent, whether prior to award or in performance of this PWS, may be a cause for the termination of the PWS or contract, possible debarment from doing business with the government or whatever remedy may be appropriate.

c. Permanent Bar: HUD may issue subsequent PSW or contracts (or may have already issued such PWS or contracts) for Asset Valuation, Program Financial Advice, Transactional Financial Advice, Due Diligence Services and Legal Advice in connection with one or more asset sales. Contractors, subcontractors, advisors or consultants (including any of their agents or affiliates) providing services for this PWS will be

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ineligible to submit an offer, quote or perform work for the following contracts or PWS, if they include assets specific to this PWS.

4.5 Contractor Personnel

The Contractor shall provide a Contract Manager/Project Manager who shall be responsible for the performance of work. An alternate shall also be designated to act in the absence of the Contract/Project Manager. These Contractor personnel (main point of contact and alternate point of contact) are considered Key Personnel by the Government and shall be listed as such in accordance with HUDAR 2452.237-70, "Key Personnel". The Contract /Project Manager or alternate shall have full authority to act on all contract matters relating to daily operations of this contract. Accordingly, at a minimum, the points of contact shall have the technical knowledge of the requirement and be in the position to receive assignment, guidance and direction from the COR and CO per HUDAR2452.237-73, Conduct of Work and Technical Guidance and shall be allocated enough hours to the requirement to ensure its successful performance. These points of contact shall each be employees of the Contractor. An employee of a subcontractor is not acceptable for either of these positions. The Contract/Project Manager or alternate shall be available between the hours of 9:00 am to 5:00 pm, Monday through Friday EST, except Federal Holidays or when the Government facility is closed for administrative reasons.

4.5.1 Other Staffing Requirements. The Contractor shall provide the appropriate number of key personnel, other staffing resources and subcontractors, as needed to complete the services in a timely and effective manner. Tasks listed in Section C.5.3.2 Loan Due Diligence Services shall require staff to review case files, extract relevant documents, sort, and scan the files to be provided to bidders. The Contractors proposal must show that it has appropriate staffing resources to complete these tasks and staffing to work on multiple sales simultaneously. For example, Contractor must show staffing teams or the resources where staff is completing Post Bid Day Tasks while resources are also dedicated to beginning presale activities for a new sale. The Contractor's Key Personnel must be identified and have the experience and skills to analyze market conditions as they relate to the single-family, multifamily, and healthcare asset portfolios and understand the economic and political implications of recommendations. The Key Personnel must be highly experienced in participating in large, complex asset sales transactions

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and data analysis. Substitution of Key Personnel must have the prior written approval of the Contracting Officer and recommendation from the COR.

4.6 Identification of Contractor Employees

All Contractor/subcontractor personnel shall wear company picture identification badges so as to distinguish themselves from Government employees. When conversing with Government personnel during business meetings, over the telephone, or via electronic mail, Contractor/subcontractor personnel shall identify themselves as such to avoid situations arising where sensitive topics might be better discussed solely between Government employees.

Contractors/subcontractors shall identify themselves on any attendance sheet or any coordination documents they may review. Electronic mail signature blocks shall identify their company affiliation. Where practicable, Contractor/subcontractors occupying collocated space with their Government program customer shall identify their workspace area with their name and company affiliation, or at a minimum, "Contractor" after name.

5 Specific Tasks

5.1 Transition In

The Contractor shall coordinate with HUD personnel and the current contractor to obtain an understanding of the requirements in order to meet the required deliverable(s) in accordance with the PWS during the 30-day Transition In period. Key personnel and others determined by the program office, based on duties and responsibilities will be required to be PIV 'ed and will work with the COR and or HUD officials to meet this requirement.

The Contractor shall ensure that qualified and trained workforce of employees or subcontractors are in place; obtain all licenses, permits, bonds and qualifications required to transact business to perform the requirements contained in this PWS. (The program office will provide templates and materials; i.e. standard operating procedures guide during the transition period to aide in the Contractors' understanding of the PWS.)

5.2 Project Management

The Contract shall deliver a draft project plan within 10 business days of contract award that serves as a guide to OAS for the execution of the sales expected to occur in the contract base year. The plan will be developed with input from the program office and a final project plan will be delivered within 5 business of the program office returning the draft plan with comments and edits. The draft and final project plan shall be delivered to the program office. The contractor shall make available a project plan for each option year, if exercised.

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The Contractor shall provide a roster of all staff to include subcontractors that indicates their job position, e-mail and the tasks they are expected to perform. The Contractor shall deliver the Contractor roster to the program office within 5 business days of the contract award and for each option year if exercised. The roster shall be updated as personnel changes occur and made available to the program office upon request.

The Contractor shall provide project management services through-out the entirety of the contact. Contractors' services shall include being available for meetings, planning of future sales, providing Operation and Maintenance (O&M) for the breach portal, performing Ad Hoc tasks, conducting training, report writing and improving processes and procedure in the OAS Standard Operations Procedure (SOP) guide.

The Contractor shall not share sensitive data/materials, intellectual property, or unpublished data as it relates to this requirement unless authorized by the program office, HUD officials or the COR/CO.

The program office will make available a SharePoint site that the contractor shall upload and maintain deliverables for the life of the contract.

<u>Performance Standards</u>
a) Standard: Deliver the draft project plan within 10 business days after contract award and each option year if exercised
AQL: Zero deviation

b) Standard: Deliver final project plan within 5 business days after contract award and each option year if exercised
AQL: Zero deviation

c) Standard: Deliver a contractor roster within 5 business days after contract award and each option year if exercised
AQL: Zero deviation

<u>Deliverables</u>
001 Draft Project Plan
002 Final Project Plan
003 Contractor Roster

5.2.1 Status Meetings

The Contractor shall participate in a weekly status meeting at a time designated by the program office. The Contractor shall provide a status meeting agenda available in Microsoft Word or Excel that is made available to attendees. The weekly status agenda shall recap all previous tasks that were worked on and include all new tasks. (prior tasks are those that were recently completed). The Contractor shall make the program office aware of any issue and problems they are experiencing and shall also note any accomplishments. The weekly status meeting

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agenda shall be provided by e-mail one business day prior to the weekly status meeting. The weekly status meeting minutes shall be made available to the Program Office within one business day after the meeting. The weekly minutes shall be e-mailed to all attendees and added to the OAS SharePoint site within one business day after the meeting.

Performance Standards
a) Standard: Deliver weekly status agenda (minutes) within one business day after the meeting and weekly status meeting minutes within one business day after the meeting.
AQL: Zero deviation

Deliverable
004 Weekly Status Minutes Report and Weekly Status Minutes

5.2.1.1 Meetings

Meetings in addition to the weekly status meeting, i.e. Ad hoc or planning meetings are essential to the success of the OAS Asset sales program. The Contractor shall have qualified personnel staff available to meet and work with the program to complete all tasks.

5.2.2 Automated Breach Portal (ABP)

When a Purchaser believes HUD has breached a Rep and Warranty from the Conveyance, Assignment and Assumption Agreements (CAA) the purchaser will submit their breach notices through an automated breach portal. The Contractor shall provide an automated breach portal that will capture and monitor all breaches including alleged breaches that may result in a reimbursement or repurchase of the asset by coordinating with Servicers and Purchasers. To accomplish this task the Contractor shall provide a secure automated breach portal:

- Provide access to the breach portal to all winning bidders within 5 business days of settlement. This means they will be available to submitted breaches.
- Accepts, stores and tracks the status of all breaches and their adjudication.
- Allows for automated tracking of breach requests and the adjudication status based on the timeframes for submission and resolution as described in the P-Servicer Agreement (PSA) and the CAA.
- Provides an end-to-end solution that stores all loans sold in each sale, allows users to upload breach requests, get notification of breaches entered into the portal, upload breach decisions and run ad-hoc reports.

The Contractor shall demo the breach portal within 90 days of contract award and include a user manual for use of all users.

The Contractor shall provide procedures for granting user access. The contractor shall deliver a user guide within 90 days of the contract award. The Contractor shall ensure the portal is

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working properly at all times and take necessary steps to remedy any and all functional issues. The Contractor shall ensure all data in the ABP is available to the program office in a format determined by the program office. If HUD requests data or any information related to the ABP the Contractor shall delivered the requested information within 5 business days of the request.

Performance Standards
a) Standard: Deliver to OAS Automated Breach Portal within 90 days of contract award
AQL: Zero deviation
b) Standard: Provide an Automated Breach Portal user guide within 90 days of contract award
AQL: Zero deviation
c) Standard: Provide ABP data with 5 business days of the request.
AQL: Zero deviation

Deliverables
005 Automated Breach Portal
006 Automated Breach Portal User Guide
007 ABP Data

5.2.2.1 Automated Breach Portal (ABP) Support Services

The Contractor shall support the ABP by providing Staff personnel points of contacts (POC's) with business phone numbers and emails for users to contact during normal business working hours (Mon-Fri; 7:00am to 6:00pm EST) with questions or issues concerning the breach portal or the status of breaches submitted in the Breach Portal. The Contractor shall respond to all inquiries within 1 business day of submission. The ABP support services shall be operational within 1 business day of the delivery of the ABP, if the ABP is operational at the time of the award the contractor shall provide support services within 5 business days of award.

The Contractor shall follow up with investors and servicers regarding critical deadlines related to responses due from the Servicer or HUD loan sale purchasers to breach requests submitted to the portal.

When there is a disagreement between the Asset Purchaser and the Servicer regarding an alleged breach, the Contractor shall review the breach request and make recommendations to the OAS staff on how to resolve the breach.

The Contractor shall track within the portal the wire disbursements issued to purchasers for breaches that resulted in repurchases of assets or financial cures. The Contractor shall also store and track within the portal the demand letters issued to Servicers for the return of claim funds to HUD and track the requests from Servicers to reinstate repurchased loans and monitor the status of the reinstatement of those repurchased loans; The Offeror shall track the demand letters issued to participating servicers for the return of claim funds to HUD.

The Contractor shall submit to the program office a monthly detailed Breach Coordination and Monitoring Report that lists breaches that resulted in repurchases, the status of the repurchases

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and to include a summary of the current status of all breach requests submitted each month and to include the sale, and the HUD loan sale purchaser that submitted the breach to date in a format prescribed by HUD. The Breach Coordination and Monitoring Report is due 30 days following the completion of each sale and shall be delivered each month after and until all breaches have been resolved.

Performance Standards
a) Standard: Provide Breach Coordination and Monitoring Report 30 days after each Asset Sale and for each month after and until all breaches have been closed.
AQL: Zero deviation

Deliverables
008 Breach Coordination and Monitoring Report

5.2.2.2 Help Desk Support

The Contractor shall provide Help Desk with support from 7:00 am to 6:00 pm eastern time to support user groups when users experience common problems. The help desk shall provide a dedicated email address and 1 800 number for users.. The Help Desk support will be available one business day prior to the breach portal going into production. The Help Desk shall:

- Communicate directly with user groups when users experience common problems.
- Prepare weekly and monthly reports of customer service activity and distribute the program office and HUD officials as requested.
- Assist FHA in periodically updating and disseminating the customer service procedures for the ABP.
- Provide updates to FHA that describe problems and their resolution. Attend meetings as needed to review the system and make recommendations for improvement or enhancements.

Performance Standards
a) Standard: Provide help desk support (* if the contractor provides the breach portal the help desk will be available one business day prior to the Breach Portal going into production, if HUD provides the breach portal the Help Desk will be available 30 days after contract award.
AQL: Zero deviation

Deliverables
009 Help Desk Support

5.2.3 Ad Hoc Tasks

The contractor shall be required to perform the following tasks at the direction of the Program Office.

5.2.3.1 Briefing Papers

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Execution of FHA loan sales requires communication and interaction with a variety of officials with interest in the FHA loan sale program to include FHA Senior Officials, member of Congress and/or their staff, Office of the Inspector General (OIG), General Accounting Office (GAO), among others. As such, the OAS is sometimes required to brief FHA Senior Officials and/or others on major issues related to the FHA loan sale program or issues that may impact the program. To prepare for these briefings, at the direction of program office, the Contractor shall prepare briefing papers on various topics or issues related to loans sales such as the impact of Opportunity Zones on the loan sale program, the impact of nonprofit participation and opportunities for expansion, variances and similarities between FHA loan sale program and the GSE program and changes HUD might implement to better achieve the objectives of the FHA program and other similar topics or issues. Preparing briefing papers requires expertise to conduct research and/or perform data analytics to inform the OAS about the issue or topic in question. Briefing papers range between 5 to 20 pages in length, single space but average about 15 pages. Briefing papers may be shared with FHA senior officials, the OAS staff, OAS, OASs PFA Contractor, and OGC. The number of papers can vary but the program office expects at least 2 per year. The contractor shall prepare and submit briefing papers within 5 business days of the request.

Performance Standards
a) Standard: Provide a Briefing paper at the request of program office no later than 5 business days of the request
AQL: Zero deviation

Deliverables
010 Briefing Papers

5.2.3.2 Due Diligence Services (Outside Sale Initiative) Brokered, Direct Sales or other government assets.

Services may be required outside the standard Loan Sale Initiative. Examples may include direct sales of Healthcare/Multifamily notes, individual asset dispositions, other government assets or broker engagements supporting non-portfolio asset sales.

HUD may task the Contractor to perform loan valuation, foreclosure analysis, obtain third party reports, due diligence review, or other related services on an individual asset or limited portfolio basis. The Contractor shall complete assigned tasks and provide required deliverables within the timeframe established by HUD.

At HUD's direction, due diligence activities may require onsite visits by Contractor personnel to Multifamily/Healthcare properties to assess property condition, operational status, marketability, and local market conditions. Such site visits shall be performed by the Contractor and are not to be completed by a third-party consultant or appraiser unless specifically directed by HUD. Due diligence activities may also include Contractor personnel facilitating site visits from qualified bidders to Multifamily/Healthcare properties or other government assets.

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Performance Standards
a) Standard: The Contractor shall deliver loan valuation analyses, foreclosure analyses, and other assigned due diligence deliverables to the program office within an agreed time
AQL: Zero deviation

Deliverables
011 Loan Due Diligence File

5.2.3.3 Loan Valuation and Foreclosure Analysis for Multifamily and Healthcare Loans

The contractor may be required to develop market valuation of notes and or distressed or foreclosure values for properties not part of a Multifamily or Healthcare Loan Sale Initiative. These valuations may be required to assist HUD in determining the best disposition approach for these assets. When assigned by the program office, the Contractor shall utilize state-of-the-art methodologies to estimate the market value of note and, or the distressed/foreclosure value of the property.

These analyses shall consider market and other pertinent data. In conjunction with completing this task, the contractor shall review and analyze third party reports necessary to develop the valuations and analyses. Third party reports may include appraisals, BPOs, Physical Needs Assessments, and Environmental Reports. The Contractor shall also review market and contract rental rates, market absorption, project operating expenses, occupancy rental rates, projected operating deficiencies, and other information to develop the market value of the note or distressed/foreclosure value of the asset to assist in determine the best disposition approach for the asset. The number of efforts to deliver this task varies but may be required on a quarterly basis. The contractor shall deliver Loan Valuation and Foreclosure Analysis to the program office within an agreed time.

Performance Standards
a) Standard: The contractor shall deliver Loan Valuation and Foreclosure Analysis to the program office within an agreed time
AQL: Zero deviation

Deliverables
012 Loan Valuation and Foreclosure Analyses Report for Multifamily and Healthcare Loans.

5.2.3.4 Workshops/Seminars/Webinars

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When directed by the program office the Contractor shall assist the OAS in organizing and participating in workshops/seminars for investors to include HUD loan sale purchasers, nonprofits, and other interested parties. The contractor shall place announcement of workshop/seminar on its loan's sale website, send promotional emails and other materials to prospective participants, develop of slide presentations, agenda, handouts, arrange for speakers, and arrange all other workshops/seminar logistics, including coordinating participant registration, assisting with room set-up, and workshop/seminar facilitation. The workshops are held in a HUD office such as the Headquarters building at 451 7th Street, SW, Washington or another HUD office such as the Philadelphia Homeownership Center at the Wannamaker Building in Philadelphia, Pennsylvania. HUD may conduct up to 2 workshops per year. Workshops are in-person and occasionally, a workshop may be presented as webinar with a live audience. If presented as a webinar, the location for conducting will be in the HUD Headquarters building assisted by HUD's technical team for recording and broadcasting the webinar. Historically workshops averaged about 60 attendees not including HUD staff and contractors. Webinars could have a smaller in-person audience, typically about 30 attendees not including HUD staff and contractors.

Performance Standards
a) Standard: Provide Workshops/Seminars/Webinars
AQL: Zero deviation

Deliverables
013 Workshops/Seminars/Webinars

Pass-through Reimbursements for Third Party Costs

There are several third-party fees or costs the Contractor shall incur when executing a Loan Sale Initiative. While the labor costs associated with these contract activities shall be included in the Loan Sale Initiative Fee, the third-party costs, i.e. cost paid to a third party, such as fee paid to an appraiser for an appraisal report or fee paid to Federal Express, United States Postal Service, or United Parcel Service for shipping files are not. HUD will reimburse the Contractor for these third-party costs as listed below. The reimbursement will not include mark-ups.

1. **Shipping Fees**: The costs for the postage or fees charged by a third party for the shipping files or mailing documents will be a direct pass-through expense meaning HUD will reimburse the Contractor for this third-party cost (with no markups) to ship the data. Labor costs associated with performing the work for shipping shall be included in the Loan Sale Initiative Fee.

2. **Third Party Report Fees**: To conduct the Loan Sale Initiative, the Contractor will need to order reports from third parties also known as Third Party Reports. The costs for Third-Party Reports will be a direct pass-through and HUD will reimburse the Contractor for the cost paid to the third-party vendor for the report. Any labor costs associated with ordering, reviewing, and working with reports will be included in the Loan Sale Initiative Fee.

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3. **Advertising Costs** In the course of conducting a Loan Sale Initiative the Contractor shall advertise the initiative as described in 5.3.6 and 5.3.7 In so doing, the Contractor will need to place advertisements in certain publications and incur costs from third party vendors. HUD will reimburse the contractor for the cost to advertise. Labor costs associated with advertising and marketing shall be included in the Loan Sale Initiative Fee.

4. **Bid Platform / Virtual Data Room** To conduct the Loan Sale Initiative the Contract will procure a leased Bid Platform from a vendor of OAS's choosing. The cost of the Bid Platform will be a direct pass-through and HUD will reimburse the Contractor for the cost paid to the third-party vendor for the Bid Platform. If the Vendor owns and has a Bid Platform that is acceptable to the program office it may be used with approval from the program office.

5.3 Pre-Sale Activities

5.3.1 Project Milestone Plan

The Contractor shall develop a Sales Initiative Project Plan for each and any Asset Sale Initiative ("the Plan) that serves as guide to management and execution of the sale. The Project Plan shall be delivered to the program office within 7 business days of Contractor being tasked with a Loan Sale Initiative and shall incorporate all tasks associated with the sale, including, but not limited to: the procedures for conducting the sale, due diligence procedures and other parameters to include how data materials delivered to the Contractor will be processed and handled and the procedures to be used to verify the information developed during the Data Collection and Verification stage is accurate. The Plan shall also delineate roles and responsibilities for the various tasks to be completed including, more specifically, (i) identification of sale Project Manager, responsible party for task assignments, (ii) a schedule of deliverables to include timeframes and tasks due dates, (iii) individual steps to be taken to complete tasks, (iv) and interrelationships among the various tasks to be completed.

The Project Plan shall incorporate quality control processes and procedures to ensure effective controls to immunize errors, omissions and mistakes during the Sale Initiative. The quality control processes and procedures shall, at a minimum, include descriptions of actual tests and/or procedures; the various levels of review and who will actually perform the reviews and procedures to review the format of all data to be presented to investors, including the Aggregate Loan Database (ALD), payment histories, servicing histories, broker price opinion, etc., preparation of the bid package, bid procedures, price analysis, finalized Selected Attributes Loan Database (SALD) for multifamily and healthcare notes, third party reports, property

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inspections when required, the sales strategy and marketing plan for assets being sold, preparation of market valuations and bid evaluation models. The Contractor shall clearly and succinctly describe the information technology infrastructure for conducting asset sales and the execution of the sale. The Plan shall be delivered to the program office for review and comment approval prior to being finalized.

Performance Standards
a) Standard: Deliver Project Plan and Schedule within 7 business days of being tasked with a Loan Sale Initiative.
AQL: Zero deviation

Deliverables
014 Project Plan and Schedule

5.3.2 Loan Due Diligence Services

To successfully achieve the Asset Sale Initiative objectives, the Contractor shall provide loan due diligence services including coordination of data collection from HUD field offices, HUDs National Servicing Center (NSC), HUDs Loan Servicers (Participating Servicers or P-Servicers) and related third parties. With respect to single family loan sales, including HECM sales, the Contractor shall collect loan due diligence materials directly from P-Servicers, NSC, or other third party as identified by HUD. (The due diligence services will be reimbursed on a per loan/ note basis.)

The Contractor shall provide loan due diligence services utilizing innovative and web-based solutions to seamlessly collect, organize, analyze and extract due diligence data from the various sources. The Contractor shall ensure quality control throughout the due diligence process. The Contractor shall prepare an electronic investor file by 1) reviewing the loan files and imaged documents, servicing and collateral files and other due diligence documents and materials as appropriate and 2) aggregating files and loan level data and prepare information for investor due diligence review. (All due diligence material shall be placed in the virtual data room and organized as directed by OAS)

Due diligence is further described in the following sub-subtasks:

Scanning and Review of Loan Document(s) and Files

The Contractor shall scan the files upon receipt and prior to any data analysis, abstraction and file review. Images and electronic copies of servicing and collateral files, and hard copy collateral and servicing files (in case of HECM loans) shall be provided for due diligence. The Contractor's due diligence shall utilize scanning services utilizing innovative state-of-the-art solutions to seamlessly collect, organize and extract relevant data provided by HUD, NSC, field offices and P- servicers. The Contractor shall communicate directly with P-servicers, NSC and

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other third parties when required to compile due diligence materials. The Contractor shall ensure that ALL files are reviewed.

1. Review of due diligence materials for both forward single family and HECM notes. For due diligence materials provided by or collected from P-Servicers and from HUDs National Servicing Center (NSC) and, or its servicer, the Contractor shall conduct a thorough review of the materials to confirm eligibility, accuracy, and completeness of the materials. The contractor shall also determine the foreclosure status of each asset, verify whether there are senior mortgages on title, verify the original or other hard copy of each assignment of the mortgage for loans submitted has been executed with no breaks in the title chain, verify each HUD-1 settlement statement for loans submitted by P-Servicers is properly executed by the borrower and also verify the existence of the following

    a. an original hard copy of the note (or if unavailable an original copy of the LNA or a bailee letter)

    b. the original or hard copy of the recorded mortgage

    c. the original or other hard copy of the title policy

When the requisite information is not found or there is a discrepancy in any document provided to the Contractor e.g. wrong address, or borrower name is incorrect. The Contractor shall inform OAS, the P-Servicers and NSC through a weekly exception report. The exception report shall be posted to a share point site determined by OAS. This is an on-going task, and the contractor shall provide weekly status updates as determined by the program office.

The exception report (created in excel) must be approved by OAS before implementation for each sale.

Loan Sale Characteristics and Information Database

For each Sale Initiative, the Contractor shall provide an electronic version of a loan tape (ALD/SALD), which is a set of asset-related data, to qualified bidders and to continuously monitor all loans in each asset sale and periodically update and disseminate the information in an updated loan tape. HUD will provide data from its informational systems and from its servicers as necessary for constructing the loan tape.

Loan Due Diligence Information

The Contractor shall make available all relevant due diligence materials in the Virtual Data Room in accordance with the timeline in the Sale Initiative Plan. These online materials include but are not limited to:

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- collateral files,
- servicing files
- pay histories
- servicing comments
- third party reports: Liens/Title updates, Physical Needs Assessment (PNA), Property Inspections, Appraisals, BPOs, Environmental Reviews Phase I
- ALD/SALD
- other documents provided by HUD

Third Party Reports. To provide all relevant due diligence data for a Loan Sale Initiative, the Contractor shall order reports as needed from third party experts. These reports are considered Third Party Reports and shall include Liens/Title updates, Physical Needs Assessment (PNA), Broker Price Opinions (BPOs) for single or multifamily assets, appraisals for multifamily assets, Automated Valuations (AVMs) or Broker Sales Comparables (BSCs), Rent Comparability Studies, Property Inspections, Appraisals with and without affordability considerations and also with Highest and Best Use recommendations, Environmental Reviews Phase I, surveys and other reports prepared by a vendor other than the Contractor. The list above is not all-inclusive as the Contractor may be required to order a Third-Party Report not listed.

The Contractor shall order reports from third-party vendors and upon receipt review the reports for quality, accuracy, soundness of the data utilized, and conclusions reached. The contractor shall follow up with the third-party vendors as necessary to obtain corrections and updates as needed. The Contractor shall provide a weekly property valuation report identifying any and all issues related to the BPO, including access issues, incorrect addresses, water or fire damage, vandalism, access to the property, and properties that are not properly secured. The weekly property valuation report shall be posted to a share point site determined by OAS. This is an on-going task, and the contractor shall provide weekly status updates as determined by the program office

The Contractor shall place reports on the due diligence Virtual Data Room as necessary when these reports are to be provided to purchasers

The costs for third-party reports will be a pass-through reimbursement meaning HUD will reimburse the Contractor for the fee or cost paid to the third-party vendor for the report. However, labor costs associated with ordering, reviewing, and analyzing the reports and placement on the web-based due diligence platform shall be included in the pricing of the Loan Due Diligence Services.

5.3.2.1 Borrower Letters and Unit of Local Government (ULG) Letters MHLS

For MHLS Sales. Prior to inclusion of the asset in the loan sale the borrower is notified its mortgage is being sold. The Borrower Letter informs the borrower of the upcoming sale and property inspections. ULG Letters are sent to local governments, informing them of the

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upcoming multifamily notes for sale. Borrower and ULG letters are due 60 days prior to Bid Day. The Contractor shall prepare the letters for OAS and OGC to review. The letters are prepared and sent out in advance of Third-Party Reports. The Program Offices are responsible for sending out the letters.

Performance Standards
a) Standard: Prepare borrower and UGL letters 60 days prior to the Bid Day
AQL: Zero deviation

Deliverables
015 MHLS Borrower and UGL letters

5.3.3 Aggregate Loan Database (ALD) / Due Diligence Preparation and Quality Control

The ALD is a "live" working document. The ALD and additional due diligence materials are key components of the Bidder Information Package (BIP) released to bidders 35 days prior to bid day. The ALD includes detailed data on each loan including original and current loan terms; the borrowers' name and property address; UPB; last payment date and paid through date and data from the Broker's Price Opinion (BPO) obtained for the sale.
The Contractor shall prepare the ALD in excel by consolidating reports and data from the Servicers e.g. loan balances and components of the loan balances, payment histories, loan servicing comments, mortgage characteristics and Broker's Price Opinion (BPO) or other loan valuation data. Delivered to OAS SharePoint for review and approval. Upon approval the ALD will be added to the Virtual Data room.

The Contractor shall provide the final ALDs to the bidders and release the final pool level ALD to bidders prior to bid day that contains updated UPB amounts and dropped loans.

Performance Standards
a) Standard: Deliver in excel the ALD to the Virtual Data Room 35 days prior to the Sale Day.
AQL: Zero deviation

b) Standard: provide the final ALDs to the bidders and release the final pool level ALD to bidders prior to bid day that contains updated UPB amounts and dropped loans
AQL: Zero deviation

Deliverables
016 Aggregate Loan Database (ALD)
017 Pool Level ALD's

5.3.4 Portfolio Underwriting and Analysis

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The Contractor shall provide a loan underwriting and portfolio analysis for asset sales to determine the best execution for all sales, competitive, direct sales, or other sales. The portfolio underwriting and analysis shall be completed with input from the program office and the program office should be involved throughout the process to ensure the final Loan Underwriting & Portfolio Analysis Report is sufficient to meet the goals and needs of OAS.

The Contractor shall perform this task during the pre-sale phase to help determine the sales strategy for all asset sales. The portfolio underwriting and analysis shall be done for every loan sale and completed within 10 business days of receiving the list of assets to be sold. Additionally, the Program Office may task portfolio/loan analytics on any of HUD's defaulted loans. The Contractors' loan underwriting and analysis will include all potential asset sales and shall include the following:

Portfolio Analytics

The Contractor shall analyze the asset sale loan portfolio for structuring and stratification, review loan schedule(s) and/or loan tapes, which consider relevant individual loan characteristics to include historical activity that may impact investor interest and, or potential bids. The Contractor shall also review single family loan lists to confirm loan eligibility based on sale eligibility criteria (as determined by HUD) and address loan eligibility in the deliverable. Contractor shall also review the asset portfolio and determine necessary enhancements to due diligence materials to improve the marketing of the assets. The portfolio analytics shall include specific recommendations for improvements to enhance the outcome of the sale including the type of information to be collected and verified for bidders to formulate bids. The analyses shall include analytics to inform pooling and offering size recommendations, and shall also include but not be limited to, note types, Unpaid Principal Balance (UPB) value, interest rate, loan to value ratio (LTV), delinquency rates as applicable, geographic location, servicer-based stratification and analysis as appropriate, and other pertinent market factors affecting overall sale structure of the sale and disposition.

Sale Strategy

The Portfolio analytics shall include the Contractors' sale strategy for meeting the objective of a competitive loan sale providing the best recovery for HUD. The Contractors sale strategy shall address the recommended sale structure and or provide justification for an alternate sale structure. This plan shall address how the portfolio should be sold such as in one or several offerings, the strategy for determining potential investor interest that assesses among other things, HUD's current strategic goals, requirements of the capital markets, current market conditions that may affect the recommended sale structure, recent sales in the private sector and the general market and how these may impact the sale, the collateral type, loan balance, interest rate, loan age, loan-to-value ratio, delinquency rate, loan status, geographic location of collateral and other pertinent loan terms and market factors that can affect disposition strategy and/or sales structure. The Contractor shall evaluate the representations and warranties in the single-family Conveyance Assignment and Assumption (CAA loan sale agreement) compared to

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market standards and shall make specific recommendations as part of the sale strategy to increase, decrease or maintain the representations and warranties to be offered in the single-family loan sales.

The Contractor shall make specific sale strategy recommendations and shall quantify the potential cost and benefits, include the impact on sales proceeds.

Performance Standards
a) Standard: Deliver Loan Underwriting & Portfolio Analysis Report within 10 business days of receiving the list assets to be sold.
AQL: Zero deviation

Deliverables
018 Loan Underwriting & Portfolio Analysis Report

5.3.5 Asset Market Valuations and Market Pricing

The Contractor shall determine the market value and market pricing of the assets scheduled for sale and ensure the assets are properly valued using an appropriate methodology and pertinent market data to include loan-by-loan asset valuations (pricing). The Contractor shall utilize appropriate methodologies to determine the market value and market pricing of the assets scheduled for sale. The contractor shall also present the results of the market valuation analysis/price analysis in a format that allows for ease of review and assessment the by the OAS staff, and the HUDs Program Financial Advisor (PFA). The market pricing report shall be delivered in excel and the pricing methodologies shall be in word and they both shall be delivered 40 days prior to the sale date (OMB requires both reports 40 days prior to the Sale Day)

Performance Standards
a) Standard: Deliver market pricing and pricing methodology requires both 40 days prior to the Sale Day
AQL: Zero deviation

Deliverables
019 Market Pricing Reports in Microsoft excel and Pricing Methodology Reports in Microsoft word.

5.3.6 Marketing and Advertising Campaign

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The Contractor shall within 10 business days of being tasked for asset sales develop a Marketing and Advertising campaign that includes a recommendation of the most effective and efficient methods to market and advertise the assets and a description of the marketing campaign, a bidder outreach and inquiry to include outreach and other marketing outreach activities to bring about HUDs objective of maximizing recoveries. The Marketing and Advertising campaign shall, at a minimum, address the following:

1. Design and implementation of a comprehensive marketing campaign which shall include investor/purchaser solicitation, phone canvassing, advertising, and distribution of marketing materials. The Contractor shall prepare and distribute all investor-marketing materials (advertising, website postings, fliers, brochures, pamphlets, etc.). The Contractor shall ensure all investor information contains accurate, updated or final information prior to release. The Contractor shall respond in a timely and professional manner to all investor inquiries including advertising inquiries, orders for bid packages, investor dilemmas or issues, general guidance of the overall sales procedures, etc. All marketing materials, brochures, letters, pamphlets, etc. should be in an electronic format that will allow the materials to be published on HUDs FHA Website.

2. Detailed national and local marketing effort and proposed marketing formats to include advertisements in advertisements in national newspapers, business journals and other appropriate venues with associated costs and advertising schedule.

3. List of prospective investors that identifies investors from a variety of sources including: Contractor's investor database, HUDs investor database, Contractor's marketing campaign, phone solicitation efforts, advertising responses, etc. The combined list of potential investors ("Investor List) generated through the aforementioned marketing efforts shall become the property of the HUD. The Investor List for each Sale Initiative shall be included in the Marketing and Advertising Campaign Recommendation Report and a comprehensive list delivered to HUD in a format acceptable to HUD. Marketing may also include:

- Social Networking
- Email (Campaign and Q&A)
- Print Ads, Brochure
- Website
- Trading Desk (1-800 number)
- Bid Conference
- Federal Register Notice

<u>Performance Standards</u>
a) Standard: Deliver within 10 business days of being tasked a Marketing and Advertising Campaign Recommendation Report.

AQL: Zero deviation

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Deliverables
020 Marketing and Advertising Campaign Recommendation Report.

5.3.7 Sale Announcement and Advertising

Sale announcements are posted in several public locations in order to inform interested market participants and increase transparency. Asset sales typically are announced through:

- The Federal Register Notice
- The HUD OAS Website
- The Transaction Specialist Website
- National/local news publications

The Contractor shall prepare an advertising Marketing Plan and Advertising Budget at the request of the OAS for review by HUD. Beginning with an initial review by the OAS, the draft advertisements are then provided to the DAS for Finance and Budget. The next level of review is performed by OGC and the Program Offices. Following signoff from all stakeholders, advertisements are submitted to HUD's Office of Public Affairs for final clearance. The marketing campaign typically involves market outreach and advertisements in industry publications. The advertising mock-up and the sale announcement language are circulated through the Program Offices clearance by the OAS. The marketing begins with a blast email to all potential bidders on the Contractors bidders list as soon as the sale announcement is approved, approximately six weeks prior to bid day and no later than 40 days prior to the Bid Day.

Performance Standards
a) Standard: Provide Marketing Plan and Advertising Budget 40 days prior to bid day.
AQL: Zero deviation
b) Standard: Initiate marketing campaign from the day the sale announcement is approved up until bid day.

Deliverables
021 Marketing Plan and Advertising Budget
022 Initiate Marketing Campaign

5.3.8 Virtual Data Room (Bid Platform)

For all Asset Sales the Contractor shall provide a virtual data room. The program office and the contractor shall collaborate on a virtual data room, and the program office will approve the virtual data to be used. The contractor shall procure the virtual data room 120 days prior to the sale and submit invoices to the PM/COR for reimbursement.

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Performance Standards
a) Standard: Order and deliver a Virtual Data Room for each asset sale 120 days prior to the sale
AQL: Zero deviation

Deliverables
023 Virtual Data Room

5.3.9 Bidder Documentation and Qualification

Ongoing and until bid day, the OAS and the Contractor will assist bidders in completing forms, respond to questions and review documents for completion. Established points of contact from both the OAS and the Contractor will be provided to bidders. The Contractor shall be responsible for approving bidders in accordance with OAS approved qualification statement and for any additional qualification requirements that may be required.

In order to submit a bid-on-bid day, bidders are required to submit the following forms to the Contractor:

- Bidder Authorization and User Form (BAUF)
- Bid Terms Acknowledgement Form (BTAF)
- Confidentiality Agreement and.
- Qualification Statement
- And any other qualification requirements

The Contractor shall review the Bidder Documentation package for completeness and confirm that the same bidder's name is included in each of the required documents. The Contractor shall post the Approved Bidder Documentation packages on the sharing site. The target due date for the complete Bidder Documentation package is two days before bid day at 5:00 PM EST

Performance Standards
a) Standard: The Contractor shall post the Approved Bidder Documentation packages 1n the virtual data room two days before bid day
AQL: Zero deviation

Deliverables
024 Posted Approved Bidder Documentation Packages

5.3.10 Bidder Information Package (BIP) / Bid System Go-Live

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The Bidder Information Package (BIP) provides bidders with an overview of the Asset Sales transactions, including a description of the Mortgage Loan pools offered (i.e. aggregate loan data, stratifications, pooling), due diligence materials, closing instructions, loan eligibility guidelines, document matrix, summary timetable, key contacts, and instructions for submitting bids and questions. The BIP release coincides with the online Bid System becoming accessible to bidders, or "going live," providing bidders with access to loan level data and other due diligence materials.

The Contractor shall prepare and submit the Bidder Information Package (or Bid Package) with any supplements to OAS and PFA for review and approval. Prior to distribution to investors the program office will review and approve the Bid Package and all Supplements.

- bid procedures
- bid forms, terns of sale and conditions
- confidentiality agreement
- Conveyance Assignment and Assumption Agreement (single family)
- investor questions and answers when appropriate
- wire transfer instructions
- loan stratifications
- signed documents as appropriate and information on the sale and the assets, including timelines and other valuable materials.

The BIP is released to bidders on the go live date.

Upon approval, the Contractor shall post the BIP to the bid site and notify bidders. OAS sends the ALD to the FHA Office of Risk Management (ORM) once it is available so ORM can calculate Reserve Pricing for the loans being sold.

<u>Performance Standards</u>
a) Standard: Submit draft Bidder Information Package 30 days prior to bid day
AQL: Zero deviation
b) Standard: Post Bidder Information Package to the BID site and notify bidders no later than 30 days prior to bid day
AQL: Zero deviation

<u>Deliverables</u>
025 Draft Bidder Information Package
026 Posting of BIP to Virtual Data Room

5.3.11 Bid Day Procedures

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The Bid Day Procedures describe the various bid day related tasks to be accomplished directly prior to, during and after the sale. The Bid Day Procedures document clarifies roles and responsibilities of the various participants and identifies timelines for completing tasks. The standardized Bid Day Procedures document is used for each sale and updated by the Contractor with feedback from OAS, PFA and OGC.

The contractor shall provide a draft Bid Day Procedures document to the OAS, PFA, and OGC for review prior to release. (Any recommended revisions are presented in the Transaction Log and addressed at the Bid Day Dry Run.)
The contractor shall provide the draft Bid Day Procedures documents and schedule a walk through with the program office and all participants at least 15 days prior to bid day.

Performance Standards
a) Standard: provide the draft Bid Day Procedures documents and scheduled walk through 15 days prior to bid day.
AQL: Zero deviation

Deliverables
027 Draft Bid Day Procedures Document

5.3.12 Bid Evaluation Model (BEM)

The Contractor shall provide a Bid Evaluation Model to determine the maximum recovery based on the sale and award structure as determined by the program office for each asset sale.
The BEM shall consider all approved terms and conditions of the sale, so HUD can identify the specific combination of bids that will result in the most loans sold at the highest price based on Contractor's recommendation. The BEM must be agile and able to provide accurate results based on various sale structures/terms associated with each sale. The contractor shall be prepared to present and demo prior to each sale the BEM to the program office 30 days to the sale day.

The Contractor shall have qualified personnel run the model and ensure there is a backup person capable of running the model.

The Contractor shall provide a fully automated model that imports bids submitted electronically by bidders. Once bids are mechanically imported into the model, the model shall produce, in an automated fashion, output in the form of spreadsheets summarizing, at a minimum:

- the winning bids.
- tie bids, if any;
- cover bids and.
- all bids received and any other information as directed by the OAS

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BEM testing and support

The Contractor shall open the bid site for the submission of test bids no later than 30 days prior to bid day. OAS, the Contractor and the PFA will submit mock bids, and the Contractor shall run the BEM and provide the results for PFA and OAS to review for accuracy. Assets sales that are divided up into multiple sales days will require testing for each sale. The following quality control measures shall be conducted:

- Two sets of QC testing will be performed on the Bid Evaluation Model for each sale, both prior to bid day and on bid day after bids are received.
- The PFA's QC testing of the Bid Model will focus on functionality at both the input and output levels. There are two quality control models that test the following: (1) the Bid Model is accurately capturing the bid sheets submitted, and (2) the model is generating accurate results.

At least two weeks prior to bid day, a dry run is performed, testing the functionality of the Bid Model. The sale team submits mock bids under various scenarios to confirm the Bid Model does not accept non-conforming bids. Quality control models are also used on the dry run Bid Model results. All findings are documented in a Bid Model Review Report.

- On Bid Day, the PFA's quality control team will test the Bid Model for accuracy using the PFA quality control models. Findings are documented in a Bid Model Review Report.
- On Bid Day the PFA Quality Control Team will monitor the Bid Model and perform quality control of manual uploads, such as reserve pricing or late bid submissions.
- The Contractor will be responsible for Bid Model support on Bid Day.

<u>Performance Standards</u>
a) Standard: Provide a Bid Evaluation Model demo no later than 30 Calendar days of contract award
AQL: Zero deviation

b) Standard: Provide BEM testing and support no later than 30 days prior to bid day.
AQL: Zero deviation

<u>Deliverables</u>
028 Bid Evaluation Model
029 BEM testing and support

5.4 Sale Day Activities

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5.4.1 Bid Day and Sale Day Procedures

The Contractor shall coordinate and provide adequate staff on Bid Day to ensure a smooth, efficient and fair bidding process. Note: Bid Day does not end until the award packages have been signed by the commissionaire and have been issued. The award packages include the CAA and the awards letters. The Contractor shall execute bid day (sale day) activities/tasks in conjunction with the OAS and in accordance with Bid Day Procedures. The Contractor shall follow procedures as documented in the Bid Day Procedures and shall provide adequate, dual quality controls to ensure the integrity of the bidding process as follows:

1. The Contractor shall manage the Bid Site, including compiling and reviewing the Bid Terms Acknowledgement Forms and assisting with User access and User Ids.

2. The Contractor shall verify deposits and assist with the resolution of all bid day related issues including document, technical and nonconforming issues. The Contractor shall create a log documenting all bid day related issues and how they were resolved to inform future sales and lessons learned. The contractor shall also prepare

3. The Contractor shall administer the HUD accepted Bid Evaluation Model (BEM) on Contractor's web-based platform (or another platform as approved by HUD.) The BEM shall be used by Contractor to analyze bids and bid results.
The Contractor shall run the BEM and conduct bid review and analysis of all bids submitted to determine the maximum recovery to HUD. The Contractor shall also certify that all bids are conforming and recommend the "winning bid(s)". The Contractor shall present the preliminary bid results and award recommendations to appropriate HUD staff (as identified in bid day procedures) within 30 minutes after bid closing. As part of the preliminary results presentation, the Contractor shall recommend post-bid closing activities (e.g. best and final, fill and kill) as appropriate and in accordance with the Bid Day Procedures. The Contractors final Winning Bid(s) Recommendation shall be based on BEM and presented in written form for approval and acceptance by HUD senior officials within 2 hours of bid closing.

The Contractor shall present a written Winning Bid(s) Recommendation for OAS to present to HUD Senior Officials for their final approval and acceptance. The Winning Bid(s) Recommendation shall, at a minimum, include the following items:

a. Award slides to include the list of recommended winning bidders, UPB, and the bid amounts; bid to UPB, Bid to market price, Bid to Updated Loan Balance (UPB) as appropriate.
b. Marketing summary which addresses the investor activity and interest at various stages of the initiative, total number of qualified bidders and number of bidder information packages distributed, the number of qualified bidders that submitted, BTAFs,

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the number of actual bidders, other appropriate statistics and information on winning bidders such as description of the bidding entity and participation in previous sales.
c. Recommendation and substantiation of acceptance of the winning bid(s).
d. Bid Confirmation Letter prior to making an award the contractor shall ensure that the highest bidder has made a deposit to a designated government account (usually 10% of the total bid amount). The contractor shall e-mail the bid confirmation letter to the awardee.
e. Award letters for approving officials' signatures.

Performance Standards
a) Standard: Bid Day Procedures & Bid Evaluation Model to be delivered 15 days and 10 days respectively before bid day.
AQL: Zero Deviation
b) Standard: The Contractors final Winning Bid(s) Recommendation shall be based on BEM and presented in written form for approval and acceptance by HUD senior officials within 2 hours of bid closing.
AQL: Zero Deviation

Deliverables
030 Bid Day Procedures & Bid Evaluation Model
031 Winning Bid(s) Recommendation

5.4.2 Award Letters and Package(s)

The Director of OAS presents an award recommendation to FHA Leadership. The final award decision requires approval from the FHA Commissioner or designee.

Award letters are sent to each winning bidder following HUD approval of the award recommendation and confirm HUD has accepted the winners' bids on the pools for which they were the winning bidders. The letters also notify the winning bidders that HUD received their full deposit amount and inform winning bidders their Settlement Date Payments will be calculated and scheduled pursuant to the terms of the CAA. Additionally, the Award Letters include a loan by-loan pricing attachment for each winning bidder. (The program office be provided examples of award letters).

The Contractor Shall:

Draft award letters and gather the winning bidders' executed documents to include in the award packages.

- Submit the award packages to the OAS and the PFA for review. OAS and the PFA review the packages to ensure the winning bidder names and pool pricing are accurate

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in the letters and the packages are complete. Results are documented in the Transaction Log.

Performance Standards
a) Standard: Draft award letters following HUD approval of the award
AQL: Zero deviation
b) Standard: Submit award packages following HUD approval of the award
AQL: Zero deviation

Deliverables
032 Draft Award Letters
033 Award Packages

5.5 Post Sale Activities

5.5.1 Sales Results Summary Report

Following each loan sale conducted by HUD's Office of Asset Sales, the Contractor shall prepare a comprehensive Sale Results Summary Report. This report will document the details of the portfolio offered and the outcomes of the transaction. This Sale Results Summary Report summarizes the results of a large-scale loan sale conducted by the Office of Asset Sales/HUD. Specifically, it details a transaction in which HUD, through its OAS, auctioned off a portfolio of delinquent mortgage loans to qualified private investors.

Overall, it is a Post-Sale summary intended for internal and external stakeholders, oversight bodies, and the public to understand how government-owned mortgage assets were sold and the financial outcome of that sale.
The Sale Results Summary Report shall include, at a minimum:

- A summary of the portfolio of loans offered, including:
    - Region Name
    - Loan Count
    - Unpaid Principal Balance (UPB)
    - Updated Loan Balance (ULB)
    - Broker Price Opinion (BPO) Value
    - Bid Amounts
- A table summarizing the winning bidders, identifying:
    - Number of loans awarded
    - Corresponding UPB, ULB, and BPO Value
    - Bid Amount
    - Bid percentages relative to UPB, ULB, and BPO
- Mortgage loan stratifications for:

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    - Updated Loan Balance
    - BPO
    - Bid Amounts, by state and by winning bidder

- A summary of each winning bidder's portfolio, including the loans awarded and their final purchase price

The Sale Results Summary Report serves the following purposes ensures transparency in the sale of federally held mortgage assets by disclosing key participants, pricing information, and loan-level geographic data; enables performance evaluation of each transaction, including financial returns relative to asset values and loan balances; provides detailed documentation of buyer participation and loan stratifications to support internal analysis, oversight, and future sale planning.

The report shall be delivered in a HUD-approved format (e.g., MS Word and/or PDF) within 10 business days of the award date. A sample report can be provided by the Program Office.

Performance Standards
a) Standard: Provide within Sale Results Summary Report of bid award date for Asset Sales within 10 business days of the award
AQL: Zero Deviation

Deliverables
034 Sale Results Summary Report

5.5.2 Post-Sale Report

For each Loan Sale Initiative, the Contractor shall provide the program office with a Post-Sale Report, which describes, at a minimum, the "Lessons Learned. This Report shall include problems, experiences, and alternative practices that could be incorporated to improve and expedite the sales process. The final report shall include a detailed debriefing of investors (winning bidders, losing bidders, investors who chose not to submit a bid) conducted through telephone interviews and specific improvements to be incorporated in subsequent sales. Additionally, the report shall include the results of the Contractors Quality Control review of the personnel or system changes, or corrective actions taken as a result of these findings. The Contractor shall provide Post Sale Report within 45 Business Days of bid award date for single family sales and Provide Post Sale Report within 15 Business Days of last settlement for Multifamily and Healthcare Loans.

Performance Standards
a) Standard: Provide Post Sale Report within 45 Business Days of bid award date for single family sales
AQL: Zero Deviation
b) Standard: Provide Post Sale Report within 15 Business Days of last settlement for Multifamily and Healthcare Loans

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AQL: Zero Deviation

Deliverables
035 Post-Sale Report Single Family
036 Post-Sale Report Multifamily and Healthcare Loans

5.5.3 Data Shipping /Transfer

The Contractor shall ship the collateral, servicing and other related documents to winning bidders physically or electronically at the direction of the program office. The contractor labor costs for shipping shall be included in the price of the Loan Sale Initiative. However, the cost of the postage or the fee charged by third party vendor such United States Postal Service (USPS), United Parcel Service (UPS) or Federal Express (Fed Ex) shall be a direct pass-through expense meaning HUD will reimburse the Contractor for the third-party cost (with no markups) to ship the data and, or file. The Contractor shall include any shipping issues of note within its Post Sale Report.

5.5.4 Loan Settlements/Closings

The Contractor shall assist HUD with the loan settlement/closing for loans sold under each Sale Initiative by providing administrative support and assisting with of the loan closing process.

5.5.4.1 HECM Loan Settlements/Closings

The Contractor shall prepare settlement folders for each winning bidder to include the signed / executed award package and other settlement documents. The Contractor shall prepare the Mortgage Loan Schedules (MLS) and final Settlement Statements and place them in the winning bidders (Purchasers) settlement folder to request settlement payments. Required information for creating and reviewing settlement files includes the following:

- Purchaser's deposit amounts
- Settlement schedule

The Contractor shall make available all electronic due diligence to the winning bidders.

The Contractor shall prepare the case pricing profile (CPP) and accounting file for OAS. Formats will be provided by OAS. This task will be performed at the end of each month for which there were settlements.

Performance Standards
a) Standard: Deliver MLS and Settlement Statement at the end of each month for which there were settlements.
AQL: Zero Deviation

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b) Standard: Provide case pricing profile (CPP) and accounting files at the end of each month for which there were settlements
AQL: Zero Deviation

Deliverables
037 MLS and Settlement Statement
038 Case Pricing Profile (CPP) and Accounting Files

5.5.4.2 Single Family Loan Settlements/Closings

The Contractor shall track claims submissions, suspended and deleted claims, and claim payments, create settlement files to assist with settlement processing, transfer collateral files and other documents to purchasers, and track the shipping of files to purchasers. The Contractor shall provide a Single-Family Loan Settlements and Closings Report. This report shall summarize activities completed during the closing/settlement process such as files shipped, and or shipments tracked, number of settlements conducted, claims submitted by P-Servicers, claims suspended, and other pertinent information relevant to the closing/settlement process. The report must also include recommendations for improvements. This task will be performed at the end of each month for which there were settlements. Tasks are as follows:

- Ship (as required) and track the shipment of collateral files to purchasers
- Preparation of required settlement files and other accounting files
- Schedules for purchasers and P-Servicers, Settlement Statements, PeopleSoft files
- Track claim submissions, suspensions, deletions and claim payments daily during the loan sale settlement period.
- Prepare the case pricing profile (CPP) and accounting file for OAS. Formats will be provided by OAS.
- Assist with transfer of servicing files from the P-Servicers or HUD Servicer to the Servicers identified by purchasers of the loans

Performance Standards
a) Standard: Provide the Single-Family Loan Settlements and Closings Report at the end of each month for which there were settlements
AQL: Zero Deviation

Deliverables
039 Single Family Loan Settlements and Closings Report.

5.5.4.3 Multifamily/Healthcare Settlements/Closings

The Contractor shall prepare a closing file for each winning bidder. The file should identify on the label the name of the winning bidder and the asset(s) awarded. The contents of the file shall

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include, at a minimum, the signed award letters, Confidentiality Agreement, Qualification Statements, Bid Term Acknowledgement Forms (BTAFs), deposit confirmation and bid confirmation forms. Additionally, the contractor shall assist with preparing award packages to be sent by overnight delivery to the winning bidder(s) to include award letters with original signatures, Executed Loan Sale Agreements, and other documents provided by OGC.

Data Shipping /Transfer

The Contractor shall ship the collateral, servicing and other related documents to winning bidders physically or electronically at the direction of the program office. The contractor labor costs for shipping shall be included in the price of the Loan Sale Initiative. However, the cost of the postage or the fee charged by third party vendor such United States Postal Service (USPS), United Parcel Service (UPS) or Federal Express (Fed Ex) shall be a direct pass-through expense meaning HUD will reimburse the Contractor for the third-party cost (with no markups) to ship the data and, or file. The Contractor shall include any shipping issues of note within its Post Sale Report.

<u>Performance Standards</u>
a) Standard: Multifamily Loan Settlements and Closings Completed within timeframe in legal documents at the end of each month for which there were settlements
AQL: Zero Deviation

<u>Deliverables</u>
040 Multifamily Loan Settlements and Closings Report documenting the process and recommendations for improvements.

5.5.5 Breach Portal Post Sale Services

The Contractor shall enter into the breach portal all the cases sold within 5 business days and grant access to purchasers within 2 business days of settlement.

5.6 Transition Out

During the 30-day transition out period the Contractor shall continue provide services to ensure an orderly transition of services.

The Contractor shall include an inventory of all materials developed under the contract in its Transition-Out plan. The Contractor shall include a schedule of briefings, including dates and time and resources allotted, that will be required to fully transition all materials to the follow-on Contractor, or the Government, and will provide the names of individuals that will be responsible for fully briefing their follow-on counterparts in its Transition-Out plan.

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The Transition-Out plan is to ensure the follow-on Contractor, and the Government will be provided all necessary materials and be fully briefed at the beginning of the transition-out period, which is 30 days prior to the expiration of the contract.

To minimize any decrease in productivity and to prevent possible negative impacts on additional services, the Contractor shall have sufficient personnel on board, during the Transition-Out period. The incumbent Contractor shall ensure a smooth transition with the Government or a successor Contractor during the Transition-Out period, prior to completion of contractual performance.

The incumbent Contractor shall aid the successor in the development of plans, procedures, and methods for the assumption of all on going work. The Contractor shall provide an orderly transition of work acceptance and accomplishment, such that full control by the successor is achieved by the end of the Transition-Out period.

The Contractor shall ensure as part of its Transition-Out responsibility that the data shall be transferred to the successor with no loss of information, data, or functional capability, in a machine-readable format.

The Contractor shall provide the incoming Contractor with all system documentation.
The Contractor and its employees shall not divulge, or release data or information developed or obtained during the performance of this contract without written approval of the Contracting Officer. Information contained in all source documents and other media provided by HUD is the sole property of HUD.
The Contractor shall provide a written Transition-Out Plan to the PM/COR 30-days prior to the 30-day transition out period.

<u>Performance Standards</u>
a) Standard: Provide Transition Out plan 30 days prior to the 30-day transition out period.
AQL: Zero deviation

<u>Deliverables</u>
041 Transition Out Plan

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6 Deliverables

The Contractor shall complete all work and submit all deliverables as specified herein. The Government reserves the right to make changes to delivery dates.

Number	Name	Frequency	Quantity

001	Draft project plan	Once	1
002	Final project plan	Once	1
003	Contractor Roster	Once	1
004	Weekly Status Minutes Report and Weekly Status Minutes	Weekly	1
005	Automated Breach Portal	Once	1
006	Automated Breach Portal User Guide	Once	1
007	ABP Data	Annually	1
008	Breach Coordination and Monitoring Report	As Needed	As Needed
009	Help Desk Support	Once	1
010	Briefing Papers	As Needed	As Needed
011	Loan Due Diligence File	As Needed	As Needed
012	Loan Valuation and Foreclosure Analyses Report for Multifamily and Healthcare Loans.	As Needed	As Needed
013	Workshops/Seminars/Webinars	Annually	1
014	Project Plan and Schedule	For each sale	1
015	MHLS Borrower and UGL letters	For each sale	1
016	Aggregate Loan Database (ALD)	For each sale	1
017	Pool Level ALD's	For each sale	1
018	Loan Underwriting & Portfolio Analysis Report	For each sale	1
019	Market Pricing Reports in Microsoft excel and Pricing Methodology Reports in Microsoft word.	For each sale	1

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020	Marketing and Advertising Campaign Recommendation Report	For each sale	1
021	Marketing Plan and Advertising Budget	For each sale	1
022	Initiate Marketing Campaign	For Each sale1	
023	Virtual Data Room	For each sale	1
024	Posted Approved Bidder Documentation Packages	For each sale	1
025	Draft Bidder Information Package	For each sale	1
026	Posting of BIP to Virtual Data Room	For each sale	1
027	Draft Bid Day Procedures Document	For each sale	1
028	Bid Evaluation Model	For each sale	1
029	BEM testing and support	For each sale	1
030	Bid Day Procedures & Bid Evaluation Model	For each sale	1
031	Winning Bid(s) Recommendation	For each sale	1
032	Draft Award Letters	For each sale	1
033	Award Packages	For each sale	1
034	Sale Results Summary Report	For each sale	1
035	Post-Sale Report Single Family	For each sale	1
036	Post-Sale Report Multifamily and Healthcare Loans	For each sale	1
037	MLS and Settlement Statement	For each sale	1
038	Case Pricing Profile (CPP) and Accounting Files	For each sale	1
039	Single Family Loan Settlements and Closings Report.	For each sale	1
040	Multifamily Loan Settlements and Closings Report documenting the process and recommendations for improvements.	For each sale	1

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041	Transition Out Plan	Once	1

6.1 Quality Control Plan

The Contractor shall establish and maintain a complete quality control program that shall ensure services are performed in accordance with this contract. The Contractor shall develop and implement procedures to identify, prevent, and ensure non-reoccurrence of defective services. The Contractor's quality control program is the means by which they assure themselves that their work complies with the requirements of the contract. The Contractor shall provide the associated Quality Control Plan to the Government as directed.

The Contractor shall develop, maintain, enforce, and document a Quality Control Plan (QCP). The QCP shall ensure the Government receives the level of quality consistent with the requirements specified in this contract. The QCP shall be sufficiently detailed to provide the Contractor's methodology for identifying and recruiting qualified personnel. The QCP shall also provide the Contractor's methodology for resolving problems identified by the Government during reviews conducted in accordance with its Quality Assurance Surveillance Plan (QASP).

The QCP shall also provide the Contractor's methodology for establishing an internal feedback system for support personnel and for resolving problems identified by that feedback system. The QCP shall demonstrate and validate the services or deliverables to be provided under the contract are completed with a level of quality meeting the minimum performance threshold established in the Government's QASP. The QCP shall address Quality Management Approach, Quality Assurance, Quality Control, and Quality Standards.

The Contractor's QCP shall be delivered to the COR within 30 days after contract award (or with the Contractor's proposal if it is an evaluation factor). The QCP shall be submitted to the COR within (insert number of days) business days when changes are made thereafter.

6.2 Acceptance Criteria

Each contract deliverable shall meet the following inspection and acceptance criteria in addition to any "*Inspection and Acceptance*" contract terms and conditions:

Deliverables and documentation shall be provided to the program office in electronic format, readable via Microsoft Office (e.g. Word, Excel, PowerPoint) and other standard software (e.g. Adobe Reader). Invoices shall be delivered to the COR and made available for approval by the

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program office. Some deliverables as determined by the program office will be delivered to the program office SharePoint site.

7 Related Documents

The Contractor shall abide by all applicable regulations, publications, manuals and policies and procedures in the performance of this contract.

8 Performance Requirements Summary

The summary chart below lists the contract's primary requirements, the associated performance standards, the expected target performance, and the methods of surveillance. While some contract requirements may not be listed in the chart below, requirements not appearing on the PRS chart do not negate the Contractor's obligation to perform all requirements as specified in the contract. Additionally, HUD reserves all rights and remedies under the provisions and clauses of the contract when performance of any contract requirement, whether or not listed below, is unacceptable.

HUD will develop a Quality Assurance Surveillance Plan to be used to provide contract oversight. In conjunction with the Contractor's Quality Control Plan and various other methods of assessing performance, the COR and PM may perform on-site reviews and/or other types of verification to determine the specified target performance requirements have been met.

Regular review of Contractor performance is critical to the overall success of the contract. On a monthly basis, the COR will evaluate the quality of the product or services.

Performance Requirement Summary (PRS)

Statements	Standards/AQLs	Incentive/Remedy
5.2 Project Management		
5.2 Project Management	a) Standard: Deliver the draft project plan within 10 business days after contract award AQL: Zero deviation b) Standard: Deliver final project plan within 5 business days after contract award AQL: Zero deviation c) Standard: Deliver roster within 5 business days after contract award AQL: Zero deviation	3% reduction from the associated monthly Contract LIN price for performance that falls below the standard

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5.2.1 Status Meeting	a) Standard: Deliver weekly status report (minutes) within one business day after the meeting. AQL: Zero deviation	1% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.2.2 Automated Breach Portal * Optional Task	a) Standard: Deliver to OAS Automated Breach Portal within 90 days of contract award AQL: Zero deviation b) Standard: Provide an Automated Breach Portal user guide AQL: Zero deviation c) Standard: Provide ABP data with 5 business days of the request. AQL: Zero deviation	3% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.2.2.1 Automated Breach Portal Support Services	a) Standard: Provide Breach Coordination and Monitoring Report 30 days after each Asset sale. AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.2.2.2 Help Desk Support	a) Standard: Provide help desk support one business day prior to the HECM Business System going into production. AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.2.3 Ad Hoc Tasks		
5.2.3.1 Briefing Papers	a) Standard: Provide a Briefing paper at the request of program office no later than 5 business days of the request AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.2.3.2 Due Diligence Services (Outside Sale Initiative)	a) Standard: The contractor shall deliver Loan Valuation and Foreclosure Analysis to the program office within an agreed time AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.2.3.3 Loan Valuation and Foreclosure Analysis for Multifamily and Healthcare Loans	a) Standard: The contractor shall deliver Loan Valuation and Foreclosure Analysis to the program office within an agreed time AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard

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5.2.3.4 Workshops/Seminars/Webinars labor hours	a) Standard: Provide Workshops/Seminars/Webinars AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3 Pre-Sale Activities		
5.3.1 Project Milestone Plan	a) Standard: Deliver Project Plan and Schedule within 7 business days of being tasked with a Loan Sale Initiative AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.2.1 Borrower Letters and Unit of Local Government (ULG) Letters MHLS	a) Standard: Prepare borrower and UGL letters 60 days prior to the Bid Day AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.3 Aggregate Loan Database (ALD) / Due Diligence Preparation and Quality Control	a) Standard: Deliver in excel the ALD to the program office for review and approval AQL: Zero deviation b) Standard: provide the final ALDs to the bidders and release the final pool level ALD to bidders prior to bid day that contains updated UPB amounts and dropped loans AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.4 Portfolio Underwriting and Analysis	a) Standard: Deliver Loan Underwriting & Portfolio Analysis Report within 10 business days of receiving the assets to be sold	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.5 Asset Market Valuations and Market Pricing	a) Standard: Deliver market pricing and pricing methodology requires both 40 days prior to the Sale Day AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.6 Marketing and Advertising Campaign	a) Standard: Deliver within 10 business days of being tasked a Marketing and Advertising Campaign Recommendation Report AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for

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		performance that falls below the standard
5.3.7 Sale Announcement and Advertising	a) Standard: Provide Marketing Plan and Advertising Budget 40 days prior to bid day. AQL: Zero deviation b) Standard: Initiate marketing campaign from the day the sale announcement is approved up until bid day	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.8 Virtual Data Room	a) Standard: Order and deliver a Virtual Data Room for each note sale 120 days prior to the sale AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.9 Bidder Documentation and Qualification	a) Standard: The Contractor shall post the Approved Bidder Documentation packages on the sharing site two days before bid day AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.10 Bidder Information Package (BIP) / Bid System Go-Live	a) Standard: Submit draft Bidder Information Package 30 days prior to bid day AQL: Zero deviation b) Standard: Post Bidder Information Package to the BID site and notify bidders no later than 30 days prior to bid day AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.11 Bid Day Procedures	a) Standard: provide the draft Bid Day Procedures documents and scheduled walk through 15 days prior to bid day. AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.3.12 Bid Evaluation Model (BEM)	a) Standard: Provide a Bid Evaluation Model demo no later than 30 Calendar days of contract award AQL: Zero deviation b) Standard: Provide BEM testing and support no later than 30 days prior to bid day. AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard

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5.4 Sale Day Activities		
5.4.1 Bid Day and Sale Day Procedures	a) Standard: Bid Day Procedures & Bid Evaluation Model to be delivered 15 days and 10 days respectively before bid day. AQL: Zero Deviation b) Standard: The Contractors final Winning Bid(s) Recommendation shall be based on BEM and presented in written form for approval and acceptance by HUD senior officials within 2 hours of bid closing.	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.4.2 Award Letters and Package(s)	a) Standard: Draft award letters following HUD approval of the award AQL: Zero deviation b) Standard: Submit award packages following HUD approval of the award AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.5 Post Sale Activities		
5.5.1 Sales Activities Report	a) Standard: Provide within Sale Results Summary Report of bid award date for Asset Sales within 10 business days of the award AQL: Zero deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.5.2 Post-Sale Report	a) Standard: Provide Post Sale Report within 45 Business Days of bid award date for single family sales AQL: Zero Deviation b) Standard: Provide Post Sale Report within 15 Business Days of last settlement for Multifamily and Healthcare Loans AQL: Zero Deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.5.4.1 HECM Loan Settlements/Closings	a) Standard: Deliver MLS and Settlement Statement at the end of each month for which there were settlements. AQL: Zero Deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard

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	b) Standard: Provide case pricing profile (CPP) and accounting files at the end of each month for which there were settlements AQL: Zero Deviation	
5.5.4.2 Single Family Loan Settlements/Closings	a) Standard: Provide the Single-Family Loan Settlements and Closings Report at the end of each month for which there were settlements AQL: Zero Deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.5.4.3 Multifamily/Healthcare Settlements/Closings	a) Standard: Multifamily Loan Settlements and Closings Completed within timeframe in legal documents at the end of each month for which there were settlements AQL: Zero Deviation	2% reduction from the associated monthly Contract LIN price for performance that falls below the standard
5.6 Transition Out	a) Standard: Provide Transition Out plan 30 days prior to the 30-day transition out period. AQL: Zero deviation	3% reduction from the associated monthly Contract LIN price for performance that falls below the standard

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