I. Program Background and Description

The Philadelphia Redevelopment Authority ("PRA") is working in partnership with the National Community Stabilization Trust ("NCST") to identify and enroll qualified developers into a “first look” program for real estate owned ("REO") properties held by Fannie Mae and Freddie Mac in accordance with the Neighborhood Stabilization Initiative ("NSI") program.

The NSI program was jointly developed by the Federal Housing Finance Agency, Fannie Mae and Freddie Mac to stabilize neighborhoods that have been hardest hit by the housing crisis. A program goal of NSI is to effectively match distressed properties with responsible developers for renovation and resale to reduce the inventory of REO properties held by Fannie Mae and Freddie Mac.

Please note: Applicants may only sell renovated properties to income eligible homebuyers, who are considered households whose incomes do not exceed 120% of the average median income ("AMI") or Applicants may hold the renovated properties as rental property but may only rent to tenants whose household incomes do not exceed 120% of the AMI.

Enrollment in this program will provide developers with a “First Look Period” on certain REO properties (occupied or vacant) several days prior to being marketed through the Multiple Listing Service. Properties will be offered at a discount of the fair market value.

Note: The PRA’s role is to facilitate the approval process of the developer/partner participants. There is no associated funding for acquisition or construction through the PRA at this time.

II. Scope of Services

The PRA is soliciting qualifications from interested applicants to pre-select developers/participants who will be eligible to participate in the program. Applicants must have specific expertise and proven success in purchasing, renovating, and selling single-family dwellings or managing a successful residential rental portfolio.

The PRA anticipates that the Applicants qualified as a result of this RFQ will be subject to an annual review and re-qualification process.
If selected, the Applicant will be charged a quarterly fee to access the REO listing web portal. For non-profit organizations and governmental and intergovernmental agencies, this fee will be $200 per quarter. For-profit entities will be charged $250 per quarter.

III. Submission Requirements

Please complete the attached form and submit the outlined additional documentation (checklist provided).

Return Completed Form to:

Susan Callanen
Philadelphia Redevelopment Authority
1234 Market Street, 16th Floor
Philadelphia, PA 19107

Questions must be submitted by email to susan.callanen@pra.phila.gov by December 18, 2015. All answers will be posted online by December 22, 2015.
PRA Reservation of Rights

The information in this RFQ is provided for background purposes only. While every effort has been made to ensure the accuracy of the information contained in this RFQ, it is not, and shall not be construed to be or constitute, a representation, warranty or guaranty regarding the content, completeness, or accuracy of such information, or the qualifications or expertise of the individual(s) or firm(s) providing or preparing such information.

The RFQ is not a legally binding document, but an invitation to submit proposals on the terms and conditions described in this RFQ. In no event shall PRA be responsible for any costs, expenses and fees incurred by or on behalf of any developer in connection with this RFQ. Each developer shall be solely responsible for all such costs, expenses and fees.

PRA reserves the right to modify the schedule and scope of this solicitation process and to reject, or not consider, all or part of any proposal submitted in response to this RFQ for any reason whatsoever at any time prior to providing access to the REO listing web portal. Further, after its review of proposals, the PRA reserves the right to request additional or clarifying information from any or all of the developers.

PRA reserves and may exercise any of the following rights and options with respect to this selection process:

- to reject any and all proposals;
- to request one or more of the developers to provide additional material, clarification, confirmation or modification of any information in the submission;
- to supplement, amend, substitute, modify or re-issue this RFQ any time prior to selection of one or more developers;
- to cancel this RFQ with or without issuing another RFQ;
- to request that one or more of the developers supplement proposals based on the review of all proposals;
- to extend the time period for responding to this RFQ;
- to solicit new proposals;
- to terminate any negotiations regarding any and all proposals at any time;
- to accept or reject at any time prior to providing access to the REO listing web portal, all submissions and/or to withdraw the RFQ without notice;
- to rescind a selection prior to providing access to the REO listing web portal if
  the PRA determines that the specifications contained in this RFQ are not in
  conformity with law or that the process in selection of a proposal was not in
  conformity with law or with the legal obligations of the PRA; and

- to expressly waive any defect or technicality in any proposal.
This form is for individuals, companies or organizations that wish to participate in the Neighborhood Stabilization Initiative “First Look” Program.

Selected developers must demonstrate relevant experience in renovating vacant properties, must be in good standing on all municipal obligations, must not have outstanding code violations, have not been an owner in a completed Philadelphia tax foreclosure proceeding within the last 5 years, and do not appear as the owner of record on the Philadelphia District Attorney’s list of land that has been confiscated due to criminal activity.

This submittal form will be not processed if not completed in its entirety. Forms must be received by the posted deadline and late submittals will not be considered.

**Developer Information**

Developer Name: _____________________________ Date: ______________________

Legal Entity (if applicable): _____________________________

Contact Person (if different): _____________________________

Mailing Address: _____________________________

Email Address: _____________________________ Telephone: _____________________________

**Anticipated Reuse of Property(ies)**

- □ Rental
- □ Homeownership
- □ Other ________________

**Developer Experience**

Has the developer completed other projects in the City of Philadelphia?  

- □ Yes
- □ No

If yes, please describe the background, expertise, and experience of the developer. Provide specific information on team members involved and respective roles.
If yes, please list of past projects, type, unit size, dates of completion, financing (private or public) within the last three (3) years:

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Is developer a named defendant or party to any litigation such as bankruptcy, foreclosure, arbitration proceeds or have a miscellaneous lawsuit pending? ☐ Yes ☐ No

If yes, please explain.
Financial Capacity

Developer must demonstrate financial wherewithal and development capacity to carry out the proposed redevelopment of the property(ies). To that end, please provide documentation of access to capital in an amount no less than $150,000 to acquire and rehabilitate property(ies).

Acceptable documents include current bank statement, line of credit, pre-approval or commitment of bank financing or other evidence of financial capacity. Failure to provide evidence of committed sources of funds to purchase and redevelop property(ies) will disqualify applicant.

Individuals must attach copies of latest monthly bank statements for checking, savings/money market accounts.

Businesses must also attach an Audited Financial Statement for its last fiscal year plus internal financial statements ending at the most recent quarter.

Submittal Checklist

- Executed Submittal Form
- Developer Experience
- Documentation of Committed Funds
- Bank Statements, if an individual
- Audited Financial Statement for the previous fiscal year, if a business
- Interim Financial Statement for the most recent quarter that just ended (Income & Balance Sheet), if a business
- Tax Clearance & Conflict of Statement Form
- NCST Acquisition Programs Required Authorization Documentation (see enclosed listing)

I, ________________________________, hereby declare that the details furnished above are true and correct to the best of my knowledge and belief and I undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am aware that I may be held liable for it.

_____________________________                  __________________________
Signature                                                      Date

NOTICE: The Philadelphia Redevelopment Authority is subject to the Pennsylvania Right to Know Law. Any information provided in your response to this Request for Qualifications may be subject to disclosure to the public.
NCST ACQUISITION PROGRAMS REQUIRED AUTHORIZATION DOCUMENTATION

Governmental and Intergovernmental Agencies (City, County, State, Housing Authority)
- Document delegating or identifying signature authority for purchase and sale agreements
- List of Commissioners/Council members/etc. on organization letterhead

Non-profit 501(c)(3) Corporations
- IRS “Letter of Determination” or “Letter of Affirmation” which verifies approval under Section 501(c)(3)
  - Letter should reflect organization’s current legal name
- State certified and complete Articles of Incorporation, including all amendments (e.g. name change)
- List of current board members (name, position, and term appointed) on organization letterhead
- Board resolution or written action delegating signature authority for purchase and sale agreements
  - If authority is given in organizational Bylaws, a copy of the current Bylaws with the section delegating authority is required

Limited Liability Company, wholly owned by a non-profit (sole member) or partially owned by a non-profit (multiple member)
- Non-profit member’s IRS “Letter of Determination” or “Letter of Affirmation” which verifies approval under Section 501(c)(3)
  - Letter should reflect organization’s current legal name
- Limited Liability Company’s state certified and complete Articles of Incorporation, including all amendments (e.g. name change)
- Limited Liability Company’s Current and executed Operating Agreement, Company Agreement or equivalent document, including list of officers, shareholders, and membership interest
  - LLC’s without a governing document must provide a document signed by all members and managers of the LLC that contains the name of the LLC, names of the members and managers, and who is authorized to sign on behalf of the LLC
- Limited Liability Company’s corporate resolution or written action delegating signature authority for purchase and sale agreements
Limited Liability Company (LLC)

- State certified and complete Articles of Incorporation, including all amendments (e.g. name change)
- Current and executed Operating Agreement, Company Agreement or equivalent document, including list of officers, shareholders, and membership interest
  - LLC's without a governing document must provide a document signed by all members and managers of the LLC that contains the name of the LLC, names of the members and managers, and who is authorized to sign on behalf of the LLC
- Corporate resolution or written action delegating signature authority for purchase and sale agreements

Domestic Corporation

- State certified and complete Articles of Incorporation, including all amendments (e.g. name change)
- Corporation’s current and executed Bylaws, Company Agreement or applicable governing document
- Corporation’s current board members or officers (name, position, and term appointed) on organization letterhead
- Corporate resolution delegating signature authority for purchase and sale agreements

Other documentation, if applicable:

- Trade name/Fictitious business name/Assumed Name/DBA statements must be current and be the filed copy from the Secretary of State
- Foreign Corporation Approval Certificate

Please note the following will not be accepted in lieu of the documentation required above:

- Screenshots or copies of the Secretary of State’s (or other government office) website, IRS Website, Organization’s Website, etc.
- Links to websites with the requested information identified
- State Tax Exemptions in lieu of IRS 501c3 Certification
- Certificate of Incorporation in lieu of full copies of the filed Articles of Incorporation
- Signature authorization for documents unrelated to purchase and sale of real estate (e.g. checks)
Neighborhood Stabilization Initiative
RFP Question and Answers

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

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

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

Q: Can the entity for this be a new company that is set up just for this endeavor, if the principles have sufficient experience and committed funding to qualify.
A: The company can be a new entity set up for that endeavor, however it would be prudent to make sure that company will have the necessary experience and resources to manage these scattered sites.
Q: If a new company can be used, will a financial statement from the principle be sufficient as for bank statements and other financial documentation?
A: Since proof of funding is required as part of the RFQ process, all developers should be able to provide sufficient documentation to meet the RFQ requirements. A financial statement from the principal as well as supporting documentation in the form of bank statements would be preferred.

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

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

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

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

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

Q: How long do you expect this program to last?
A: It’s difficult to ascertain with any degree of certainty how long the program will last. It’s all a function of the number of REOs Fannie Mae and Freddie Mac
have in their portfolios in the different markets. At this point, there is no expectation for this program to end in the foreseeable future.

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

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

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

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

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

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

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

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

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