

## Application Guidance and Instructions

This document sets forth the instructions for preparing and submitting a Bidder Qualification Application (the "Application"). If your organization is interested, and meets the eligibility and minimum requirements to be a Qualified Bidder (defined below), you may submit an Application in accordance with the instructions provided herein.

### Overview

The Federal Deposit Insurance Corporation ("FDIC") seeks qualified organizations with relevant experience to acquire financial interests in, and provide asset management services for a portfolio of loans and other assets ("Portfolio"). Each Application will be evaluated to qualify and identify Bidders (defined below) with relevant experience and financial capacity to fund and manage the specific pool of assets to be included in an Auction (as defined below).

To ensure a diversity of participation, the FDIC welcomes and strongly encourages minority- or women-owned investors and asset managers to participate and/or partner in bidding on portfolios of loans and other assets under the FDIC structured sales. Minority- or women-owned investors are at least 51% owned and controlled, through day-to-day management, by persons of one or more of the following groups: American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, Hispanic or Latino, and/or Women.

### Application Process

Once a Bidder completes the necessary background and non-disclosure agreements, Portfolio-specific data will be made available to those Bidders who have been given access via an Intralinks due diligence workspace.

Once Bidders have been provided access to the Intralinks due diligence workspace, and Qualification Applications are complete, Bidders should contact the Financial Advisor for instructions of how to submit completed Qualification Applications and supporting documentation.

FDIC requests that completed Qualification Applications and supporting documentation be provided electronically in unencrypted PDF format, where possible. Submission of documents in a format other than unencrypted PDF format may delay review of your application.

Bidders are encouraged to provide their completed Application as early as possible, but no later than the submission deadline, as provided in the Invitation to Bid, or accompanying these instructions. The subsequent review of individual Applications will be performed in the order in which Applications are received. Early submission of Applications may enable feedback to be provided by FDIC prior to submission of final bids.

Feedback will provide Bidders with an understanding of the Application requirements and that their responses are consistent with the information required by the FDIC to approve Applications. Based on the number of Applications received by FDIC and the timeliness of their submission in advance of the Bid Date, feedback may not be available to Bidders. As a result, early submission of Applications is strongly encouraged.

The Application consists of two Levels of questions:

- In Level 1, applicants will respond "Yes" or "No" to a set of questions, and will provide the information required for each of the following: Lead Bidder, Acquisition Vehicle, Investor, Servicer and Asset Manager. The disclosure of Minority-or Women-Owned Investor information will not affect the scoring of the application and will be used for FDIC outreach efforts to support diversity of participation. The information provided will be used by FDIC for outreach efforts to ensure diversity of participation in structured sales transactions.
- In Level 2, applicants will provide information specific to their capabilities and qualifications to fund and manage the pool of assets considered in the Auction. It is expected that Bidders will conduct the necessary due diligence to complete questions in Level 2. Some responses in Level 2 require a specific answer from a pre-identified list of potential responses; other responses require additional information with attachments that demonstrate Bidder's capabilities and qualifications to fund and manage the given Portfolio, including submission of a Portfolio management plan.
- Bidders are asked to provide additional information to support their response in certain circumstances, as required by the Application.

Once Applications are submitted, the FDIC will review and score the Application, and then notify Bidders of next steps.

## Application Scoring

### Level 1: Initial Review

Should an answer to any of these questions be "Yes", an explanation will be required regarding the specific issue identified. Information related to the proposed acquisition structure and Minority-or Women-Owned Investor Involvement will not impact scoring.

### Level 2: Qualification Questions

Level 2 Qualification Questions cover Financial Background, Funding, Asset Management/Servicing experience, and Portfolio Management Plan. Each of the sections will receive an overall score of Satisfactory or Unsatisfactory. The scoring methodology for each of the Level 2 sections is explained in the Application, and is based on the responses to the individual questions within each section.

The FDIC will consider the overall merits of each Application compared to the complexity and risks of the Portfolio at Auction. Bidders the FDIC considers qualified to bid, based on their Application, will be considered eligible to bid in the Auction.

## Affidavit

It is possible that the Bidder is interested in participating in multiple sales of assets. Understanding the level of effort required to prepare and submit an Application for a single Auction, an interested Bidder can maintain a current Application profile with the FDIC to minimize the reporting burden in providing subsequent Applications after participation in one Auction. In order for Bidders to participate in subsequent Auctions in this manner, it is necessary for an authorized signatory for the Bidder to certify in an affidavit (provided in Appendix A) to the continued validity of previous Application responses, and noting any changes thereto, as relevant. Certain sections of the Application must be completed for each Auction. Further guidance is provided in the Application.

## Reservation of Rights

FDIC reserves the right to not provide feedback to Bidders. FDIC reserves the right to select Bids based on criteria most relevant to a specific Portfolio, including price. FDIC also reserves the right to refuse to sell or to issue multiple awards for any given Portfolio.

## Key Terms

This list of key terms provides a summary of terms identified as relevant to the Application process.

### **Bidder**

The Bidder comprises each of the following:

- i. The entity or individual authorized to enter a bid according to the terms and conditions of the sale ("**Lead Bidder**").
- ii. Any members of a Consortium, acting with, or providing funding to the Lead Bidder in connection with a bid.
- iii. Investors (defined below) that will provide >25% of the funding for the Acquisition Vehicle, including affiliates of the Lead Bidder and any members of the Consortium.
- iv. Any entity providing a guarantee of the obligations of the Acquisition Vehicle or Lead Bidder.

### **Investor**

An Investor is any entity or individual that is providing initial capital, or ongoing funding to the Acquisition Vehicle, or any of its Affiliates, relating to the acquisition, asset management, or servicing of the Portfolio.

### **Acquisition Vehicle**

The entity or individual that (i) contracts with the FDIC to enter into the transaction and transfer of the Portfolio, (ii) the transferee of the Portfolio post close in a successful bid by the Bidder, or (iii) the entity or individual expected to hold the Portfolio post transaction, and, in the case of (i), (ii) and (iii), regardless of the legal structure of the entity.

### **Consortium**

A group of entities or individuals acting with the Lead Bidder in connection with the investment in, control of the Portfolio or decision to acquire the Portfolio, or that will exercise decision making authority with respect to the management of the Portfolio post transaction. The term consortium is not dependent upon the group acting collaboratively, or the existence of a Consortium agreement.

### **Portfolio**

The pool of assets to be included in an Auction.

### **Seller**

The FDIC as receiver or conservator for failed financial institutions or the FDIC in its corporate capacity, in any case.

### **Servicer**

The entity that will service and manage the assets purchased in the Auction.

### **Auction**

The forum in which Bidders will be able to submit sealed bids for pooled assets potentially from various Sellers.

### **Bid Date**

The date upon which all bids must be received.

### **Seriously Delinquent Loans**

As defined by the Mortgage Bankers Association's national delinquency survey, loans that are 90+ days delinquent or in the process of foreclosure.

### **Qualified Bidder**

A Bidder who is approved to bid in an Auction as a result of the Application process.

### **Application**

Bidder Qualification Application as defined above.

**FDIC**

Federal Deposit Insurance Corporation as defined above.

**Lead Bidder**

The entity or individual authorized to enter a bid according to the terms and conditions of the sale as defined above.

**Asset Manager**

The asset manager is the party or parties responsible for the strategic decision making and overall control of the portfolio of assets. This is most commonly the Lead Bidder, but could also be a subsidiary, affiliate or other entity that is controlling the strategic decision making.

SAMPLE

## Appendix A - Affidavit

**NOTE: Repeat Bidders may also choose to submit a complete Application for each Auction in place of this Affidavit:**

*Please provide the following information:*

Bidder Name:

List all previous FDIC Auctions in which Bidder has participated related to this program:

1. Bidder affirms and certifies to the accuracy of the information provided in this Affidavit and Bidder understands that the Bidder may be held liable for any and all inaccuracies.
2. Bidder hereby affirms and certifies that the responses to the following Application sections provided in the Application most recently submitted by Bidder remain true and correct in all respects, and that there are no changes to those prior responses except as are attached hereto. Check all Application sections that apply.

*Note that prior responses provided in Section 2.4 - Asset Management/Servicing will only be considered if the characteristics of the portfolio at Auction are consistent with the qualifications and responses provided in the prior Application. Otherwise, Section 2.4 MUST be completed in the current Application, or the Bidder Qualification Application will not be considered complete and will not be evaluated.*

<i>Level 1: Initial Review</i>	<i>Level 2: Qualification Questions</i>
<input type="checkbox"/> Level one (all questions)	<input type="checkbox"/> 1.2 Proposed Acquisition Structure <input type="checkbox"/> 2.2 Financial Background (all questions) <input type="checkbox"/> 2.4 Asset Management/Servicing (all questions)

EXECUTED THIS      DAY OF      , 20

By:

Name:

Title:

Bidder's Name and Address:

Bidder Contact Person

Bidder Contact Person Telephone Number

### NOTICE CONCERNING LEGAL ACTION

**Anyone who knowingly or willfully makes false or fraudulent statements or representations in connection with this Affidavit will be referred to the Office of Inspector General and/or the appropriate law enforcement officials for investigation and legal enforcement and may be subject to fines, imprisonment, or both. See 18 U.S.C. §§ 1001, 1007 and 1014.**

**Appendix B – CFO certification of financial statements.**

I, (insert name and title here), certify that the information contained in the (Entity name) unaudited balance sheet and income statement (or unaudited financial statements) fairly presents, in all material respects, the financial condition and results of operations of the company as of [Date]

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(Signature)

