

# Bidder Qualification Application Guidance and Instructions

This document (“**Guidance and Instructions**”) sets forth the instructions for preparing and submitting a Bidder Qualification Application (the “**Application**”). If your organization is interested, and it meets the eligibility and minimum requirements of the first two steps of the process to become qualified to bid in a structured transaction (i.e., to become a “**Qualified Bidder**” as further discussed below), you may submit an Application in accordance with the instructions provided herein.

## Overview

The Federal Deposit Insurance Corporation, acting in any capacity (the “**FDIC**”) seeks qualified persons or entities with relevant experience to acquire equity interests in one or more Companies (as such term is defined below), and provide asset management services for a portfolio of loans and other assets (the “**Portfolio**”) that will be transferred to such Companies, as a part of a structured transaction. Each Application will be evaluated to qualify and identify Prospective Bidders (as such term is defined below) with relevant experience and financial capacity to fund and manage the Portfolio.

To ensure a diversity of participation, the FDIC welcomes and strongly encourages minority and/or women owned businesses (as such term is defined below) to participate in FDIC structured transactions as either Lead Bidders, Investors, Servicers or Asset Managers (as each such term is defined below).

## Application Process

Once a Prospective Bidder completes the necessary background and non-disclosure agreements of the first two steps required to become a Qualified Bidder (including the successful completion of the Structured Transaction Qualification Request, Structured Transaction Confidentiality Agreement and Structured Transaction Purchaser Eligibility Certification, and the Structured Transaction Security Deposit Agreement and posting of the Security Deposit), such Prospective Bidder will be given access to the due diligence workspace through which Portfolio-specific data will be made available. Instructions describing how to submit a completed Application and supporting documentation also will be posted in the due diligence workspace.

The FDIC requests that completed 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 an Application.

Prospective Bidders are encouraged to provide their completed Applications as early as possible, but no later than the submission deadline, as provided in the Invitation to Bid provided to Prospective Bidders, 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 the FDIC prior to submission of final bids.

The Application consists of two levels of questions:

- In Level 1, applicants will describe the proposed acquisition structure to acquire the Private Owner Interest (as such term is defined below), identify the Lead Bidder, Private Owner (if already formed), Investor(s), Servicer, Asset Manager (if different from the Servicer), Key Decision Makers and Key Asset Managers and respond “Yes” or “No” to a set of questions concerning the legal background of these individuals and entities and will provide the information requested. The disclosure of MWO Business information will be used for FDIC outreach efforts to support diversity of participation.
- In Level 2, applicants will provide information specific to their capabilities and qualifications to fund and manage the Portfolio. It is expected that Prospective Bidders will conduct the necessary due diligence to complete all 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 the Prospective Bidder’s capabilities and qualifications to fund and manage the Portfolio, including submission of a Portfolio management plan. Prospective Bidders should provide a plan that demonstrates how they will prepare, control, direct, transition and liquidate the Portfolio. The plan should also clearly articulate any plan that the Prospective Bidders will use to further encourage the participation of MWO Businesses and local businesses in the servicing, management and liquidation of the Portfolio.

- Prospective Bidders are asked to provide additional information to support their responses in certain circumstances, as required by the Application.

Once an Application is submitted, the FDIC will review and score the Application and then notify the respective Prospective Bidder of next steps.

## Application Scoring

### Level 1

Should an answer to any of these questions be “Yes,” an explanation will be required to address that response.

### Level 2

Level 2 sections contain questions that cover financial background, funding, asset management/servicing experience and the Portfolio management plan. Prospective Bidders will receive an overall score of Satisfactory or Unsatisfactory on each of these identified subject matters. The scoring methodology for each of the Level 2 sections 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 of assets to be owned by the Companies. Based upon the Application scoring, the FDIC will determine whether a Prospective Bidder is eligible to submit a bid in the structured transaction.

## Affidavit

It is possible that a Prospective Bidder might be interested in participating in multiple structured transactions. An interested Prospective Bidder can maintain a current Application profile with the FDIC to minimize the reporting burden in providing subsequent Applications after participation in one structured transaction. In order for a Prospective Bidder to participate in subsequent structured transactions in this manner, it is necessary for an authorized signatory of the Prospective Bidder to certify in an affidavit (provided in Appendix A to the Application) as 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 structured transaction. Further guidance is provided in the Application.

## Reservation of Rights

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

## Additional Key Terms

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

**Asset Manager**

The party or parties responsible for the general oversight and overall control of the asset management/special servicing of the Portfolio. This most commonly is the Private Owner in its capacity as manager of a Company, but also could be a subsidiary or affiliate of the Private Owner or other third-party entity that is controlling the ordinary course decision-making with respect to the asset management/special servicing of the Portfolio.

**Bid Form**

The form on which a written offer to acquire a Private Owner Interest in a structured transaction is submitted.

**Bid Date**

The date upon which all bids to acquire a Private Owner Interest must be received.

**Company**

A special-purpose limited liability company to which the FDIC will transfer the Portfolio (or a sub-portfolio or pool of the Portfolio) as part of the structured transaction.

**Investor**

Any entity, or individual, including an affiliate of the Lead Bidder, that will provide more than twenty-five percent of the initial capital or ongoing funding to the Private Owner.

**Key Asset Manager**

An individual who has the power (either individually or collectively with other individuals), directly or indirectly, to manage and control, and who will be actively and meaningfully involved, directly or indirectly, on a day-to-day basis in, all ordinary course decision-making regarding asset management/special servicing of the Portfolio.

**Key Decision Maker**

A senior executive or member of the senior management team who will be actively and meaningfully involved (directly or indirectly) in all non-ordinary course decision-making regarding (i) the conduct of the business and affairs of the Private Owner (including with respect to the Private Owner's obligations and powers in its capacity as the manager of the Company) or (ii) without limiting the generality of clause (i), the asset management/special servicing of the Portfolio.

**Lead Bidder**

The entity or individual authorized to enter a bid on behalf of a Prospective Bidder in accordance with the terms and conditions of the structured transaction.

**MWO Business**

A minority and/or woman owned business. If the participant is a business entity (*i.e.*, not an individual), to be considered "minority and/or women owned" the entity would be more than 50% 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.

**Portfolio**

The portfolio of assets to be transferred to one or more Companies as part of the structured transaction, which portfolio might be organized into sub-portfolios or pools.

**Private Owner**

The special-purpose entity formed by a winning Prospective Bidder to enter into a structured transaction and to purchase from the FDIC a Private Owner Interest. The Lead Bidder and the Investors should be the direct owners of the Private Owner.

**Private Owner Interest**

The equity interest in a Company that a Private Owner purchases from the FDIC as part of the structured transaction.

**Prospective Bidder**

The Prospective Bidder is comprised of each of the following:

- i. Lead Bidder.
- ii. Investors
- iii. Any entity providing a guarantee of the obligations of the Private Owner or the Lead Bidder

**Qualified Bidder**

A Prospective Bidder who has successfully completed the three steps necessary **to qualify to bid** in a structured transaction.

**Seriously Delinquent Loans**

Loans that are 90+ days delinquent or in the process of foreclosure.

**Servicer**

The entity that will service and manage the assets in the Portfolio.

**Specified Parent**

The Specified Parent of the Private Owner is comprised of one or more entities designated as the “Specified Parent” on the Bid Form (typically, the Lead Bidder and the Investors) who collectively control and collectively own, either directly or indirectly, at least 50.1% in value of the Private Owner Interest.

**Transaction Documents**

The agreements and instruments governing the structured transaction that are executed and delivered in connection with the closing of such structured transaction.

**Ultimate Parent Entity**

For each entity comprising the Specified Parent of the Private Owner, the entity having ultimate control of such entity.

**DISCLAIMER**

**THESE GUIDANCE AND INSTRUCTIONS) ARE BEING PROVIDED FOR THE ASSISTANCE AND CONVENIENCE OF PROSPECTIVE BIDDERS. NO REPRESENTATION OR WARRANTY, WHETHER EXPRESS, IMPLIED, BY OPERATION OF LAW OR OTHERWISE, IS BEING PROVIDED WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THESE GUIDANCE AND INSTRUCTIONS. ALL TERMS, CONDITIONS AND INFORMATION CONTAINED IN THESE GUIDANCE AND INSTRUCTIONS ARE SUBJECT IN ALL RESPECTS TO THE FINAL TRANSACTION DOCUMENTS FOR THE STRUCTURED TRANSACTION.**