



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

MEMORANDUM FOR: ALL PAEs
Production Office Directors and Relationship Managers

FROM: S. Paige Warren, Deputy Director for Production

SUBJECT: Consolidated Restructuring Plans

DATE: January 24, 2003

The purpose of this memo is to announce that OMHAR is discontinuing all attempts to close “consolidated restructuring plans” having any of the following features:

- Properties with the same general partner but different limited partners.
- Plans calling for surplus project accounts (such as residual receipts) to be released from one property and utilized by another property.
- Plans calling for “out year” HAP funds to be released from one property and utilized by another property.
- Plans calling for more than one M2M closing.

OMHAR staff, PAEs, and interested owners have carefully researched these transactions and the numerous policy and procedural issues which they present. All those involved have my personal thanks for your hard work to explore these innovative transactions. However, OMHAR has determined that the potential benefits (to the government and owners) are not sufficient to justify the considerable effort, expense and delay that would be involved in the continued pursuit of such consolidations.

OMHAR will continue to pursue consolidation of multiple properties into a single new ownership entity, at the request of the owner / purchaser. For example, consolidations may be appropriate when the properties have been operated (or could be operated most efficiently) as a single property. In these circumstances, owners, PAEs and OMHAR have successfully consolidated multiple properties into a single ownership entity, with a single HAP contract, a single M2M Use Agreement, a single take-out first mortgage loan, and a single Mortgage Restructuring Note.

Please direct questions to Jo Anne Garrison (202 708 3856 x3651, jo_anne_garrison@hud.gov).