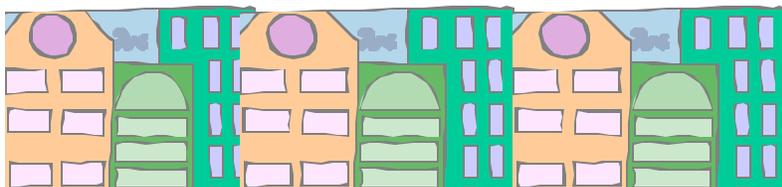


Office of Multifamily Housing Assistance Restructuring



Deal Profile: Multiple Funding Sources, Tax Credits, Transfer to Non-Profit/For-Profit Partnership, HUD Held Mortgage, Significant Rehab

Date of Presentation: December 3, 2001

Questions and Answers

1. De-Densification of Units

Q. You mentioned that 30 apartments were released from the Use Agreement to reduce the density of the project. Was there resident displacement?

A. No. It worked out that there was no resident displacement. The vacancy rate was close to 20% and absorbed the reduction in units. However, the Owner had prepared a Resident Relocation Plan that was approved by the local HUD office and tenant groups should relocation be necessary.

2. Multiple Funding Sources

Q. How did the Owner get this opportunity to use additional funds?

A. The Owner initiated a search to get tax credits independently of the Mark-to-Market program. During this search, the Owner was also able to obtain a commitment from the City for a grant.

3. Debt Forgiveness

Q. Was there any debt forgiveness in the restructure plan?

A. There was accrued interest from the previous workout that was written off. OMHAR did not write off the debt. Note that debt forgiveness was possible only because the Owner was truly non-profit.

4. Transfer of Physical Assets (TPA)

Q. What was the timing of the TPA in relation to the M2M Closing?

A. The TPA was subsequent to the M2M Closing, however, the local HUD office was fully aware of the plan and had approved it. The Owner, not the Purchaser, signed the Restructuring Commitment but it reflected the terms of the transaction.

5. HAP Contract Extensions

Q. Did OMHAR extend the HAP contract to allow all facets of the deal to close?

A. No, the owner was began the tax credit process and the TPA early enough in the M2M process so that the closing occurred in the same amount of time as was expected in a non-additional funds transaction.

6. Use Agreement

Q Since the property was financed with a conventional mortgage did the Use Agreement still prime the 1st mortgage

A Yes.