

# Sample

## Mark-to-Market

## Form 10.1 Cover Page

The PAE should submit its conclusions and justifications to include, at a minimum, the following:

LITE Recommendation for (check one):

TIER 1

TIER 2

Project Name:	
Project Address:	
Project ID#:	
FHA#:	

Pursuant to the terms of our Portfolio Restructuring Agreement for the above referenced property, we find:

YES	NO	
		Acceptable Financial Condition; DSCR on existing debt service is: _____
		Acceptable Physical Condition
		Acceptable Property Management

We recommend:

<input type="checkbox"/>	Renewal of Section 8 HAP Contract at market rents specified below* (Detail is located at Tab____ )
<input type="checkbox"/>	Against renewal (Detail is located at Tab ____)
<input type="checkbox"/>	Other (Detail is located at Tab ____)

\*Market Rent Recommendations:

Unit Type	Recommended Market Rent

Name of Authorizing PAE Official: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Sample

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Form 10.1

## OAHP Reduction of Rent and Section 8 HAP Contract Renewal Justification

From: PAE

To: OAHP Preservation Office

Transmission: Overnight Hard Copy

### **The PAE Recommendations and Narrative/Data Justifications should include at a minimum:**

- 10.1 Cover Page and a hard copy of the electronic submission included in Form 10.2**
- Summary:**
  - Summary of PAE's Overall Conclusion (may reference detail elsewhere)
  - Background
    - Project Description - general size, type, unit configuration, condition, amenities
    - Existing Financing Terms
    - Current Section 8 HAP Contract(s)
- Ownership and Management** - PAE's evaluation and conclusion on ownership and management performance (Section 10-6 C)
- Market Rents** (Section 10-6 E, , 10-7 D.3, Appendix H):
  - Review of Submissions - include overview / reconciliation of owner's rent comparability analysis and PAE's market study
  - PAE's Market Rent Conclusions - discussion/justification of adjustments (Section 10-6 E)
    - Adjustment Table
- Property Condition and Reserve Needs** (Section 10-6 D, 10-7 D.2, Appendix I)
  - Review of Reports - overview / reconciliation of owner's evaluation of physical condition and PAE's PCA
  - Consideration of Other Data
  - Critical and 12-Month Repairs - critical repairs completed? adequate funds available for 12-month repairs? alternatives agreed to by OAHP Preservation Office?
  - Current Replacement Reserves
  - Reserve Fund Balances over the Term
    - Reserve Fund Balance Table
  - Conclusions
- Financial Analysis** (Sections 10-6 F, 10-7 D.4):

- Underwritten Vacancy, Other Income: Discuss amounts selected
- Expenses (Section 10-6 F.3, 10-7 D.4.b., Appendix H):
  - PAE's Expense Review and Conclusions
    - ⇒ Tier 1: review of audited financial statements to determine typical operating expenses; trend expenses to the time of underwriting
    - ⇒ Tier 2: review of 3 most recent years of audited financial statements; line-by-line analysis of significant expense categories and trends; compare to other sources of expense information; and justification for expense items
  - Expense Table
- Conclusion: Discuss ability of the project to sustain a 1.2 DSCR (or as low as 1.1 DSCR for stronger properties under Tier 2) after deposits to the reserve for replacements, with projected rents at market levels
  
- Resident's Comments** (Section 10-6 B): review tenants' comments; indicate how PAE is responding/has responded to them
  
- Owner's Agreement** (in the case of a Tier 2 Lite): include information and evidence of owner's agreement where necessary (Section 10-7, A.1.)

#### **Addenda**

- Owner's Submissions
- PAE Field Notes - field notes from PAE inspections of subject property and comparables
- Tenant Comments
- Notice to Tenants and Description of Distribution/Posting
- PCA (may be under separate cover)
- Market Study (may be under separate cover)