Scenario 1: Market Rate Sell-Off

Property Specifics

- Units: 72 Units (1, 2, 3 BRs)
- Type: Townhouse
- Affordability: 100% LIHTC (15 Yrs)

Financing

- 1st Mortgage: $1.09m
- 2nd Mortgage: $988,000
  - State Agency
  - LP Equity: $2.23m*

Valuation

- $2 million ($28,000 per unit)

*Must be repaid before GP distribution
Scenario 1: Market Rate Sell-Off

Strategy: Capitalize on Neighborhood Dynamics

- Secured Ownership Structure
  - Buy-out LP for $1
  - Pay down first mortgage
  - State Agency debt was entirely forgiven
    - Ingerman had funded nearly $1 million in deficits and deferred management fees through transition (8-10 years)

- Performed moderate rehab ($20,000 per unit) when affordable covenants expired in Year 15

- Sell-off
  - Condos ranging from $120,000 - $200,000
  - 65 Units have sold to date
Scenario 2: Repositioning

Property Specifics

- Units: 122 Units (1, 2, 3 BRs)
- Type: Garden Apartment
- Affordability: 100% LIHTC (30 Yrs)

Financing

- 1st Mortgage: $3.62m
- 2nd Mortgage: $1.5m (State Agency)
  - $700k in deferred interest
- 3rd Mortgage: $500 (local non-prof)
- LP Equity: $6.4m*

Valuation

- $5.8m at 8.5% Cap Rate

*Must be repaid before GP distribution
Scenario 2: Repositioning

**Strategy:** Reposition for Long-term Flexibility

- Secure Ownership Structure
  - Negative asset value based on income valuation (with existing liabilities)
  - Bought out LP investor for $100,000

- Reduce Financial Expenses
  - First Mortgage (7.43% interest) matures in 2015
  - Refinance balloon principal at lower rate (est. annual debt service savings: $110k+)

- Position for Increased Operating Revenue
  - LIHTC restrictions ended in 2012
  - Increase rents to ceiling of affordability controls imposed by secondary financing
Scenario 3: Restructuring

Property Specifics
- Units: 228 (1, 2 BRs)
- Type: Garden Apartment
- Affordability: Mixed-income (70% LIHTC)

Financing
- 1st Mortgage: $6.5m outstanding on private placement bond @ 6%
- LP Equity: $1.77m*

Dueling Valuations
- $10.7m at 8% Cap Rate (LP value)
- $14.5m at 6% Cap Rate (Financing Value)

*Must be repaid before GP distribution
Scenario 3: Restructuring

Strategy: **Strengthen Cash Flow for Long Term Operations**

- Secure Ownership
  - Bought out 20% LP investor equity stake for $800,000

- Refinance
  - Closed $10.5m Fannie Loan @ 4.3%
    - Pay-off existing first mortgage
    - Reduce debt service by $200k/year
    - Recapture $3m in equity

- Additional Covenants
  - Ingerman had to guarantee tax credit compliance for addition 18 mos.