

Qualified Contract Notification Letter

July 31, 2019

Val Pate
Manager – Asset Management & Compliance Division
Washington State Finance Housing Commission
1000 Second Avenue, Suite 2700
Seattle, WA 98104-1046

Re: ABC Project
PO Box 1000
Parkland, WA, 99005
Project OID: 90-44EE

Dear Ms. Pate:

On behalf of [Project Owner], we hereby request that the Commission present a “qualified contract” for the purchase of [Project Name]. This request is made pursuant to Section 42(h)(6)(E)(i)(II) of the Internal Revenue Code. We understand the Commission will have one year from its receipt of this letter and all of the accompanying information described below, to present a “qualified contract” for the purchase of the Project. *We hereby request to extend this period to __months.*

We have enclosed with this request the following documents and information required by the Commission:

1. A fully completed “Calculation of Qualified Contract” Price, including Worksheets A – E. This form was completed, or reviewed and approved, by the accountant’s for the Project, [Accountant’s Name].
2. A thorough narrative description of the Project, including all amenities, suitable for familiarizing prospective purchasers with the Project.
3. A description of all income, rental and other restrictions, if any, applicable to the operation of the Project.
4. A detailed set of photographs of the Project, including the interior and exterior of representative apartment units and buildings, and the Project

grounds. [We have included digital photographs so that they may be easily displayed on the Commission's website.]

5. A copy of the most recent 12 months of operating statements for the Project which will fairly apprise a potential purchaser of the Project's operating expenses, debt service, gross receipts, net cash flow and debt service coverage ratio.
6. A current rent-roll for the entire Project.
7. If any portion of the land or improvements are leased, copies of the leases.

We understand that the above information may be shared with prospective purchasers, real estate brokers and agents of the Commission, and *summary data* may be posted on the Commission's website.

We will reasonably cooperate with the Commission and its agents with respect to the Commission's efforts to present a qualified contract for the purchase of the Project. In this regard, we understand that prior to the presentation of a qualified contract, we may need to share project "due diligence" with the Commission and with prospective purchasers, including but not limited to, additional rent rolls, project tax returns, income certifications and other Section 42 compliance records, records with respect to repair and maintenance of the Project, operating expenses and debt service. Provided, before information is shared with a prospective purchaser, we may require that it enter into a commercially reasonable form of nondisclosure agreement. We will also share with the Commission, at its request, the documents and other information that were used to prepare the enclosed Calculation of Qualified Contract Price, including Worksheets A – E. We also agree to allow the Commission, its agents, and prospective purchasers, upon reasonable prior written notice, to visit and inspect the Project, including representative apartment units.

We acknowledge that –

- We have conducted our own investigation and due diligence with respect to the Calculation of the Qualified Contract Price and the Qualified Contract procedure set forth in Section 42(h)(6)(F) of the Internal Revenue Code;
- We are solely responsible for documents and information provided to the Commission with this notification letter, including the Calculation of Qualified

Contract Price form and the exhibits thereto, and any other documents or project information that we may provide to the Commission and/or share with prospective purchasers at a later time (collectively, the "Project Sales Information");

- To our knowledge, the Project Sales Information is truthful, accurate and complete and contains no misstatements or misleading information.
- Neither the Commission nor any of its employees or agents have made any independent investigation or review of the accuracy, truthfulness or completeness of the Project Sales Information; and
- By submission of this notification letter, we agree to indemnify, defend, and hold the Commission harmless with respect to the Commission's use of the Project Sales Information; and

We agree that the Commission and its employees and agents shall have no liability to us with respect to the Calculation of the Qualified Contract Price or any other act, omission, or determination by the Commission with respect to marketing the project or carrying out its responsibilities under Section 42(h)(6)(F) of the Code, so long as the Commission is acting in good faith.

We also understand that if the Commission finds a prospective purchaser willing to present an offer to purchase the Project for an amount equal to or greater than the "qualified contract" price, we agree to enter into a commercially reasonable form of earnest money agreement or other contract of sale for the project which will allow prospective purchaser a reasonable period of time to undertake additional, customary due diligence prior to closing the purchase.

Very truly yours,

[Project Owner]

Attachments