



DISPOSITIONS CHECKLIST

July 2014

The approach to dispositions is different for every AHIC Investor. This Checklist is intended to be a resource for a typical disposition exit strategy. While not an all-inclusive list, it covers the key items to be collected and analyzed and can be used in conjunction with the attached Recommended Internal Valuation, which is a template that can be used for input.

Generally, a disposition should begin approximately one-year in advance of the estimated exit. This would allow for a thorough analysis of the partnership agreement, negotiations with the General Partner, and creation of the necessary legal documentation.

Research

- Current Lifecycle of Deal (Credit Period, Compliance Period or Post Year 15)

Preliminary Documents

- Partnership Agreement/Operating Agreement and Amendments
- Purchase Option Agreement/Right of First Refusal Agreement
- Benefit Schedule
- Audits – 3 Years
- 8609s
- LURA/EUA
- Other Regulatory Agreements (as applicable)
- Tax Return
- Cap Rate for Area
- Appraisal or Broker's Opinion (as applicable)

Disposition Summary

- Property Name/Partnership Name
- General Partner Name
- Location
- Number of Units/Buildings
- For Profit/Not-For-Profit GP
- Risk Rating
- Book Value (if applicable)
- Year 15 Date
- Current Yield
- Current Capital Account Review
- Original Credits Projected v Actual Credits Received
- Outstanding Developer Fee
- Potential Recapture (if applicable)
- Summary of Property Operations
- Provisions of Partnership Agreement and/or Regulatory Agreement
- Outline of the Capital Structure i.e., hard/soft debt, GP loans, reserves
- Market Description
- Physical Condition of the Asset

Summation of Transaction

- Recommended Exit Strategy
- Valuation (NOI/Cap Rate)
- Capital Gain/Loss
- Evaluation of Highest and Best Use
- Charitable Distribution (if applicable)
- Tax Implications (i.e., exit taxes, gains, losses, income related to debt forgiveness)
- Resulting Yield
- Summary of the Waterfall as Outlined in the Partnership Agreement

Legal Considerations

- Effective Date of Transaction
- Price and Payment (if applicable)
- Closing Date
- Final Tax Return
- Recapture Indemnification (if applicable)
- Affordability Certification (if applicable)
- Reports and Notices
- Record Retention

Other Considerations

- Extent of Accrued Fees
- Waterfall of Proceeds per the Partnership Agreement
- Related Party Issues
- Resyndication Opportunity