

MAINE STATE HOUSING AUTHORITY
APPLICATION FOR TRANSFER OF OWNERSHIP INTEREST

PART II

Part II of this Application must be completed when a Transfer involves a transaction, such as a sale, that will result in a new owner of the MaineHousing Project, whether or not the new owner is an Affiliate of the current Owner or a LIHTC Project Sponsor or its Affiliate and whether or not any payment is involved.

In that case, Part II, including the Conflicts of Interest Disclosure Form attached as Appendix A, must be completed by the proposed new owner of the Project. Part II and the Disclosure Form are in fillable PDF format and may be completed on-line. We recommend that you save Part II to your own computer before starting. If you download and install the free Adobe Reader XI, available at <http://www.adobe.com/products/reader.html>, it will allow you to fill out Part II, either partially or completely, and then save your responses. You'll then be able to go back to Part II to make changes or to complete it. After Part II and the Disclosure Form have been completed, you'll need to print and sign them.

Scan in the completed and signed Part I and Part II (including the completed and signed Disclosure Form), then upload and submit your Application and all supporting documents by clicking on the secure *Upload and submit your Application* link on MaineHousing's Ownership Transfer page at www.mainehousing.org/ownershiptransfer. **PLEASE NOTE:** Any documents submitted in response to questions in Part II should refer to the item numbers to which they relate.

Definitions of capitalized terms used in Part II are included in Appendix B.

If you have questions as you complete Part II, please e-mail your questions to MaineHousing's Ownership Transfer mailbox at OwnershipTransfer@mainehousing.org

MaineHousing may request additional information it considers necessary in reviewing the Application.

Please complete the following. Please answer all questions.

1. New owner name _____
Tax identification number _____

2. New owner street address/city/state/zip code _____

Mailing address (if different from street address) _____

3. New owner telephone number(s) _____

4. Principal contact for new owner for this Application

Name _____

Telephone number(s) _____

E-mail address _____

5. New owner is (**check one**)

An individual or sole proprietorship
List name under which business is conducted _____

A business (for-profit) corporation

A non-profit corporation

501(c)(3) tax-exempt status? Yes No

A general partnership
List names of all partners

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A limited partnership
List names of all general partners and all limited partners

<u>General Partners</u>	<u>Limited Partners</u>

A limited liability company
List names of all members and managers

<u>Members</u>	<u>Managers</u>

6. Is new owner:
- a. An existing MaineHousing borrower for any MaineHousing Project?
 Yes No

 - b. An Affiliate of an existing MaineHousing borrower?
 Yes Borrower's name: _____
 No

 - c. An existing LIHTC Project Sponsor?
 Yes No

 - d. An Affiliate of an existing LIHTC Project Sponsor?
 Yes Sponsor's name: _____
 No

 - e. An Affiliate of any other for-profit or non-profit entity?
 Yes Name of entity: _____
 No

7. Does new owner have any planned or pending changes in its current business structure, such as a merger, change of control, conversion into another type of business entity, change in general or limited partners, or any other type of reorganization or restructuring?
- Yes (describe) No

8. Describe the primary nature of your organization's business.

9. Does new owner intend to do any of the following?

a. Assume all of the existing MaineHousing loan obligations for the Project?

Yes No (indicate reasons)

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b. Seek or use additional financing for the Project, whether for the purpose of acquiring it, making any renovations, or any other reason ? **(check all that apply)**

From MaineHousing? Yes No
 From another lender? Yes No
 From owner equity? Yes No

If any Yes box was checked, please complete:

<i>Amount</i>	<i>Timing</i>	<i>Purpose</i>

Submit copies of any non-MaineHousing financing commitments you have received

c. Use funds in any Project account(s) in connection with the Transfer?

Yes No

If Yes, please complete:

<i>Project Account Name</i>	<i>Amount</i>	<i>Purpose</i>

10. In the past 3 years, has new owner:

- a. Received any notice or citation from any federal, state or local governmental agency or office concerning any violation, deficiency, environmental condition, lien (including but not limited to a tax lien), or recapture event relating to any property owned in Maine or elsewhere?

Yes (explain) No

- b. Been the subject of a bankruptcy filing?

Yes (provide court and docket number)

No

- c. Been the subject of any criminal, civil or administrative investigation or proceeding?

Yes (explain) No

11. Do you own any rental properties in Maine?

Yes No

If Yes, please complete:

<u>Type (Indicate if family, elderly or supportive housing)</u>	<u>Number of units</u>	<u>Property location (street and town)</u>	<u>Property management company</u>

12. State name and address of the proposed property management company for the Project after the new owner acquires the Project.

Name _____

Address _____

Is this an Affiliate of new owner?

Yes No

13. Please complete the following table of your debt obligations. **PLEASE NOTE:** MaineHousing reserves the right to require the proposed new owner to provide information from its lenders to MaineHousing on MaineHousing's form. If we request lender information, the proposed new owner must provide MaineHousing's form to its lenders for return directly to MaineHousing.

<i>Original Principal Amount</i>	<i>Loan Balance</i>	<i>Maturity Date</i>	<i>Lender</i>	<i>Account Number</i>

14. A. Submit copies of audited financial statements for new owner's past 3 fiscal years, or, if audited financial statements are not prepared for new owner, submit copies of new owner's income tax returns for the past three years. **NOTE: If this information has previously been provided to MaineHousing, check the box below and do not re-submit this information.**

Information previously provided
For what years? _____

- B. Were or are any audit adjustments proposed for any of the 3 fiscal years for which you provided financial statements, or if you submitted tax returns, has the IRS notified you of any issues for any of the three years?

Yes (explain) No

CERTIFICATION OF NEW OWNER

I hereby certify that I have the authority to sign Part II of this Application on behalf of the proposed new owner named above and that the responses above are true and complete to the best of my knowledge. I acknowledge and understand that any intentional misstatement may result in the rejection of this Application or of the imposition of additional conditions to the Transfer by MaineHousing. I hereby authorize MaineHousing to obtain any additional information necessary to assess this Application and accomplish the Transfer.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

APPENDIX A – CONFLICTS OF INTEREST DISCLOSURE FORM

To ensure that we maintain the continued confidence of Maine people and our partners in carrying out our mission of providing affordable housing, our employees and commissioners and former employees and commissioners must avoid situations which are, or appear to be, at odds with their responsibility to MaineHousing. These situations can include obligations or commitments to other organizations or individuals or personal or financial relationships or interests.

Maine law and, when federal funding is involved, federal regulations, govern conflicts of interest. In general, these laws prohibit MaineHousing employees and commissioners from working on transactions with applicants with whom they have financial, business, professional, or personal relationships or other ties. In addition, these laws prohibit former MaineHousing employees and commissioners from working on certain transactions for up to two years after leaving MaineHousing.

To help ensure the continuing integrity of MaineHousing's business and compliance with these laws, applicants for loans or certain other assistance under MaineHousing's programs must disclose any financial, business, professional, civic, charitable, family (or other personal) relationships, associations or connections that the applicant, its affiliates, employees of applicant who may work on the MaineHousing project, or any parties the applicant intends to hire to work on the MaineHousing project (whether employees, contractors or consultants) may currently have with MaineHousing or any MaineHousing employee or commissioner or may have had within the past two years. An applicant and its affiliates include:

- if the applicant is one or more individuals, all individuals;
- if the applicant is a business or nonprofit entity, that entity;
- the officers and board members of the applicant;
- employees of the applicant with decision-making authority, including an executive director, manager or someone in a similar position;
- if the applicant is a business corporation, any shareholder with a controlling interest;
- if the applicant is a partnership, the applicant's partners;
- any other business partner or associate of the applicant involved in this MaineHousing project;
- if the applicant is a limited liability company, the members and managers;
- a family member (including husband, wife, child, brother, sister) or other person in a personal relationship;

If you are unsure whether a relationship, association, or connection you have may constitute a conflict of interest, please consult with MaineHousing's Chief Counsel at luhl@mainehousing.org.

PROPOSED NEW OWNER CONFLICTS OF INTEREST DISCLOSURE FORM

To the best of your knowledge:

1. Are you, any of your affiliates, or any party you intend to hire to work on the project a party to (or financially interested in) any business owned or operated by a MaineHousing commissioner or employee either as an individual or through an interest in a corporation, partnership, limited liability company, or other entity?

YES **NO**

2. Do you, any of your affiliates, or any party you intend to hire to work on the project have family relations or other personal associations with any MaineHousing employee or MaineHousing commissioner?

YES **NO**

3. Do you or any party you intend to hire to work on the project have any employee who was once an employee or commissioner of MaineHousing?

YES **NO**

4. Do you, any of your affiliates, or any party you intend to hire to work on the project have any other type of relationship either with a MaineHousing employee or MaineHousing commissioner that may be construed to be a conflict of interest?

YES **NO**

5. Do you, a member of your immediate family, your partner, or an organization which employs you benefit from funds from the U.S. Department of Housing and Urban Development?

YES **NO**

PLEASE NOTE: If you answered yes to any of the above questions, please describe on a separate sheet and attach.

Name of proposed new owner: _____

Signed: _____ Date: _____

Printed Name: _____ Title: _____

APPENDIX B – DEFINITIONS

The following terms have the following meanings:

"Additional Circumstances" means any one or more of the following in connection with the Transfer of an Ownership Interest: a request for additional MaineHousing financing or for refinancing by MaineHousing of existing MaineHousing loan obligations; the existence of a HUD housing assistance payments contract for the Project; management issues; a Project that is troubled, on MaineHousing's watch list or in default; or increased risks to a Project as assessed by MaineHousing.

"Affiliate" means, with respect to any entity, another entity that it controls, is controlled by, or is under common control with.

"Application" means the form of application required or recommended by MaineHousing and any other information required or considered by MaineHousing in connection with the Transfer of an Ownership Interest in a Project.

"Controlling Interest" means an interest of fifty-one percent (51%) or greater, alone or in the aggregate.

"HUD" means the United States Department of Housing and Urban Development.

"Investor Limited Partner" means a limited partner of a limited partnership Owner of a LIHTC Project that is required to make capital contributions in exchange for low-income housing tax credits allocated pursuant to Section 42 of the Internal Revenue Code of 1986, as amended ("Section 42").

"Investor Member" means a non-managing member of a limited liability company Owner of a LIHTC Project that is required to make capital contributions in exchange for low-income housing tax credits allocated pursuant to Section 42.

"LIHTC Investor Buyout Transaction" means a Transfer of the Ownership Interest of an Investor Limited Partner or an Investor Member in a LIHTC Project to the Sponsor of the LIHTC Project or an Affiliate of the Sponsor.

"LIHTC Project" means a Project to which MaineHousing has allocated low-income housing tax credits pursuant to Section 42.

"MaineHousing" means Maine State Housing Authority.

"Owner" means a person or entity having an Ownership Interest in a Project.

"Ownership Interest" means any of the following:

- (1) a fee simple interest in a Project;

- (2) a leasehold or sub-leasehold interest under a lease of a Project with a term not shorter than the term of the MaineHousing mortgage loan secured by the Project;
- (3) the general partner interest of a general partner of a limited partnership Owner of a Project;
- (4) the partner interest of a partner of a general partnership Owner of a Project;
- (5) the limited partner interest(s) of one or more limited partners holding 51 percent or greater of the limited partner interests in the aggregate in a limited partnership Owner of a Project, or any lower percentage that may be established by HUD;
- (6) an Investor Limited Partner interest in a LIHTC Project;
- (7) the member interest(s) of one or more members holding 51 percent or greater of the member interests in the aggregate in a limited liability company Owner of a Project, or any lower percentage that may be established by HUD;
- (8) an Investor Member interest in a LIHTC Project;
- (9) the interest of a shareholder in a for-profit corporation or of a voting member in a non-profit corporation holding a 51 percent or greater interest in a corporate Owner of a Project; or
- (10) any other Controlling Interest in an Owner.

"Project" means a multifamily or supportive housing project for which MaineHousing has provided financing and on which MaineHousing holds a mortgage loan secured by the multifamily or supportive housing project at the time of the request for MaineHousing consent to the Transfer.

"Sponsor" means the entity that exercises management control over the general partner of a limited partnership Owner of a LIHTC Project or the managing member of a limited liability company Owner of a LIHTC Project.

"Transfer" means a change, whether voluntary or involuntary, of all or part of an Ownership Interest in a Project regardless of the type or nature of the change or the means used to accomplish it, including but not limited to a sale, mortgage, lease (except residential tenant leases in the ordinary course of business of operating a Project as a residential rental project), sub-lease, assignment, bond or contract for deed, land installment contract, like-kind (1031) exchange, real estate investment trust, merger, consolidation, change of control, gift, grant, death, or operation of law.