Section 8 Housing Assistance Payments (HAP) Contract Analysis (Revised 10-19-2016)

Freddie Mac Loan Number:	506978850
Property Name:	Lakeview Apartments

INSTRUCTIONS: Seller's Counsel should complete Part I, and Seller should complete Part II.

Part I – Legal Analysis

Question	Y	N	Narrative Response
Date of Review			June 2, 2021
Preparer's Name			Kaitlyn West Cassin & Cassin LLP (212) 798-0110 kwest@cassinllp.org
Date of HAP Contract			August 1, 2001 as to Project-based Section 8 Housing Assistance Payments Full Mark-to-Market Renewal Contract ("2001 Renewal") and October 1, 1982 as to the Housing Assistance Payments (HAP) ("Original Contract")
Parties to HAP Contract			2001 Renewal: United States of America – Department of Housing and Urban Development ("Contract Administrator") and Lakeview Associates, a Georgia limited partnership ("Owner") Original Contract: United States of America – Department of Housing and Urban Development ("HUD") Lakeview Associates ("Owner")
Expiration Date			2001 Renewal: July 31, 2021 Original Contract: September 20, 1987
HAP Contract is complete with all exhibits and attachments	☒	☐	2001 Renewal Contract: Yes Original Contract: Yes
HAP Contract and each amendment are signed by all parties	☐	☐	Original Contract: Yes 2001 Renewal Contract: Yes
HAP Contract provides for one or more renewals or extensions	☐	☒	2001 Renewal is silent; Original Contract provided for two (2) additional terms of five (5) years each.

HAP Contract expressly authorizes a rent reduction based on disparities between contract rents and rents for similar unassisted units	☐	☒	
HAP Contract expressly authorizes a rent reduction as a result of a refinancing	☐	☒	
Annual rent increases are based on either an "annual adjustment factor," "operating cost adjustment factor," or a reference to HUD procedures in 24 CFR Part 888	☒	☐	During the term of the 2001 Renewal, the Contract Administrator shall annually, on the anniversary of the Renewal Contract, adjust the amounts of the monthly contract rent in accordance with HUD requirements by using an operating cost adjustment factor (OFAC) established by HUD.
HAP Contract requires each annual increase to be reflected in an amendment to the HAP Contract	☒	☐	Per the 2001 Renewal, the Contract Administrator shall give the Owner notice of the revised Exhibit A (which Exhibit A provides the units and contract rents). The notice by the Contract Administrator of the revised Exhibit A constitutes an amendment to the 2001 Renewal.
HAP Contract provides for a reduction of the number of subsidized units if a required number or percentage of units is not leased to eligible families	☒	☐	Original Contract provides that Owner fails for a continuous period of six months to have at least 80 percent of the Contract Units leased or available for leasing by eligible families, HUD may, on 30 days' notice, reduce the number of Contract Units to not less than the number of units under lease or available for leasing by eligible families, plus 10 percent of such number. Additionally, at the end of the initial term and each renewal term (in the Original Contract) HUD may, by notice to the Owner, reduce the number of contract units to not less than (1) the number of units under lease or available for leasing by eligible at that time, or (2) the average number of units so leased or available for leasing during the prior 12-month period, plus 10 percent of such number.
HAP Contract provides for vacancy payments (HAP payments as to vacated units) after post-construction lease-up	☒	☐	If an occupied contract unit becomes vacant, HUD will pay the Owner 80 percent of the contract rent for up to the lesser of 60 calendar days following the date the unit became vacant or the actual number of days the unit remained vacant.
HAP Contract provides for either of the following: • Limitations on cash withdrawals by the borrower • Residual receipts account	☐	☒	
HAP Contract provides for a replacement reserve	☐	☒	The 2001 Renewal specifically does not renew any Project Account (sometimes called "HAP Reserve" or "project reserve") as may have been previously established and maintained by HUD.

Part II – Underwriting Analysis			
Question	**Y**	**N**	**Narrative Response**
The owner that signed the HAP Contract is the same person or entity as Borrower	☐	☒	The Owner that executed the Original Contract is a predecessor owner of the property. **NOTE:** Freddie Mac will require copies of consents by HUD or the contract administrator (as required by the HAP Contract) to the transfer(s) that conveyed title to the Property from the owner that signed the HAP Contract to Borrower.
The HAP Contract will expire in less than one year from the Date of Review ***(if "Y", answer the following two questions)***	☒	☐	
Borrower has given tenants at the Property the legally-required one-year notice of expiration	☐	☐	
Borrower has submitted a request to HUD or the contract administrator for renewal	☒	☐	
Borrower received a notice from HUD indicating any of the following: • HUD may not or will not renew the HAP Contract upon its expiration • HUD may or will terminate the HAP Contract before its expiration • HUD may or will reduce or has reduced the number of units subject to the HAP Contract	☐	☒	
In the past three years, the Property received a HUD Real Estate Assessment Center (REAC) score of less than 60	☐	☒	
The current rent roll matches the HAP Contract rents	☒	☐	
The sum of current rents shown in the HAP Contract and applicable utility allowances are higher than HUD fair market rents for the area ***(if "Y", answer the following question)***	☐	☒	**NOTE**: Fair market rents for all areas can be found at www.huduser.org/datasets/fmr.html
Current rents under the HAP Contract are	☐	☐	N/A

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	higher than the sum of both of the following: • rents for similar unassisted units in the project or other projects in the area • 10% of the original contract rents from when the HAP Contract was first signed			