SAMPLE LETTER TO QUALIFIED ENTITIES FROM OWNERS

NOTICE OF OPPORTUNITY TO SUBMIT AN OFFER TO PURCHASE

Pursuant to Government Code Section 65863.11

**(use owner’s business letterhead)**

Date

Name of Qualified Entity

Address of Qualified Entity

Reference: **Notice of Opportunity to Submit an Offer to Purchase**

Dear Qualified Entity :

The purpose of this notice is to inform **Qualified Entities** of an opportunity to submit an offer to purchase \_\_\_\_\_\_\_\_\_\_\_\_*(insert project name)*, a privately owned government-assisted multifamily project, located at \_\_\_\_\_\_\_\_\_\_\_(*insert project address*) and owned by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(*insert owners and agents names, addresses, telephone and fax numbers, and/or email addresses*) for 180 days from the date of this letter and prior to mortgage prepayment and/or termination of rental subsidies (opt-out).

*(Select one of the two options below):*

Your organization is identified as a **Qualified Entity** from the list maintained by the State Department of Housing and Community Development **OR** your organization has directly contacted the owner, and has evidenced interest in purchasing at-risk projects in the area where this project is located.

*(Select one of the three applicable descriptions below):*

The owner intends to end participation in \_\_\_\_\_\_\_\_ *(insert the mortgage financing program - Section 221(d)(3), Section 236, Section 202/811, Section 515 or IRS Section 42)* federal mortgage program through mortgage prepayment or termination **AND** terminate the contract for *project*-based Section 8 rental assistance, when it expires (opt-out).

OR

The owner intends to end participation in \_\_\_\_\_\_ *(insert the applicable mortgage financing program - Section 221(d)(3), Section 236, Section 202/811, Section 515 or IRS Section 42)* federal mortgage program through mortgage prepayment or termination.

**OR**

The owner intends to terminate the contract for *project*-based Section 8 rental assistance when it expires (opt-out).

### Prepayment and/ or Termination Date

The owner intends to prepay the mortgage on \_\_\_\_\_\_\_, **AND/OR** terminate rent subsidies (opt-out) on \_\_\_\_\_\_\_ *(indicate applicable date(s), twelve-months from date of this letter)* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Project Information**

*(Select one of the two options below):*

The owner intends to maintain the current number of \_\_\_\_\_\_\_*(insert current number of affordable units)* affordable units at \_\_\_\_\_\_*(insert current level of affordability)*

**OR**

the owner does not intend to maintain the current number of \_\_\_\_\_\_*(insert current number of affordable units)* affordable units at \_\_\_\_\_*(insert current level of affordability)*.

*(Select one of the two options below):*

The owner has an interest in selling the property

**OR**

the owner does not have an interest in selling the property.

*(Select one of the two options below):*

The owner has executed a contract or agreement with a public entity to continue or replace subsidies to the property and to maintain an equal or greater number of units at an equal or deeper level or affordability for \_\_\_\_\_*(insert length of contract or agreement, if five years or more)*

**OR**

the owner has not executed a contract or agreement of at least five years’ duration with a public entity to continue or replace subsidies to the property and to maintain an equal or greater number of units at an equal or deeper level of affordability.

*Include if more than 25 percent of the units on the property are subject to affordability restrictions or a rent or mortgage subsidy contract:*

The owner is required to provide the following project information, within fifteen (15) business days via certified mail, return receipt requested, to any requesting or qualified entity on the Department of Housing and Community Development’s list interested in submitting an offer to purchase:

* Itemized lists of monthly operating expenses for the property.
* Capital improvements, as determined by the owner, made within each of the two preceding calendar years at the property.
* The amount of project property reserves.
* Copies of the two most recent financial and physical inspection reports on the property, if any, filed with a federal, state, or local agency.
* The most recent rent roll for the property listing the rent paid for each unit and the subsidy, if any, paid by a governmental agency as of the date the notice of intent was made pursuant to Section 65863.10.
* A statement of the vacancy rate at the property for each of the two preceding calendar years.
* The terms of assumable financing, if any, the terms of the subsidy contract, if any, and proposed improvements to the property to be made by the owner in connection with the sale, if any.

To request the above project information and to submit an offer to purchase, contact the owner and/or our agents at the addresses above.

*Include if the Notice of Opportunity to Submit an Offer to Purchase is delivered 12 months or less prior to the date of termination, prepayment, or expiration of rental restrictions:*

A statement the owner has satisfied all notice requirements relating to affected tenants and affected public entities pursuant to Government Code section 65863.10(b).

**Qualified Entities** that intend to make an offer to purchase must identify themselves by type of organization (i.e. tenant association, nonprofit organization, public agency or profit-motivated organization or individual) and certify that the individual or organization meets the all qualified entity criteria pursuant to Government Code section 65863.11.

Qualified Entities (tenant associations, local nonprofit organizations, public agencies, profit-motivated organizations or individuals, or any combination of these entities) have the right to purchase the development under Government Code section 65863.11.

Qualified Entities that make a bona fide offer to purchase have a right of first refusal to submit a counteroffer that meets the terms and conditions of any other pending offer for an additional 180 days.

Sincerely,

Owner and/or his/her agent of federally assisted multifamily housing development

**Note: A copy of this Notice has been posted in the common area of the development**