

**Pilgrim Baptist Village I and II
Newark, Essex County**

Updated June 1, 2018 9:48 am

Questions and Answers

In connection with the Agency's issuance of its Request for Offers to Purchase for the Sale of Real Property – Pilgrim Baptist Village I and II on April 4, 2018, the Agency received questions from members of the public. In accordance with the procedures set forth in Section 6.0 of the RFOTP, the questions and the Agency's answers are provided as follows:

1. Question: Is the property to be delivered free and clear?

Answer: The properties will be delivered free of debt and all liabilities but there are affordability restrictions.

2. Q: Will the projects remain a HUD Building after the sale?

A: Yes. The existing HAP contracts for PBV I and II expire on September 30, 2020 and February 28, 2022, respectively.

3. Q: Will HMFA allow time to issue tax-exempt financing?

A: The Agency will allow a reasonable timeframe to arrange financing.

4. Q: Is an appraisal available for either project?

A: No.

5. Q: What is the mortgage owed?

A: The mortgages will be discharged before closing.

6. Q: Is HUD willing to extend the HAP contracts prior to a sale by the Agency?

A: No. The new owner will have to apply for a new HAP contract between 120 and 180 days prior to expiration of the current contracts. For information on contract renewal requests, see https://www.hud.gov/sites/documents/DOC_14523.PDF . For renewal policy guidelines, see https://www.hud.gov/program_offices/housing/mfh/mfhsec8 and https://www.hud.gov/sites/documents/508FIN_CONSOL_GUIDE6_8_17.PDF .

7. Q: Could a prospective buyer enter into contract having the sale contingent upon prospective buyer successfully negotiating a HAP contract extension?

A: No.

8. Q: Are the workers on site union employed?

A: The Agency is not involved in the labor relations of the property manager.

9. Q: Status of rent increases?

A: The next rent increase is expected to be requested in the fall of 2018.

10. Q: Is the 2% deposit that is required with submission refundable if we are not selected?

A: Yes.

11. Q: When does the PILOT expire?

A: The prospective buyer will need to contact the City of Newark and coordinate the PILOT.

12. Q: Is the Agency expecting to transfer title of PBV 1 and PBV 2 at one time to one entity? Or can offers be structured to make two separate purchases?

A: Currently, they are structured as two properties. The Agency is open to transferring them to one entity or two entities.

13. Q: The deeds provided on the Agency website are deeds into Pilgrim Baptist Village, Inc. Does the Agency currently have title by way of deed in lieu of foreclosure? If not, is the Agency planning to foreclose on Pilgrim Baptist Village, Inc.? Or are prospective purchasers taking title from Pilgrim Baptist Village, Inc.?

A: The Agency does not currently have title to either property. Pilgrim Baptist Village, Inc. will convey title to the Agency and the Agency will convey title to the ultimate purchaser contemporaneously.

14. Q: Does each property currently employ armed security?

A: PBV 1 just installed security cameras and have no armed security. PBV 2 has not had the security cameras installed yet and do have armed security.

15. Q: Can the bond documents for each property be made available?

A: Not applicable as the existing debt will be discharged before closing.

16. Q: Is any of the debt from either property assumable?

A: No.

17. Q: Are proceeds from existing replacement reserve accounts assignable to or available to be utilized by purchases in any way?

A: No.

18. Q: Is there a capital needs report available?

A: No.

19. Q: Is a Rent Comparability Study (RCS) available?

A: No.

20. Q: Are there docs that we cannot receive digitally that we need to physically go to office to see?

A: No.

Some of the questions from members of the public were inquiries for additional documents. The following items have been added to the Agency website:

For your reference the link is <http://www.nj.gov/dca/hmfa/about/available/index.shtml>.

1. PBV 1 PILOT Agreement Modification
2. PBV 2 PILOT Agreement link has been corrected
3. PBV 1 REAC Reports dated 1/17/2017, 12/2/2015, and 9/7/2013
4. PBV 2 REAC Reports dated 1/29/2016 and 9/5/2013
5. PBV 1 Site Plans
6. PBV 2 Site Plans
7. PBV 1 DCA Inspection Report
8. PBV 2 DCA Inspection Report
9. Determinative Criteria Checklist for HAP Assignment – External Checklist