

WVTF *Brief on the WV Preservation Plan*

Highlights of June 18, 2012 Owner's Proposal for Westview

Phase I: Withdrawal from ML Program and immediate enter into New Rental Plan (Before May 30 2013)

1. ML Withdrawal
2. Ground Lease extension thru 2068
3. Tax Abatement for 30 years

Phase II – Transition Period aka “BLACK HOLE” (at least 18 months, could take 5 years or longer)

1. Initial Rent increase(s) (a) RGB-7.5% (in certain instances, depending upon income level, this and other increases are limited to 7.5% or subject to additional increase) plus (b) various surcharges and other increases (this and other increases below are subject to income levels)
2. Second Rent Increase RGB -7.5% (see #1a) one year later.
3. Additional Rent increases RGB-7.5% (see #1a every year during “BLACK HOLE” period.
4. These Rent Hikes could displace (based upon history of prior rent increases) about 15 tenants/year creating new vacancies for Owners to rent at market and sell at market later.
5. No tenancy regulations are in place. No budgetary regulations. Owners can withdraw any cash; have complete control over services provided / employees etc.
6. No plan by Owners to fund any Building Rehab/Repair during “BLACK HOLE” period (unless period exceeds 5 years) except apartment windows replacement, elevators replacement, and some plumbing, electrical, security and other misc. work.
7. During “BLACK HOLE” period Owners intend to install sub meters in apartments.
8. During the “BLACK HOLE” period Owners plan to refinance the existing \$18.5M Mortgage with \$32.8M NEW loan, cash the \$14M difference, leaving the building to pay for the new loan.

Phase III - Conversion to CO-OP (after Owner's Offering Plan approved by NYS Attorney General)

1. Inside purchase price (average) \$220 per square foot of apartment (actually, 110% of apartment area which results in approximately \$240 per square foot).
2. Projected Maintenance \$0.93/SF/Month (\$1,133 per month average) in addition to separately sub-metered electric charge.
3. Underlying Mortgage \$32.8M (now \$18M).
4. Restricted Resale price = inside price x 2 (i.e., \$440 per square foot) first year increased by 7.5% annually, plus qualified improvements and other costs. Restrictions on outside buyers' incomes.
5. Flip Taxes for insiders - 60% of “profit” (first four years and then declining by 5% per year to a minimum of 30%.)
6. Owner's apartments are not subject to Flip Taxes.
7. For renters: Annual Rent increased of RGB and up to 7.5% - depending on the income.
8. Building Repairs: WTI Report \$23M (2007 report is being updated). Owner's Report \$3M. Owners net contribution is relatively very little on or after Closing.
Most needed Repairs to be funded by Insiders (Tenants) flip taxes over time.