



Asset Management 2020 Response and Resilience

A CHAM Webinar Series

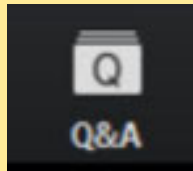
The Asset Manager's Guide to Action Plans

January 13, 2020
12:00 –1:30 ET
www.chamonline.org

Logistics

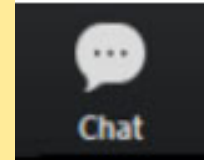
Questions

- Write into the Q&A section



Chat

- For logistics and information sharing



Feedback

- Survey will pop up on your screen when you leave the webinar

Slides and Recording

- Slides are there now
- Recording by Friday

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Presenters

- **Ryan Robinson**, EVP, Operations & Corporate Risk Mgt Cinnaire
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- **Jordan Abboud**, VP of Asset Management
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- **Kyle Culotta**, Director of Asset Management
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- **Amin Irving**, President & CEO
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- **Mark Lenhardt**, Executive Director
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Mark Lenhardt



Ryan Robinson



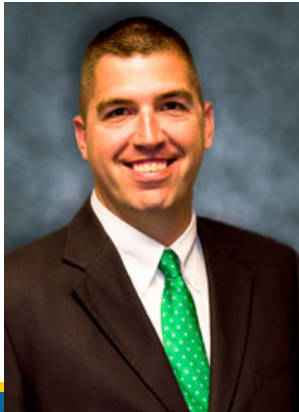
Kyle Culotta



Amin Irving



Jordan Abboud



Michael Witt

Agenda

- Welcome
- Owner/Sponsor Action Plans
 - Amin Irving, Ginosko Development
 - Kyle Culotta, Gorman & Company
- Syndicator Action Plans
 - Jordan Abboud, Midwest Housing Equity Group
 - Mike Witt, Cinnaire
- Investor Action Plans
 - Mark Lenhardt, JP Morgan Tax Oriented Investments
- Q&A
- CHAM Updates



Ginosko Development Company Asset Management Presentation

“GDC Revitalizing Communities through Successful Housing Redevelopment”

Amin Irving
President
Ginosko Development Company

airving@Ginosko.com

GDC Background Overview

1986 – Homeless at 9 years old

1995 – Sold House

1998 – Investment Banker in New York, NY

2002 – Formed Ginosko Development Company with Business Partner

2005 – Closed 1st LIHTC Deal: 175 units in Battle Creek, MI

2006 – Built 30 LIHTC/USDA Single Family Homes in Springfield, OH

2007 – Purchased 76 unit apartment building in Detroit, MI

2008 – Market Collapsed

2010 – Closed 5 Deals!!! (Devon Square – 60 Units; Spring Lake Village – 250 Units;

New Center Commons – 71 Units; Parkview Tower – 101 Units; Spring Grove Apartments – 101 Units)

2011 – Closed Renaissance Village in Northwest Detroit, MI

2012 – Closed Coronado Apartments in Midtown Detroit, MI

2013 – Closed Cass Plaza Apartments in Midtown Detroit, MI

2014 – Awarded \$15 Million in LIHTC's

2015 – Purchased first 100% Market Rate Community (126 units)

2016 – Acquired Dartmouth Square Apartments in Inkster, MI

2016 – Acquired Cranbrook Tower Apartments in Ann Arbor, MI

2016 – Acquired Renaissance of Bridge Village in Sault St. Marie, MI

2017 – Closed on \$42 Million deal in Ecorse, MI

2018 – Raised \$24.85 Million in Equity for a Market Rate Deal (Lafayette West)

2018 – Acquired St. Clair Village in Belleville, IL

2018 – Acquired \$16 Million Opportunity Zone Land Acquisition in Detroit, MI

2019 – Acquired \$4.2 Million Opportunity Zone Land Acquisition in Detroit, MI

Presently:

- ✓ Own 29 Properties (3,100 units) and 4 parcels of vacant land throughout the Midwest.
- ✓ Capitalized value over \$450 Million.



GDC Expectations & Goals: Management Company



- ✓ Always have "Green Light" properties
- ✓ Ensure we are in Compliance
- ✓ Assist with Operational Strategy (reliable expense comps) during Acquisition Phase.
 - ✓ "If GDC purchases this property, here is what GDC can expect in terms of...":
 - ✓ Operating Expenses
 - ✓ Lease-Up and and Marketing Solutions
- ✓ Proforma projections are being met operationally:
 - ✓ Market Rate Properties:
 - ✓ NOI Growth of 3% per year
 - ✓ IRR Projections are being met
 - ✓ LIHTC Properties:
 - ✓ Budget is Consistent with Proforma Projections
 - ✓ PCNA budget projections are being met (Beat Replacement Reserve projections)

GDC Current Assessment:

Management Company



Majority has been GREAT!!!

- ✓ Compliance timely, seamless, and corrected if needed.
- ✓ Investor Central Integration has been good.
- ✓ Transitioning properties into KMG has been seamless.
- ✓ Opportunities with potential sellers have been great!
- ✓ No properties are on a watch list.
- ✓ Proud of our Real Estates Owned (“REO”) Schedule

GDC Assessment of:

Management Company



✓ Opportunities for Improvement:

- ✓ Poor Expense Comp's:
 - ✓ Delayed Refinancing
 - ✓ Insurance Estimates were well below actuals
 - ✓ Unanticipated "Capital Calls" from Ownership
- ✓ Lack of clarity surrounding vendor involvement and payment procedures:
 - ✓ GDC's Strategy:
 - ✓ Use Construction Companies as a tool to boost NOI, IRR, and purchase more properties
 - ✓ Repair expenses may be cheaper.
 - ✓ More flexible repayment strategies.
- ✓ Poor periodic unit inspections
 - ✓ During rehab, as our contractor enters units, they are making us aware of clear resident violations that should have been caught if units were inspected at least twice a year (smoke detector battery changes).

✓ **Vague and ambiguous Action Plans**

- ✓ GDC believes this is the fundamental key to operational success and strategic growth.

How will GDC and KMG Efficiently and Effectively Avoid “Yellow” and “Red” Properties?



GDC's Online Action Plan Template

- ✓ Effective tool to efficiently document and process Asset Management Functions.
- ✓ Cloud-Based Reporting system accessed via the web.
- ✓ Best tool to efficiently and effectively maximize property value from operations.

But before we get into the details of GDC's Action Plan Template...

- ✓ It's Important to understand how GDC analyzes the performance of a Property.

How GDC Analyzes the Performance of a Property:

GDC Asset Management Desk Review Process:

A. Desk Review Procedure

1. Collect Data

i. Current Financials:

- a. Collect Current Monthly Operating Report
- b. Current Weekly Marketing Report
- c. Review C.N.A.
- d. Closing Proforma

ii. Previous Site Review

- i. Meeting Notes
- ii. Photos from last visit
- iii. Ginosko Review Summary Report



How GDC Analyzes the Performance of a Property:

GDC Asset Management Desk Review Process:



A. Desk Review Procedure

1. Collect Data (continued)
 - iii. Current Correspondence
 - i. Government Agencies
 - i. MSHDA, HUD, State, Local, Other
 - ii. Owners
 - i. Managing Members & Equity Partners
 - ii. Syndicators
 - iii. Banks
 - iii. Resident concerns
 - i. Resident Meetings
 - ii. Personal Contact Notes

How GDC Analyzes the Performance of a Property:

GDC Asset Management Desk Review Process:



A. Desk Review Procedure

1. Collect Data (continued)

iv. Vendor concerns

- i. Accounts Payable
- ii. Delays due to _____
- iii. No contact from authorized party

v. Electronic Reports

i. One Site

- i. Maintenance Reports
- ii. Current Accounts Receivables, and others
- ii. Investor Central
 - i. Syndicator Reports

How GDC Analyzes the Performance of a Property:

GDC Asset Management Desk Review Process:

A. Desk Review Procedure

2. Organize Data
 - a. Declining trends
 - b. Budget deviations
 - i. Deviations > 10%
3. Provide Risk Rating Score
4. Formulate Questions and Establish Goals for Action Plans
 - a. Create Goals (Quantity Goals, Measurements, and Report) from collected data
 - i. 10% negative deviation from budget (or proforma)
 - b. Establish additional follow-up questions.



How GDC Analyzes the Performance of a Property:

GDC Asset Management Desk Review Process:

B. Management Company and GDC Asset Management Process

1. Schedule Conference Call or Site Visit with Regional Property Manager & Site Manager
 - a. Email proposed date for impending visit 14 – 30 days in advance
 - b. Phone Regional to confirm visit 48 hours before visit
 - c. Confirm visit date from previous site visit



2. Share Action Plan and Questions to Regional and Site Manager prior to Call / Visit

- a. Request answers 72 hours prior to call/visit
- b. *RPM and SPM fills-out Action Plan template*

How GDC Analyzes the Performance of a Property:

GDC Asset Management Desk Review Process:

B. Management Company and GDC Asset Management Process

3. Conference Call / Site Visit with Regional and Site Manager prior to Call/Visit

- a. Discuss and enhance Action Plan

4. Management Company

- a. Continuous updates to Action Plan
 - i. Utilize “Discussion” column
 - ii. GDC Asset Management will be automatically emailed when changes are made to the Action Plan.

5. Evaluation and Follow-up



How GDC Analyzes the Performance of a Property:

Ineffective Action Plan Results:

- 1. Hire outside 3rd Party Firms**
 - a. Defer Management Fee
 - b. Occupancy / Marketing Firm
 - c. Construction Company for Repairs and Maintenance
- 2. Replace Site Level Employees**
 - a. Re-implement Action Level items
- 3. Capital Call from Ownership**
 - a. Discuss and enhance Action Plan
- 4. Remove Management Company**
 - a. Continuous updates to Action Plan
 - i. Utilize “Discussion” column
 - ii. GDC Asset Management will be automatically emailed when changes are made to the Action Plan.
- 5. Sell Asset**
 - a. Development & Finance Department Involvement
 - i. Sale Analysis



Contact Information:



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GORMAN
& COMPANY



Gorman & Company

- Founded in 1984
- Work side by side with civic leaders, urban planners, city councils, and public housing authorities
- 36+ years of Affordable Housing and Community Development Experience, Historic Renovation, Revitalizing Communities
- Integrated Divisions:

Development

Construction

Architecture

Property
Management

*Revitalizing
Communities Through
Innovative Housing
Partnerships*

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Action Planning Process - Lifecycle

- Property is added to internal Watchlist based on a combination of potential metrics
 - Metrics include: occupancy, collections, occurrence of uncontrollable expense, growing AP, fee deferral, ect
- Action Plan is created by a team including Asset Management, Property Management and Property Accounting
- Property remains on Watchlist until Asset Management, Property Management, Accounting and Ownership all approve removal OR property is sold/recapitalized

*Revitalizing
Communities Through
Innovative Housing
Partnerships*

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& COMPANY

Specific Steps While on Action Plan

- Monthly Watchlist Call between Asset Manager and Regional Manager (Property Management)
- Monthly Cashflow Analysis Call including Asset Manager, Regional Manager and Property Accounting
- Monthly Watchlist Meeting including Owner, Asset Management, Property Management and Accounting
- Asset Management communicates on a monthly basis with all external stakeholders

*Revitalizing
Communities Through
Innovative Housing
Partnerships*

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& COMPANY



Midwest Housing Equity Group

Tax Credit Syndicator in 10 Midwest states

- Invested 2.4B as Limited Partner
- Partnered in over 600 properties
- Helped create over 20,000 units

Asset Management Department

- Required reporting to our investors
- Resource to our General Partners





Start Early

Property does not need to be chronic to have an action plan

An action plan does not need to be complex

Identify All Areas of Concern

Easy to focus on vacancy, but might not be the only concern

Dig into financials to identify if there are additional areas struggling

Compare current operations to original pro forma, current budget, prior year operations

Identify Underlying Issues

A line item that is out of budget is not why a property is struggling, it is a result

Continue to ask “why” until the root cause is determined

Make Projections

Pencil out what we think
needs to happen to
make the property work

Revise until attainable
benchmarks are
identified

Implement Plan

Create specific, measurable, and achievable goal for each item in action plan

Create short, medium, and long-term benchmarks to achieve each specific goal

Review regularly and revise as needed

Introduction to Cinnaire

Who We Are

Cinnaire is a full-service community development financial partner that supports community stabilization and economic development by developing and nurturing partnerships with investors and mission-focused organizations. We provide creative loans, investments, and best-in-class services to partners.

What We Do

- Over \$3.5 billion in community impact
- Over \$350 million in community development loans
- Over 650 housing developments under asset management



The Role of Asset Management

Why do we asset manage?

- To have one point of contact for all things deal related
- Tasked with managing projects and solving problems
- Ensure project and partners deliver the expected outcomes

How do we asset manage?

- Foster relationship with each partner
- Be the technical expert on all things deal related
- Commit to being creative

When do we asset manage?

- From before closing to disposition
- Asset Management touches the entire lifecycle of a deal
- The amount of involvement is determined by deal performance

Learning the Deal

What do you need to know?

- Who are the stakeholders and partners
- What responsibilities and obligations are held by each group
- What assumptions have been made by underwriting
- Is the property meeting those assumptions
- Property performance in real-time

Where do you look for answers?

- Contracts and agreements
- Construction and permanent loan documents
- Original project descriptions and summary
- Underwritten pro-forma and 20 year cash flow statement
- Current operating reports and financial statements

Understanding Property Performance

Regularly review performance

- Collect monthly operating information
- Close scrub of quarterly financials
- Detailed review of year end audit
- Look for trends

Approach

- Compare actual performance to budget
- Compare current information to prior year same period
- Compare current operations to historic performance
- Compare actual performance to projected performance
- Compare deal performance to similar projects

Measuring Property Performance- Stabilized

What to Measure- Balance Sheet

- Cash on hand
- Accounts Payable
- Tenant Receivables

What to Measure- Operations

- Year over year change in GRP
- Vacancy and collections
- Repairs and maintenance expenditures
- Operating expenses per unit
- Debt Service Coverage Ratio (DSCR)

Balance Sheet Report | SAMPLE

Account	Balance as of 09/30/2014	Balance as of 12/31/2013	Increase / (Decrease)	Ratios	
Cash	75,584	90,270	(14,686)	1.22	(1)
Accounts Receivable	4,417	2,633	1,784	7.12%	(2)
Accounts Payable	41,572	17,106	24,466	1.14	(3)
Deferred Developer Fee Payable	0	0	0		
Accrued Real Estate Taxes	15,691	15,691	0		
Other Accruals	1	0	1		
Mortgage Payable - Must Pay	2,878,097	2,903,128	(25,031)		

(1) Cash/One Month Gross Rent Potential. Standard: One month or greater

(2) Accounts Receivable /One Month Gross Rent Potential. Standard: 10% or less

(3) Accounts Payable/One Month Operating Expenses Standard: One month or less

Account	Balance as of 09/30/2014	Balance as of 12/31/2013	Increase / (Decrease)
Operating Reserve	142,883	142,883	0
Other Reserves	0	0	0
Letter of Credit	0	0	0

Replacement Reserves

Balance as of 12/31/2013		135,564
* Deposits-Actual	add:	15,667
Interest	add:	0
Withdrawals	less:	0
Calculated Balance		151,231
Actual Balance as of 09/30/2014		151,231
Difference (Should be 0)		0
* Required Reserve Deposits		13,459

Property Operating Report | SAMPLE

<i>Financial Information</i>	YTD Actual	Actual Per Unit	YTD Budget	Budget Per Unit	Budget Variance	Prior YTD Actual	Prior Actual Per Unit	Prior YTD Actual to YTD Actual - Variance
Revenues								
Rental	514,017	7,878	506,307	7,759	7,710	514,017	7,878	0
Vacancy	(6,790)	(104)	0	0	(6,790)	(3,018)	(46)	(3,772)
Bad Debt	(7,387)	(113)	0	0	(7,387)	(6,409)	(98)	(978)
Interest	57	1	75	1	(18)	102	2	(45)
Other Revenues	6,439	99	1,575	24	4,864	4,102	63	2,337
Total Revenues	506,337		507,957		(1,620)	508,793		(2,458)
Expenses								
Salaries	66,901	1,025	81,290	1,246	14,388	73,299	1,123	6,398
Administrative & Marketing	12,399	190	10,689	286	6,289	12,554	192	154
Professional Fees	12,922	198	11,775	180	(1,147)	16,945	260	4,024
Management Fees	27,000	414	28,188	432	1,188	29,016	445	2,016
Maintenance	89,234	1,368	73,906	1,133	(15,328)	104,161	1,596	14,928
Total Administrative & Maintenance	208,456	3,195	213,847	3,277	5,391	235,976	3,616	27,520
Utilities	49,578	760	48,600	745	(978)	46,204	708	(3,373)
Property Taxes	18,351	281	18,308	281	(43)	18,351	281	0
Property and Liability Insurance	19,016	291	27,191	417	8,174	17,944	275	(1,072)
Other Expenses	9,794	150	0	0	(9,794)	5,383	83	(4,409)
Total Operating Expenses	305,195	4,677	307,946	4,719	2,751	323,859	4,963	(18,666)
Net Operating Income	201,142		200,012		1,131	184,934		16,208
Required Debt Service	119,556		119,556		0	119,556		0
DSC	1.68		1.67			1.55		
Required Reserve Deposits	27,408	420	27,408	420	0	26,610	408	(798)
Reserve Withdrawals	15,841		15,841			20,758		
DSC w/required reserves	1.59		1.58			1.56		
Cash Flow	70,019	1,073	68,889	1,056	1,131	67,526	1,035	2,493

10-Year Audited Operating Statement Detail | SAMPLE

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Revenues											
Gross Potential Rent	198,852	208,176	212,044	221,469	227,647	229,599	231,731	235,152	236,352	0	2,001,022
Commercial Income	0	0	0	0	0	0	0	0	0	0	0
Vacancy / Concessions	(10,453)	(18,339)	(2,937)	(7,086)	(16,822)	(5,575)	(11,951)	(16,949)	(1,965)	0	(92,077)
Bad Debt / Collection Loss	0	0	0	0	0	0	0	0	0	0	0
Interest Income	6,332	6,826	7,495	7,875	8,795	13,458	16,186	17,880	15,677	0	100,524
Other Income	3,414	4,629	6,046	3,859	3,621	4,438	4,660	3,960	3,852	0	38,479
Total Revenues	198,145	201,292	222,648	226,117	223,241	241,920	240,626	240,043	253,916	0	2,047,948
Operating Expenses											
Salaries	32,227	26,925	13,632	14,019	13,776	13,911	15,993	16,997	17,431	0	164,911
Administrative & Marketing	11,388	15,203	6,822	6,256	6,382	7,328	7,300	11,430	7,334	0	79,443
Property Management Fees	10,692	10,692	10,692	10,692	10,692	10,692	14,108	14,108	14,109	0	106,477
Professional Fees	6,645	4,803	6,275	3,834	4,239	4,059	3,948	4,030	4,015	0	41,848
Repairs and Maintenance	10,536	8,486	26,215	29,224	32,492	26,474	32,863	30,513	32,197	0	229,000
Utilities	22,688	24,412	25,080	26,579	21,785	23,811	22,629	21,720	24,576	0	213,280
Property Taxes	10,018	9,885	10,961	11,287	11,472	11,917	11,682	11,449	12,787	0	101,458
Property and Liability Insurance	10,488	9,737	11,226	10,284	10,305	10,493	10,929	11,061	11,924	0	96,447
Other Taxes	491	427	0	0	0	0	0	0	0	0	918
Other Expenses	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	115,173	110,570	110,903	112,175	111,143	108,685	119,452	121,308	124,373	0	1,033,782
NOI	82,972	90,722	111,745	113,942	112,098	133,235	121,174	118,735	129,543	-	1,014,166
Debt Service Requirement	75,192	75,192	75,192	75,192	75,192	75,192	75,192	75,192	75,192	-	676,728
CF Before RR	7,780	15,530	36,553	38,750	36,906	58,043	45,982	43,543	54,351	-	337,438
DSC	1.10	1.21	1.49	1.52	1.49	1.77	1.61	1.58	1.72	-	1.35
RR Requirement	6,600	6,600	2,928	7,896	8,133	8,377	(1,382)	5,001	9,154	-	53,307
CF After RR	1,180	8,930	33,625	30,854	28,773	49,666	47,364	38,542	45,197	-	284,131
DSC(w/RR Requirement)	1.02	1.12	1.45	1.41	1.38	1.66	1.63	1.51	1.60	-	1.28
Annualized Expenses/Unit	3,490	3,351	3,361	3,399	3,368	3,293	3,620	3,676	3,769	-	
Other Non Operating It											
Interest (Current and Deferred)	57,756	56,955	56,117	55,241	54,325	53,366	52,363	51,315	50,219	0	487,657
Depreciation	66,579	66,719	66,758	64,298	65,004	64,598	0	0	0	0	393,956
Amortization	771	771	0	0	0	771	0	0	0	0	2,313
Other Financial Expenses	0	0	0	19,931	13,323	27,817	15,770	15,815	22,880	0	115,536
Other (Income) Expense	0	0	0	0	0	0	0	0	0	0	0
Total Other Non Operating Items	125,106	124,445	122,875	139,470	132,652	146,552	68,133	67,130	73,099	0	999,462

Warning Signs of Troubled Deal

Red Flags

- Unresponsive partners
- Inconsistent or poor reporting
- Negative trends in back to back quarters
- Large swings in recent performance
- Large variations compared to historical performance
- Unanticipated site issues
- Construction delays

Develop a Rating System

- Cinnaire has a list of 14 characteristics
- Each characteristic is assigned a letter grade
- Produce a weighted score for each property
- Properties "C" or lower are turned over to the Special Asset Group
- Track performance over the life of the deal

Fixing a Deal

Understanding the desired outcome

- Identify the stakeholders
- Understand the risks and priorities of each stakeholder
- Know responsibilities and obligations of each stakeholder
- Established a shared vision for the desired outcome
- A successful workout does not have to fix all the problems
- Know the goal - a successful workout can be minimizing loss

Finding Solutions

- Get stakeholders to the table
- Identify the problem(s)
- Establish benchmarks
- Develop a timeline
- Create an action plan

Fixing a Deal

Creating an Action Plan

- Make sure the plan is specific
- Have dates and goals that are measurable
- Make sure each goal has a goal owner
- Hold each goal owner accountable for their action items

Communication is key

- Schedule regular meetings
- Make sure all goal owners are involved in the meetings
- Constant follow up from our asset managers

Investor Communication

- Quarterly investor reporting
- Regular meetings with investors
- Investor requests throughout the year to get updates

Example Action Plan – Page 1

Cinnaire Property Action Plan

Property Name:	Example Apts
Report Date:	12/31/2020
Fund Association:	Cinnaire Sample Fund X

Property Details

City:	Example	Asset Mgr:	KB	Current Eco Occ %:	
State:	IN	Reporting Mgr:	KB	Trailing 12 Physical Occ % Avg:	146
# of Buildings:	7	Sponsor:	Example Dev	Current DSCR:	(0.23)
# of Units	168	Sponsor Contact:		Current CF per Unit (Annualized):	(1,781)
PIS Date:	1/1/2008	PM:	Fake Management	Op Exp Per Unit (Annualized):	
Yr 15 Date:	12/31/2022	PM Contact:		RR Balance:	
Current Investment Type:	Housing Credit Only	Property Status:	Stabilized	Op Res Balance:	
Tenancy Type:	Family	Property Type:	5+ Apartment Buildings	Op Res Burn Rate:	
Cinnaire REO:	Yes	Watchlist Status:	Stabilized	WL Grade:	C

Cash Projections

Current Recapture	\$ 1,170,788.00	12 mth CF	\$ (165,000.00)	10 YR Cumulative CF Projection:	\$ 1,050,230.00
Approved Annual Cash Needs:	\$ 105,000.00	Cash Received YTD:	\$ 83,500.00	Cash for Remainder of Year:	\$ -

Example Action Plan – Page 2

Deal Summary					
168 unit family acquisition rehab- ILP advances exceed \$150,000 to fund capital needs work, life/safety repairs, vacant unit turn over costs and outstanding vendor AP. Funding needs continue through Q4 2019. The property is receiving regular funding to mitigate late fees and penalties on bills, hire contractors to complete work, address deferred, maintenance, turn over and fill vacant units, and expenses from the Q1 2020 REAC. Sample Management took over on 10/1/19 but was replaced by Fake Management effective 7/1/20 due to poor management. The site is listed for sale with CBRE. There was a purchase agreement in place, but the buyer withdrew due to Covid 19. Due to an abundance of deferred maintenance, this deal experiences excessive R and M "emergencies" requiring large emergency funding requests.					
Identified Objectives					
Increase occupancy from 79% to 90% by the end of Q4 2020. There are 36 units vacant and 30 termination notices were sent to residents for non-payment. If a third of Determine make ready status of all vacant units and identify timeframe to complete.					
Audit all accounts receivable to determine how many households are applying/receiving assistance due to pandemic.					
Follow up on fire unit and down units due to roof leaks during weekly calls. 10 condemned units due to fire and water damage.					
Increase occupancy from 79% to 90% by the end of Q4 2020. There are 36 units vacant and 30 termination notices were sent to residents for non-payment. If a third of these units vacate, it will result in a total of approximately 28 units to lease by the end of the year to reach 90%.					
	Owner	Benchmark	Actual	Due Date	Progress
Achieve 7 move ins during September	Fake Mgmt	Achieve a total of 7 net move ins to reach 81% by the end of Sept.	Complete 83% as of 9/24/20	9/30/2020	Complete
Achieve 7 move ins during October	Fake Mgmt	Achieve a total of 7 net move ins to reach 83% by the end of Oct.	4 net move ins achieved- 84% occupied as of 10/31	10/31/2020	Partial
Achieve 7 move ins during November	Fake Mgmt	Achieve a total of 7 net move ins to reach 87% by the end of Nov.	4 net move ins achieved- 86% occupied	11/30/2020	Partial
Achieve 7 move ins during December	Fake Mgmt	Achieve a total of 7 net move ins to reach 90% by the end of Dec.	3 net move ins achieved- 88% occupied	12/31/2020	Partial

Example Action Plan – Page 3

Determine make ready status of all vacant units and identify timeframe to complete.	Owner	Benchmark	Actual	Due Date	Progress
Request vacant unit status report	KB	Obtain and review vacant status report by end of October	Submitted weekly	12/31/2020	Partial
Review make ready status and update weekly	KB	Update units completed weekly	4 units left to be turned, 3 in process, 7 ready	12/31/2020	Partial
Audit all accounts receivable to determine how many households are applying/receiving assistance due to pandemic.	Owner	Benchmark	Actual	Due Date	Progress
Request complete AR report	KB	Obtain and review complete AR report by end of October	Audit complete	10/31/2020	Complete
Follow up on IHCD RA applications	KB	Review weekly the IHCD RA Program application status	Complete- 22 applicants, 4 approved, 4 money received	12/31/2020	Partial
Request comprehensive AR report w/ comments for status of all accounts	JM	Obtain comprehensive AR to start evictions for large accounts not receiving assistance	Received- many ledger corrections to be completed 3/31	12/31/2020	Complete
Follow up on fire unit and down units due to roof leaks during weekly calls. 10 condemned units due to fire and water damage.	Owner	Benchmark	Actual	Due Date	Progress
Request status update on fire unit	KB	Request update during weekly calls	Under contract w/ Hayes- work in progress- unit back online Q2 2021	12/31/2020	Partial
Request status update on roof leak units	KB	Request update during weekly calls	Repairs made Nov 2020, continue to monitor future leaks	12/31/2020	Complete

Mark Lenhardt
Investor
Perspective



Investor's Perspective

Action Plan Identifies & Addresses the Key Issue(s):

- Financial/Operational
 - Management or Market
 - Controllable or Uncontrollable Expenses
- Physical Issues
 - Construction or Wear-n-Tear
- Compliance
 - Correctable or Uncorrectable Findings

Investor's Perspective

Active & Engaged Response

- Problems don't age well
 - Monday's deferred maintenance is Friday's Immediate Capex
 - Down Units don't generate revenue
 - Uncorrected 8823s invite greater scrutiny
- Workouts consume resources:
 - Time
 - Personnel
 - Cash
- Communicating with:
 - Partners
 - Lenders
 - State Agency

Investor's Perspective

Workouts Work!

Discussion





A graphic with the text 'BUILD YOUR SKILLS' in a bold, white, sans-serif font. The background is a dark teal color with a pattern of light teal gears of various sizes.

Introduction to Property and Portfolio Stress Testing
Feb 3 and 10, 2021
1:00 to 2:30 ET

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