

October 21, 2008

Mr. Jim Cegla, Federal Projects Liaison
Minnesota Housing Finance Agency
400 Sibley Street Suite 300
St. Paul, MN 55101

Re: Rural Development Borrower Case No 270600411442455
Rural Development Project ID MN46R000061
Borrower Loan Prepayment Request
Parkview Apartments
Winger, MN 56592

Dear Mr. Cegla:

Parkview Apartments, the subject housing development, a 10 unit family project-based federal rental assistance property was developed in 1982 with a loan financed by USDA-Rural Development.

Faldet – Erickson Company, Owner/Borrower have made application to USDA- Rural Development to request approval for the existing Agency loan prepayment. Upon Agency approval, the Owner/Borrower will prepay the loan and the prepayment will result in the termination of any federal use restrictions that apply to the housing development and termination of the existing housing subsidy program.

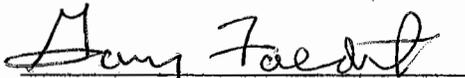
In accordance with MN Statute 471.9997 **federally assisted housing; Impact statement**, the number of units that will no longer be subject to rent restrictions by the existing federal program is 10. The current monthly basic rents under the existing federal program are \$411.00 for a one-bedroom unit. It is estimated that the rents to be charged after prepayment will be \$575.00 for a one-bedroom apartment. Pursuant to prepayment, actions to be taken by the Owner to assist displaced tenants in obtaining other housing include: based on eligibility and availability, move tenants to other local project-based rental assistance or Section 8 rental housing; assist tenants in applying with other available local subsidized housing projects, and if funding is available, apply to state or federal agencies to develop additional rental assistance housing.

The Owner/Borrower wishes to make it known that Parkview Apartments does not necessarily wish to prepay the subject USDA-Rural Development loan, operate the project as conventional market rate apartments or sell the property to a new owner. The Owner/Borrower has submitted the prepayment request in order to qualify for financial incentives from USDA-Rural Development.

Please be advised that the USDA-Rural Development prepayment application has been addressed and forwarded to Mr. Robert M. Kleven, Multi-Family Housing Specialist, USDA-Rural Development, 210 Sherwood Avenue, P.O. Box 16, Thief River Falls, MN 56701. Mr. Kleven may be reached at _____ or by email at: _____

Sincerely,

Faldet – Erickson Company
501 Irving Beach Drive SW
Bemidji, MN 56601



Gary Faldet, General Partner



John Erickson, General Partner

Cc: Mr. Robert M. Kleven, Multi-Family Housing Specialist