

# Structuring General & Limited Partner Transfers / Asset Sales During the Compliance Period

## Today's Speakers



**Pam Swanson**

Associate, Nixon Peabody – Moderator

[pswanson@nixonpeabody.com](mailto:pswanson@nixonpeabody.com)

617.345.6034



**Kevin Day**

Vice President, Portfolio Management,  
Conifer Realty, LLC

[kday@coniferllc.com](mailto:kday@coniferllc.com)

646.584.8352



**T.J. Leybold**

Senior VP, Manager of Dispositions,  
PNC Real Estate

[timothy.leybold@pnc.com](mailto:timothy.leybold@pnc.com)

503.410.1560



# General Partner vs. Limited Partner Transfers

**Current state of the market —  
who's buying, who's  
selling, etc.**

**Differences in the  
buyer and seller  
processes**

# Successfully Completing a General or Limited Partner Transfer

- / Understanding buyer/seller perspectives
- / Common due diligence traps
- / Obtaining required consents
  - Partners
  - Lenders
  - Agencies
- / Processing general partner transfers: the investor perspective



# Understanding GP Seller's Motivation to Sell

- / Retirement/family succession issues
- / Corporate merger/sale/restructuring of developer
- / Workout/removal situation
- / Death/incapacity/bankruptcy
- / Insufficient access to additional resources
- / An evolved and active market
- / Attractive prices



# Understanding GP Buyer's Motivation to Buy

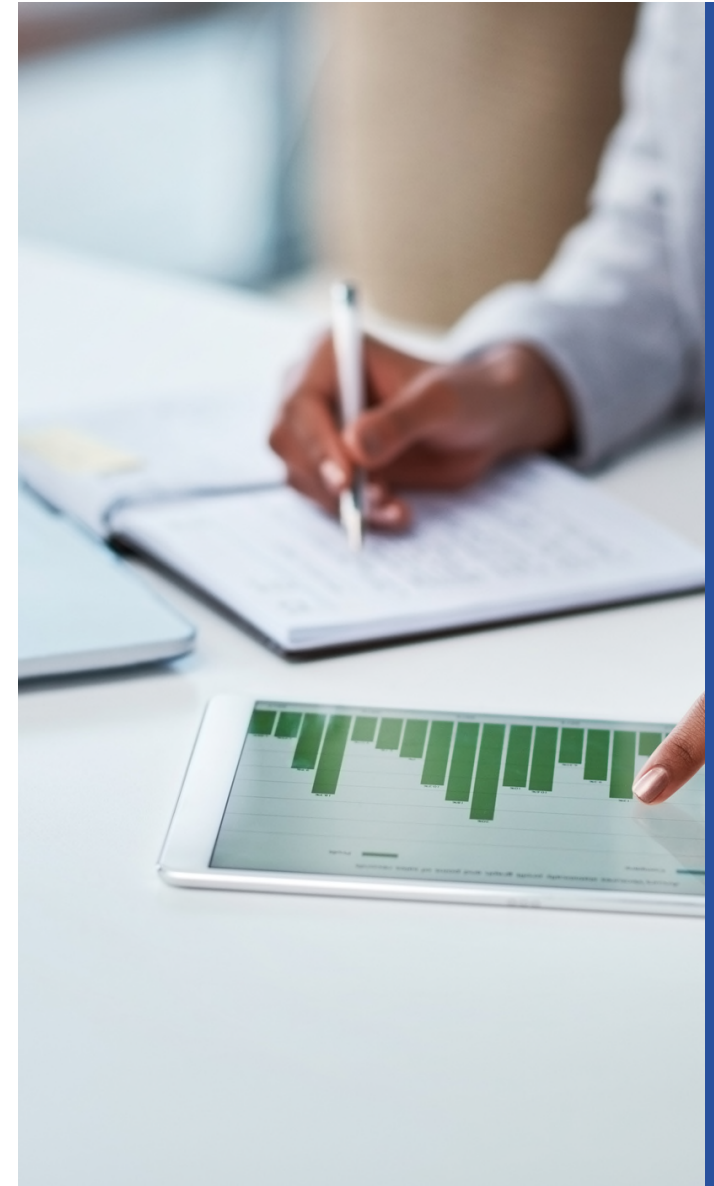
- / Access to other debt/equity not available to current owner
- / ESG focus — dedicated capital
- / Future acquisition/rehabilitation transaction

## **Synergies**

- / Efficiencies with nearby projects
- / Affiliate income — property management, construction, etc.
- / Scale

## **Unlocking residual value**

- / Reworking debt, property taxes, partner buyouts, etc.



# Limited Partner Perspective

## Know your Partnership Agreement!

### Exit Mechanisms

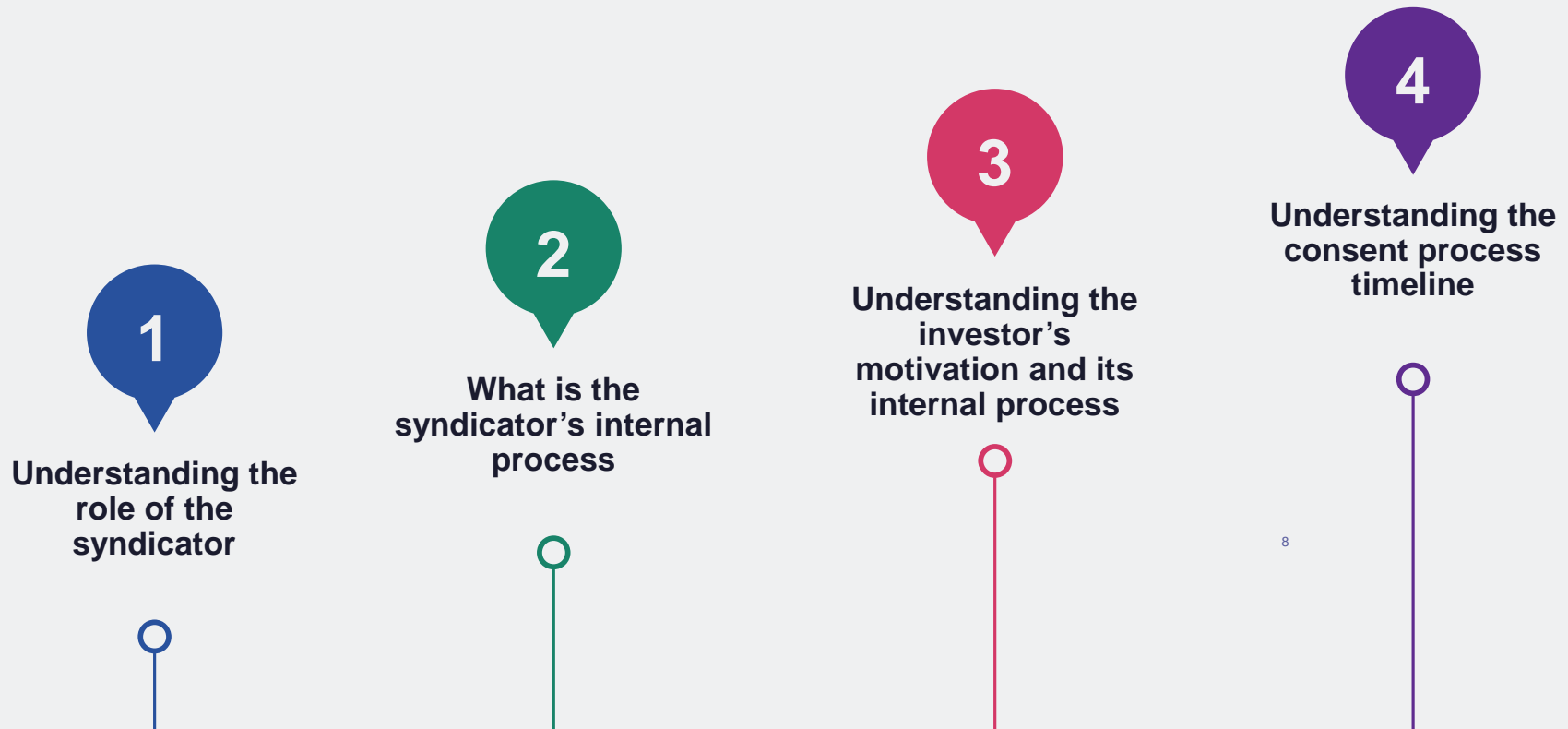
- / Put / Call Option
- / Forced Sale Rights
- / ROFR
- / Amount of 3rd party and LP Leverage
- LP interest buyout vs. Real Estate Purchase



# Who gets what?

1. Determining Real Estate Valuation
2. Arriving at GP's / LP's portion of distributable cash
3. Liquidation versus Capital Transaction

# Investor Consent Process





# What Can Go Wrong?

## Investor opinion on Early Exits is changing

- / Guarantee requirements → tighter
- / Recapture risk
- / Proceed with caution

## Distribution of proceeds

- / Capital transaction waterfall vs. liquidation of capital accounts

## Valuation

- / “Open market campaign”
- / Third Party Opinion (“BOV”)

# Understanding Consent Requirements

- / Lenders
- / Issuer/Bond Holder
- / Tax credit agency
- / HUD
- / Syndicator/investor
- / Other partners
- / Local jurisdiction (if tax exemption/PILOT)



# Thank you!

## Questions?



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