

Norfolk Housing Association Acquisition Framework

1. Casting the Net

2. Initial Screen

3. Investigation

4. Execution

	1. Casting the Net	2. Initial Screen	3. Investigation	4. Execution
Strategy	<p>Connect & Communicate</p> <ul style="list-style-type: none"> Connect with non-profits looking to divest, lenders, brokers, and legal team. Board will share NHA's growth priorities with their networks to tap into opportunities for collaboration/partnership. 	<p>Screen & Evaluate</p> <ul style="list-style-type: none"> Utilize established criteria to narrow a pool of 3-5 properties. Evaluate the potential of community where selected properties are to determine any future acquisition potential. 	<p>Critical Assumptions</p> <ul style="list-style-type: none"> Determine fit based on available additional property information: Market Rents Required Renovations Other Issues? 	<p>Purchase & Condition Period</p> <ul style="list-style-type: none"> Establish a timeline for financial and due diligence necessary to close that aligns with the required board level approvals.
Management Tasks	<ul style="list-style-type: none"> Work with real estate broker to evaluate potential properties that fit initial criteria outlined by the board. Obtain term sheet from lender Start conversations with non-profits looking to divest. Connect with board sourced network contacts. 	<ul style="list-style-type: none"> Consult with lenders on properties that meet initial screen. Oversee first phase of underwriting. Tour properties to determine fit. 	<ul style="list-style-type: none"> Update underwriting for approval using all additional financial information gathered. Coordinate preparation of final package for lender for approval subject to due diligence. Obtain formal approval of final underwriting. Prepare deposits. 	<ul style="list-style-type: none"> Establish timelines and provide report to Finance and board. Schedule 3rd party reports required for due diligence. Document the due diligence process and report on deficiencies.
Reporting Requirements	<ul style="list-style-type: none"> Report to Finance Committee from Management on properties that meet initial criteria and fit. Recommendation to Finance Committee of properties that should move to the initial screening phase. 	<ul style="list-style-type: none"> Updates provided on board portal with documentation to support how properties were screened and selected for LOI and any purchase agreement. 	<ul style="list-style-type: none"> Updates provided on board portal and documentation to support management and committee decision. Report from finance committee to support any recommendation made to the board. 	<ul style="list-style-type: none"> Updates to board portal and reports on due diligence emailed to Finance Committee. Finance Committee and Management prepare Purchase and Sale Agreement. Finance Committee to prepare final recommendation and reports for condition removal.
Finance Committee Role	<p>Oversight:</p> <ul style="list-style-type: none"> Work with Management and provide guidance on initial conversations and consultations. 	<p>Oversight & Approval:</p> <ul style="list-style-type: none"> Negotiating the LOI and development of a Purchase Agreement. Tour of properties if necessary. Approval of Lender Term Sheet 	<p>Oversight & Pre Approval:</p> <ul style="list-style-type: none"> Prepare report to board outlining how a property was evaluated and investigated. Prepare recommendation for board to issue refundable deposit to move property to due diligence. 	<p>Oversight & Pre Approval:</p> <ul style="list-style-type: none"> Purchase and sale agreement with condition period and oversee timeline development for due diligence and financials. Prepare recommendations and reports on due diligence, condition removal, and purchase agreement.
Board's Role	<p>Approve: Due diligence process and critical parameters for new property.</p> <p>Review: Finance committee and management report on initial phase of casting the net.</p>	<p>Approve: Basic terms for credit , lender fees and commitment letter from lender.</p> <p>Review: Documents and updates on the initial screening process as they become available.</p>	<p>Review: Documents and updates around critical property assumptions and underwriting.</p> <p>Approve: Committee recommendation to issue refundable deposits and move selected property to due diligence.</p>	<p>Review: Final documentation related to due diligence and 3rd party reports.</p> <p>Approve: Condition removal and execution of purchase agreement.</p>