



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE CENTER FOR ENGINEERING AND THE ENVIRONMENT
LACKLAND AIR FORCE BASE, TEXAS

_____, 2011

AFCEE/HPE
Building 171
2261 Hughes Avenue, Suite 155
Lackland AFB, TX 78236-9853

Attn: _____,
Authorized Representative

Re: Continental Group Military Housing Privatization Initiative (MHPI)
Financial Reporting Requirements

Dear _____:

As the Air Force Portfolio Manager for the MHPI, I represent the Secretary of the Air Force (the "Secretary" or the "Government"), with respect to the above-referenced transaction scheduled to close on _____, 2011. This letter supplements the transaction documents listed below and sets forth detailed financial reporting requirements upon which the Government is willing to consummate this transaction. The relevant transaction documents are as follows:

1. Lease of Property
2. Government Direct Loan and Associated Legal Instruments
3. Lockbox Agreement
4. Other transaction documents with reporting requirements

As part of the MHPI, the Government requires certain information be provided periodically. All projects shall use a fiscal year based on the calendar year. Reporting periods shall be based on the calendar quarter with each report providing monthly detail. Each reporting element (Pro forma, budget, quarterly report) should be in a format easily comparable and in sufficient detail to distinguish FEU and core units, as well as to explain variances. Variance explanations shall include narrative discussion for all material variances from budget. Material variances shall be defined as line item expense variances which exceed both \$10,000 and 5% during the period. The Air Force reserves the right to request additional information on other line items regardless of the significance of any variances.

The following reports index lists some of the information that is requested.

1. Quarterly Income Statement;
2. Quarterly Income Statement Variance Report;

3. Year-to-Date Income Statement;
4. Quarterly Cash Flow Statement;
5. Quarterly/Annual Balance Sheet;
6. Quarterly Delinquencies & Charge-Offs Report;
7. Extraordinary Costs/Expenditures Report;
8. Quarterly Debt Coverage Report;
9. Year-to-Date Debt Coverage Report;
10. Quarterly Occupancy Report by Unit;
11. Quarterly Occupancy Report by Rank;
12. Quarterly Leasing Activity Report;
13. In Service Report;
14. Quarterly Inquiry Report;
15. Quarterly Waitlist Report;
16. Quarterly Deposit Report;
17. Quarterly Maintenance Report;
18. Quarterly Maintenance Survey Report;
19. Development Report; and
20. Financing Proposals Report.

The above list is not inclusive of other information that may be requested by the Government from time to time. Such additional requests may include, but are not limited to, support for the summary reports listed above; rent roll or other information requested by the Base Housing Office, and other reports that are generated by standard property management software packages.

The exact format of the reports is flexible to the extent that changes improve the quality or usability of information contained therein. However, budgets and financial statements should be provided in a form and format that can be compared to the Pro Forma. Sample reports are provided as an attachment hereto in both hard and electronic copy format. The electronic version is in MS Excel format and includes formulas and other details that may be of assistance in developing your reports. Submissions should also be compiled in a spreadsheet package such as MS Excel. The Government is contemplating other technologies to capture data and reserves the right to require their use at a future date.

Reports, including year-end reports, should be sent via e-mail to the following persons **within thirty (30) days** of the end of the reporting period:

AF Portfolio Manager
HQ AFCEE/HPM
Building 171
2261 Hughes Ave, Ste 155
Lackland AFB, TX 78236-9853
ronald.marlin@us.af.mil

Jones Lang LaSalle
1801 K Street NW, Suite 1000
Washington, DC 20006
john.leineweber@am.jll.com

Continental Group POC

MAJCOM POC

Please execute both copies of this letter in the space provided below to indicate your acceptance of the terms and provisions set forth herein. Return one fully executed original to the Air Force Portfolio Manager and a copy to the other entities listed above.

Sincerely,

RONALD MARLIN
Air Force Portfolio Manager
Housing Privatization Division

Attchs:

Standardized Reporting Templates
(Hard and electronic copy format)

PROJECT OWNER:

By: _____
Name: _____
Title: _____

Date