

June 13, 2005

Timothy Marx-Commissioner Attn: Robert L. Odman- Assistant Commissioner MFH
400 Sibley Street Suite 300
St. Paul, MN 55101

Dear Timothy Marx-Commissioner,

Recently, a purchase agreement was signed to facilitate the sale of the New Munich Manor from Edmund and Carmella Worms to Paul and Michele Hughes.

Since the Manor is funded thru the USDA Rural Development Program, a number of items need to be addressed before the property is sold. It is a Minnesota State Law that mandates that before a property can be taken out of the USDA Rural Development Program, the tenants must receive a 1 year notice to this effect. Although Michele and I are unsure if we are going to remove the property from the USDA Rural Development Program, we feel it necessary to give the 1 year notice to provide for the option of removing it from the program in June 2006. To comply with Minnesota State Law, please find the enclosed document (Resident Impact Statement).

Please rest assured, that whether we remove the Manor from the USDA Program or we keep the Manor in the USDA Program, our primary goal is to provide you with the best housing possible at the most reasonable rental rates.

Please review the enclosed document and know that in the event we decide to terminate the USDA program, we will assist you in the conversion process (locating financial assistance programs- ie. Section 8 vouchers).

Please feel free to write us at the address noted below with any questions, concerns, or suggestions for us in regard to your daily living experience at the Manor. We look forward to providing you with your housing needs.

Respectfully submitted,


Paul and Michele Hughes
431 W Riverside Ave
McLrose, MN 56352

Edmund and Carmella Worms, the owner of The New Munich Manor, 200 West 6th Avenue, New Munich, anticipates that on or after June 15, 2006, it will terminate participation in the following federally assisted housing programs for the following number of units which apply to the project:

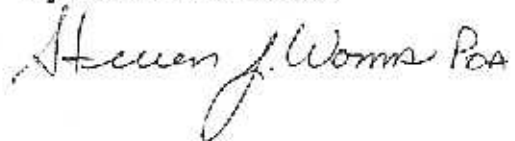
USDA Rural Development Program 12 Units

Minnesota law requires owner to submit to the residents of the project, The City of New Munich, and the Minnesota Housing Finance Agency a statement of the impact of such termination on the residents of the project. This document performs that purpose.

1. Twelve units within the project will no longer be subject to rent restriction imposed by the federal program that applies to the project effective as of the date of termination of the program which will be no earlier than twelve months after the date of this Impact Statement.
2. Owner estimates that the rents to be charged after termination will be: One Bedroom: \$350.00 as compared to the current rents charged under the federal program of \$335.00 and Two Bedroom: \$450.00 as compared to current rents charged under the federal program of \$355.00.
3. Owner proposes to assist qualified tenants who may experience an increase in rent upon termination to obtain a Section 8 voucher from the United States Department of Housing and Urban Development or the Housing and Redevelopment Authority to avoid displacement.

Dated: June 13, 2005

Edmund and Carmella Worms
By Steven Worms POA

A handwritten signature in cursive script that reads "Steven J. Worms POA". The signature is written in dark ink and is positioned below the typed name and title.