October 17, 2007

Jennifer Nelson HAP Contract Officer Minnesota Housing Finance Agency 400 Sibley Street, Suite 300 St. Paul, MN 55101-1998

> Re: Cedar Crest Apartments, Monticello, MN Contract # MN46-H162-097

Dear Ms. Nelson:

The owners of the above referenced development intend to exercise the option to terminate the Section 8 contract on or after August 8, 2008. Enclosed is a copy of the letter that we will deliver to each resident of Cedar Crest Apartments of our intent not to renew.

If you have any questions please call me.

Sincerely,

John B. Bergstad General Partner October 17, 2007

Dear Cedar Crest Resident:

Minnesota law requires us as owner and landlord of Cedar Crest Apartments, a federally subsidized rental housing project, to give you a one year written notice that effective on November 1, 2008 we intend to exercise the option to terminate or not renew the federal Section 8 contract which provides the Section 8 subsidy rental assistance at Cedar Crest Apartments.

Please review the enclosed Impact Statement and the required HUD federal notice. The HUD notice provides telephone numbers and a web site that may be of use to you.

If you have any questions please call Bergstad Properties, Inc. or your resident manager, Tracy Stanius.

Sincerely,

Cedar Crest Apartments, LLLP

John/B. Bergstad General Partner October 17, 2007

Dear Cedar Crest Resident:

The Department of Housing and Urban Development subsidizes the rent of your apartment with the project based Section 8 program. Federal law requires that owners provide tenants with a one-year notification before the expiration of a Section 8 contract. The Section 8 contract that pays the government's share of your apartment rent at Cedar Crest Apartments expires on August 8, 2008 but can be extended to November 1, 2008.

While there will be no immediate change in your rental assistance, we are required to inform you of our intended actions when the extended contract expires on November 1, 2008.

This letter is to notify you that we do not intend to renew the section 8 contract when it expires on November 1, 2008.

Since we do not intend to renew this project-based contract upon its expiration, it is our understanding that, if Congress makes funds available (which it has in the past and is expected to in the future). The Department of Housing and Urban Development will provide all eligible tenants currently residing in a Section 8 project-based assisted unit with tenant-based assistance. Unlike the current project-based Section 8 contract, Section 8 vouchers are issued to the tenants and allow them to choose the place they wish to rent. The Section 8 voucher program is administered by local Public Housing Authorities. Federal law allows you elect to continue living at this property provided that the unit, the rent, and we, the owners, meet the requirements of the Section 8 tenant-based assistance program. As an owner, we will honor your right as a tenant to remain at the property on this basis as long as it continues to be offered as rental housing, provided that there is no cause for eviction under Federal, State or local law.

You will also have the opportunity to choose another development or single family house in which to move provided that the new landlord will accept the voucher and the owner and the unit meet Section 8 tenant-based program requirements.

Please remember that project-based Section 8 rental assistance will continue to be provided on your behalf for one year. In addition, we may agree to a renewal of the project based contract with HUD, thus avoiding contract termination altogether.

Approximately four months (120 days) before the expiration of the Section 8 contract, HUD requires that we confirm our final decision to not renew this contract. Following this confirmation, you will be contacted by the local Public Housing Authority (PHA) to determine your household's eligibility for tenant-bade assistance. If you intend t apply for Section 8 tenant-based rental assistance you should not move from your current unit until you have consulted with the local PHA about your eligibility for tenant-based assistance.

If you have any questions or would like information on the Section 8 Program, the following sources may be of assistance:

Contract Administrator:

Minnesota Housing Finance Agency 651-296-7608

HUD Field Office:

Minneapolis HUD Office 612-370-3000

HUD Web Site:

http://hud.gov (Click on "rental help")

Sincerely

John B. Bergstad

Cc: Minneapolis HUD Office

Minnesota Housing Finance Agency

Impact Statement

Cedar Crest Apartments, LLLP, the owners of Cedar Crest Apartments, anticipate that on or after November 1, 2008 they will terminate participation in the federally subsidized Section 8 rental housing program. Minnesota law requires that owners provide Cedar Crest residents, the City of Monticello and Minnesota Housing Finance Agency an Impact Statement with the following information:

- 1) The 38 units at Cedar Crest Apartments will no longer be subject to the rent restrictions of the federal Section 8 program after November 1, 2008.
- 2) The estimated rents that will be charged in comparison to those charged under the Section 8 program are as follows:

Current Sec. 8 Contract Rents	Proposed Rents
37 - 1 Br \$650	\$800
1 - 2 Br \$744	\$900

The owner will assist residents in obtaining Section 8 vouchers from HUD in order to avoid displacement.

Date: October 17, 2007

Cedar Crest Apartments, LLLP.

John B. Bergstad, General Partner