

MuniMae to sell low-income housing tax credit business to private equity

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By Thomas Mason

Municipal Mortgage & Equity LLC has agreed to sell substantially all the tax credit equity business of unit MMA Financial to an affiliate of private equity firm JEN Partners LLC, the companies announced in separate June 29 releases.

Under the terms of the deal, MuniMae will sell the assets of subsidiaries MMA Equity Corp. and MMA Financial TC Corp., excluding interests in certain guaranteed funds, for aggregate consideration of approximately \$30.7 million. Of that amount, \$18.7 million will be in cash and approximately \$12 million will consist of liabilities to be assumed by the purchaser.

MuniMae's low-income housing tax credits business aggregates, syndicates and manages portfolios of low-income housing tax credit and assisted multifamily properties and manages the properties, assets related to the operation of the properties and the investment vehicles through which such properties are owned and operated.

JEN Partners will finance the acquisition with equity contributions from Real Estate Capital Partners LP, a New York-based real estate investment firm.

As part of the deal, Kenneth Cutillo will be named CEO of MMA Financial. An industry veteran, Cutillo has most recently served as a senior vice president with Alliant Asset Management Co.

The sale, which the parties expect to complete in the second half of 2009, will have two separate closings. The first closing will cover at least 30 tax credit equity funds and the operating assets of the business, inclusive of employees, with a cash payment of at least \$14 million plus the assumption of liabilities. The second closing will cover the remaining assets being transferred plus the remaining cash consideration.

Upon completion, MMA Financial will become a private company, wholly owned by JEN Partners and Real Estate Capital Partners, and will be rebranded as Boston Financial Investment Management. Its headquarters will remain in Boston.

JEN Partners received legal advice from Willkie Farr & Gallagher LLP, while Lazard and Clifford Chance advised MuniMae. *i*