



## REPORT TO THE CITY COUNCIL AND HOUSING AUTHORITY

**DATE ISSUED:** February 27, 2011

**REPORT NO:** HAR11-013

**ATTENTION:** Council President and Members of the Housing Authority of the City of San Diego  
For the Agenda of March 1, 2011

**SUBJECT:** Terramar – Acquisition and Preliminary Bond Items

**COUNCIL DISTRICT:** 1

### **REQUESTED ACTION:**

Approve a proposed plan for the San Diego Housing Commission ("Housing Commission") to acquire the land and to finance development for the 21-unit Terramar project located at 13481 to 13483 Silver Ivy Lane in the Torrey Highlands neighborhood of northern San Diego. Issuance of bonds will require Housing Authority of the City of San Diego ("Housing Authority") approval at a later date and is contingent upon the borrower obtaining all financing approvals including potential Housing Commission assistance.

### **STAFF RECOMMENDATION:**

A. That the Housing Authority of the City of San Diego approve the following actions:

1. Housing Commission purchase a 1.17 acre property located at 13481 to 13483 Silver Ivy Lane from Pardee Homes for a not to exceed purchase price of \$100.00.
2. Ratify the due diligence budget in the amount not to exceed \$35,000, excluding legal fees, to investigate the condition of the property including, but not limited to, soils and environmental investigation, drainage, accessibility standards and physical condition of the property.
3. Approve a residual receipts loan to Chelsea Investment Corporation ("CIC") a California limited partnership, in the amount of up to \$2,000,000 as gap financing for the land acquisition and development of 21 units of affordable rental housing.
4. Approve a 55-year residual receipts loan to a to-be formed tax credit limited partnership ("Borrower") in the amount of up to \$2,099,900 at three percent interest rate with a 50 percent residual receipts loan payment as gap financing for the development of 20 units of affordable rental housing and one manager's unit.

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Terramar-Acquisition and Preliminary Bond Request

5. Approve a ground lease of the property to the Borrower for a term of 65 years, with annual ground rent payments of four and one half percent (4.5%) of gross income as available from project cash flow.
  6. Authorize the Housing Commission to enter into an Option Agreement whereby the Housing Commission will have the option to purchase the leasehold improvements beginning at the end of the 15-year tax credit compliance period and extending for 36 months, for an amount equal to the greater of: (i) the fair market value of the improvements as rent restricted; or (ii) the sum of: (x) the limited partner project related tax liability; plus (y) the principal of and all accrued interest on the Commission Loan and all other loans secured by the leasehold.
  7. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$4,600,000 in Multifamily Housing Revenue Bonds for the project;
  8. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount of up to \$4,600,000 for the project;
  9. Authorize the President and Chief Executive Officer of the Housing Commission, or a designee, to execute any and all necessary documents and instruments necessary or advisable to implement the forgoing as approved by General Counsel and/or Bond Counsel.
- B. That the City Council hold a public hearing (*known as a TEFRA hearing – Tax Equity and Fiscal Responsibility Act*) and adopt a resolution approving the issuance of tax-exempt bonds in an amount of up to \$4,600,000 for the project by the Housing Authority.

**SUMMARY:**

Terramar is a to-be-constructed affordable housing project located at 13481 to 13483 Silver Ivy Lane, in the Torrey Highlands neighborhood, which is in north San Diego. Torrey Highlands is located north of State Route 56, just west of Rancho Peñasquitos and east of Pacific Highlands and is located in Subarea IV of the North City Future Urbanizing Area (NCFUA). The project would create a total of 21 affordable multifamily rental units including 4 one-bedroom, 11 two-bedroom, and 6 three-bedroom apartments (includes one manager unit). See Attachment 1 for a vicinity map.

The proposed project will be built within the 1,135 acre Torrey Highlands master planned community. The Torrey Highlands community includes parks and recreational areas, including Los Peñasquitos Canyon Reserve, Torrey Highlands Dog Park, Hilltop Recreation Center & Community Park, and Black Mountain Regional Open Space Park. The development will consist of three two-story structures with surface parking, a tot lot, a recreation area with barbeque and shaded picnic tables. It is also located across the street from Westview High School, which is in the Poway School District, and a nearby shopping center.

On May 30, 2008, the Housing Commission entered into a Master Affordable Housing Agreement (“Agreement”) with Pardee Homes to ensure the development of 21 affordable housing units. The Agreement established the Area Median Income (“AMI”) level at no more than 60 percent for the first 30 years and 65 percent for the remaining 25 years of the 55 year affordability period. While Pardee Homes is required to provide affordable housing per the Master Affordable Housing Agreement, the Housing

Commission will take ownership of the land and have an option to purchase the improvements in 15 years. In addition, the affordability requirement will be lowered to 58 percent and the affordability period will be extended to 65 years.

The proposed deal structure for this project includes Pardee Homes selling the land to the Housing Commission for \$100 and providing a \$1,500,000 grant to the Borrower to partially fund the construction costs. The Borrower will be responsible for managing the construction and operation of the property and will hire Pardee Construction as the general contractor. The Housing Commission will enter into a ground lease with the Borrower and provide a residual receipts loan up to \$2,099,900. From a project readiness standpoint, the construction drawings have been completed and building permits have been issued by the City of San Diego for the project. Construction will commence in the summer of 2011.

### **FISCAL CONSIDERATIONS:**

#### **Due Diligence**

The Housing Commission will purchase the land from Pardee Home for \$100. Housing Commission staff has hired an appraiser to evaluate the value of the land. At the time this report was prepared, staff had not received a final appraisal. It is anticipated that the appraisal will be completed prior to the Housing Authority meeting. Staff will be prepared to provide an update at the Housing Commission Board meeting.

Upon approval of the due diligence budget by the Housing Commission Board, staff will perform the following due diligence work to evaluate the feasibility of acquiring this parcel of land:

*Section 504 Compliance Review* – A disability and Section 504 specialist will be employed to review the construction drawings to ensure the floor plans meet the Section 504 design requirements.

*Geotechnical Peer Review* – A soils consultant will be employed to review the existing geotechnical report prepared on February 23, 2010, and updated on October 23, 2010, by GEOCON Geotechnical Consultants for Pardee Homes. The consultant will review the documents and prepare a general assessment of the soil conditions for the Commission.

*Grading and Drainage Peer Review* – A civil engineering firm will be employed to review the civil drawings to ensure the grading and drainage plans are in compliance with appropriate industry standards. The review will evaluate proposed drainage patterns and make appropriate design recommendations to improve the design, if necessary.

*Phase I Environmental Site Assessment* – A environmental consultant will be employed to conduct a Phase I Environmental Site Assessment of the Property to determine if there are any recognized environmental conditions present as a result of the current or historical land uses or from a known and reported off-site source. By obtaining the report, the Housing Commission will qualify for the Innocent Landowner Defense laws.

*ALTA Survey* – Prior to closing on the property, an ALTA survey will be prepared to document existing improvements, easements and encroachments.

### **Proposed Land Lease**

The Housing Commission would lease the land to the Borrower at an annual rent of four and one half percent of gross income and up to 100 percent of the project's residual receipts. The land lease will be triple net lease with all costs paid by the Borrower.

### **Proposed Schedule of Performance**

A detailed project schedule can be found as Attachment 2 to this report.

Action	Anticipated Dates
Real Estate Committee	January 7, 2011
Housing Commission Board Hearing	February 18, 2011
Housing Authority Hearing	March 1, 2011
Execute Purchase and Sale Agreement	March 21, 2011
Start Due Diligence	March 22, 2011
End of Due Diligence	May 5, 2011
CDLAC Bond Allocation	May 18, 2011
Housing Authority Final Authorization to Issue Bonds	June 7, 2011
Property and Finance Closing Date	June 30, 2011

### **Proforma Analysis**

The project proforma for a four percent tax credit project is attached to this report (Attachment 3). The following summarizes the financial details found in the proforma:

### **Sources and Uses of Funds**

Sources of Funding		Use of Funding	
Permanent Loan	\$1,224,000	Acquisition Costs	\$5,100
Housing Commission Land Acquisition and Residual Receipts Loan	\$2,035,000	Construction Cost	\$3,353,509
Contribution by Pardee	\$1,500,000	Construction Period Cost	\$275,064
4% Tax Credit Equity	\$2,703,998	Finance Expenses	\$58,439
Deferred Developer Fee	\$88,055	Legal Fees	\$170,000
		Design and Contingency Costs	\$587,130
		Capitalized Reserves	\$52,871
		Other Development Costs	\$3,048,940
<b>Total Financed</b>	<b>\$7,551,053</b>		<b>\$7,551,053</b>

### **Loan Amount**

Concurrent with closing on the bond and tax credit financing, the Housing Commission will make a residual receipts loan to the Borrower up to \$2,099,900. The Housing Commission loan shall bear a three percent simple interest rate and is expected to be secured by a second trust deed recorded against the leasehold interest. Annual payments of the Housing Commission loan will equal 50 percent of the residual receipt payments. The Housing Commission deed of trust will be subordinate to the construction

loan deed of trust and then to the permanent bank loan deed of trust, both of which will be recorded against the leasehold only and not the fee simple interest. The Housing Commission loan would be recourse until the timely completion of rehabilitation of the project, after which it would become non-recourse (as required by the tax credit program). In addition, the Housing Commission will have an option to purchase the improvements after 15 years. If the option to purchase the improvements at Year 15 is not utilized, the note would be due and payable in 55 years from the funding date of the Housing Commission loan. Acquisition of this property satisfies the requirements of the U.S. Department of Housing and Urban Development (HUD) that land and building ownership by the Housing Commission meets the definition of “acquisition and/or production,” and these units will count toward the Housing Commission’s goals of providing affordable housing within the City.

If improved debt or equity pricing are achieved, the Borrower will first make an adjustment to the total tax credit allocation as required by TCAC, then apply the excess sources of funds towards the reduction of the Housing Commission Loan. In order to ensure that the construction costs are competitive, the Housing Commission will require the Borrower to require Pardee Construction to obtain at least three competitive bids from their subcontractors. The executed contract with the General Contractor shall be a “cost plus fee and guaranteed maximum” general contract (AIA A102).

#### **Housing Affordability**

Per the Master Affordable Housing Agreement, Pardee Homes is required to provide 21 rental units for persons or families not earning more than 60 percent Area Median Income (“AMI”) for the first 30 years and 65 percent Area Median Income for the remaining 25 years of the 55 year affordability period.

Because the Housing Commission is providing a residual receipts loan to the Borrower to be used for additional gap financing for a four percent tax credit project, the average AMI has been reduced to 58 percent and the 55 year affordability period will be extended to 65 years. The following table illustrates the number of units, restricted rent levels and monthly affordability rent restriction levels:

**Updated Affordability Rent Table**

Type	AMI	Number of Units	Net Square Feet/Unit	Gross Rents	Utility Allowance	Monthly Net Rent	Est. Market Rents
1 BR/ 1 BA	50%	1	717	\$736	\$22	\$714	\$1,650
1 BR/1 BA	60%	3	717	\$883	\$22	\$861	\$1,650
2 BR/1 BA	50%	2	950	\$883	\$30	\$853	\$2,200
2 BR /1 BA	60%	9	950	\$1060	\$30	\$1030	\$2,200
3 BR/2 BA	50%	1	1,243	\$981	\$36	\$945	\$2,650
3 BR/2 BA	60%	4	1,243	\$1,178	\$36	\$1,142	\$2,650
3 BR/2 BA	MGR	1	1,250	\$0	\$0	\$0	\$2,650
<b>Total</b>		<b>21</b>					

#### **Development Team**

The project will be developed and owned by the Borrower (a to-be-formed single asset limited partnership) whose general partners will be Chelsea Investment Corporation (“CIC”) and Pacific Southwest Community Development Corporation (“PSCDC”) (or affiliates).

Since formed in 1984, CIC has financed and developed over 5,600 affordable housing units and has also developed over 2,100 inclusionary housing units in San Diego, Chula Vista, and Carlsbad. CIC provides financial engineering, development, asset management and property management services. Although CIC will be applying for the bond inducement and project financing, Pardee Homes will be responsible for construction of the project. The construction drawings are completed and building permits have been issued by the City of San Diego for the project.

The Managing General Partner, Pacific Southwest Community Development Corporation (PSCDC) is a non-profit organization that has developed 36 affordable apartments in California and Arizona since 1993. They currently are the managing general partner of over 3,000 units of affordable housing. Statements for public disclosure for CIC and PSCDC are included as Attachment 4. It is anticipated that The Richman Group will be the tax credit investor.

#### **Selection of the Financing Team Members**

Staff recommends assigning The PFM Group as financial advisor and Quint & Thimmig, LLP as bond counsel to work on the project. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial advisors and bond counsels are designated on a rotating basis from the firms selected through a competitive RFP process.

#### **Proposed Housing Bonds**

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make federal tax credits available) to developers of affordable housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a project, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, projects are brought before the Housing Commission, Housing Authority, and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal and City Council TEFRA resolutions must be secured no later than 30 days after application submittal.

It is anticipated that the project will receive a bond allocation at CDLAC's March 2011 meeting; however, if necessary, staff will submit additional applications to CDLAC during 2011 to secure a bond allocation for the project. A general description of the Multifamily Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

The \$4,600,000 allocation that will be sought from CDLAC is approximately 20 percent higher than the amount for which the project is currently being underwritten (\$3,800,000). The developer has requested this cushion to account for possible increases in the bond amount due to increases in construction costs or decreases in the assumed interest rate. Of the total \$4,600,000 estimated bond issuance amount, approximately \$3,800,000 in housing revenue bonds will be used to finance the construction of the project and will be paid off at conversion to permanent financing. The permanent bond amount is estimated to be approximately \$1,200,000 and will be based upon project costs, revenues, and interest rates at the time of bond issuance.

The developer currently proposes to issue the bonds through a private placement with U.S. Bank. The bonds would meet all the requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and would fully comply with the City's ordinance on bond disclosure.

**COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

On February 18, 2011, the Housing Commission Board recommended approval of the acquisition and residual receipts loan to the Housing Authority.

On January 7, 2011, the Real Estate Committee for the Housing Commission recommended approval of the acquisition and residual receipts loan to the Housing Commission Board.

On January 5, 2005, the Rancho Peñasquitos Community Planning Board voted 12:0:1 to recommend approval of the project with no conditions. There is no City Council recognized Community Planning Group in Torrey Highlands.

**KEY STAKEHOLDERS & PROJECTED IMPACTS:**

Stakeholders include Chelsea Investment Corporation, Pacific Southwest Community Development Corporation, the San Diego Housing Commission, and the Torrey Highlands community. Development of the property is expected to have a positive impact on the community because it will provide much-needed high quality rental units affordable to low-income and very low-income families.

**ENVIRONMENTAL REVIEW:**

This activity is adequately addressed in Mitigated Negative Declaration Project No. 2266, for the Penasquitos West project, which also includes the Terramar project, (approved by City Council, August 2, 2005) and is part of a series of subsequent discretionary actions, and therefore not considered to be a separate project for purposes of State of California Environmental Quality Act (CEQA) review as defined in State CEQA Guidelines Section §15378(c). Pursuant to Section 15162 of CEQA, there is no change in circumstance, additional information or project changes to warrant additional environmental review. Processing under the National Environmental Policy Act is not required as no federal funds are involved.

Respectfully submitted,



Roger Green  
Real Estate Project Manager  
Real Estate Department

Approved by,



Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer

**Attachments:**

1. Location Map
2. Project Schedule
3. Borrower Proforma
4. Developer' Statement for Public Disclosure
5. Multifamily Bond Program Summary

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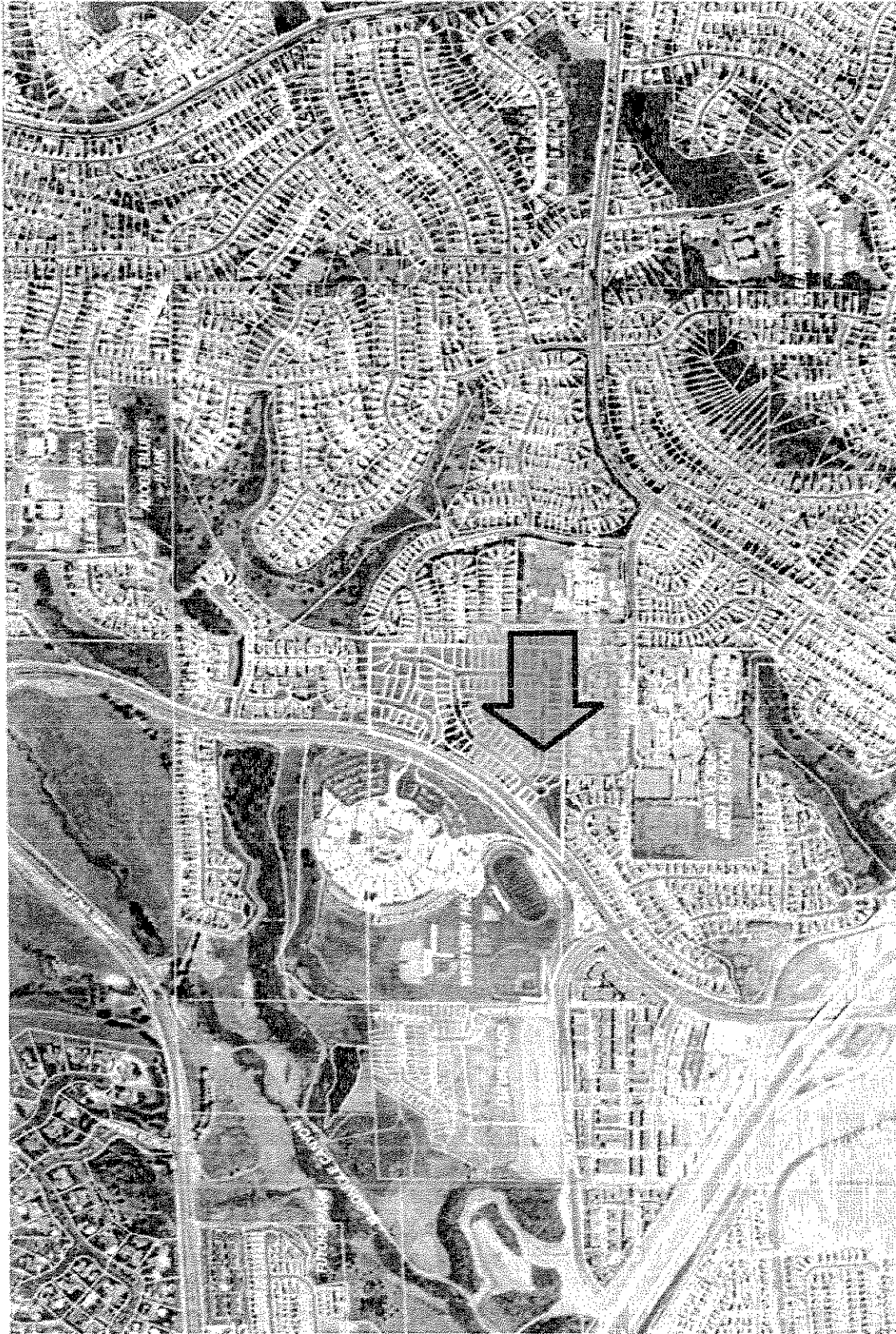
Terramar-Acquisition and Preliminary Bond Request

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

Information: R.Green (619) 578-7587 or A. Kern (619) 578-7582



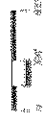
# ATTACHMENT 1



**Penasquitos West Site**

by the City of San Diego  
 Planning Department  
 1000 Camino del Rio South, Suite 1000  
 San Diego, CA 92108

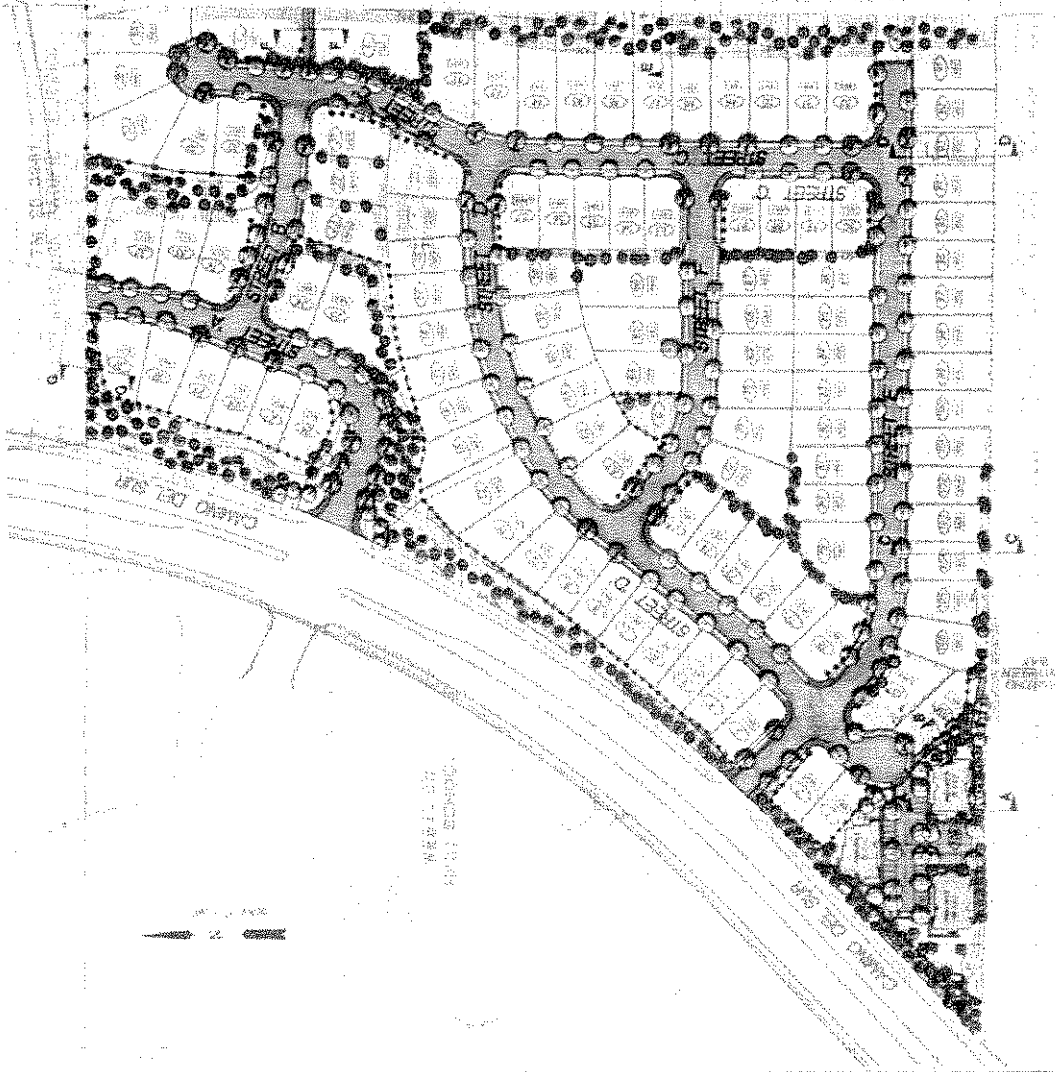
USE: Aerial view of the proposed site and surrounding area. The image is not to scale. The image is for informational purposes only and does not constitute a legal document.



**2004 Aerial with Parcels**

# PENASQUITOS WEST - SITE PLAN

BLACK MOUNTAIN VISTA NORTH  
 UNIT NO. 3 MAP NO. 115M  
 BLACK MOUNTAIN VISTA NORTH  
 UNIT NO. 3 MAP NO. 115M  
 BLACK MOUNTAIN VISTA NORTH  
 UNIT NO. 3 MAP NO. 115M





## Terramar Acquisition Schedule

ID	Task Name	Duration	Start	Finish	ay	5/2/10	5/9/10	5/16/10	5/23/10	5/30/10	6/6/10
1	<b>Legal Documents</b>	29 days	Fri 2/18/11	Wed 3/30/11							
2	Housing Commission Approval	1 day	Fri 2/18/11	Fri 2/18/11							
3	Housing Authority Approval	1 day	Tue 3/1/11	Tue 3/1/11							
4	Draft PSA delivered to buyer	1 day	Thu 2/24/11	Thu 2/24/11							
5	Finalize & Execute PSA	17 days	Fri 2/25/11	Mon 3/21/11							
6	Open Escrow	3 days	Fri 3/25/11	Tue 3/29/11							
7	Wire Deposit to escrow	1 day	Wed 3/30/11	Wed 3/30/11							
8	Start of Due Diligence Period (45 Days)	0 days	Mon 3/21/11	Mon 3/21/11							
9	Due Diligence Materials Delivered to Buyer	2 days	Tue 3/22/11	Wed 3/23/11							
10	Review Title Report	5 days	Thu 3/24/11	Wed 3/30/11							
11											
12	<b>Due Diligence (45 Days)</b>	63 days	Tue 2/8/11	Thu 5/5/11							
13	Appraisal Report	20 edays	Tue 2/8/11	Mon 2/28/11							
14	Review and Approve Title	20 edays	Tue 3/22/11	Mon 4/11/11							
15	Drainage and Grading Review	30 edays	Tue 3/22/11	Thu 4/21/11							
16	Phase I Report	30 edays	Tue 3/22/11	Thu 4/21/11							
17	Geotechnical Peer Review	30 edays	Tue 3/22/11	Thu 4/21/11							
18	ALTA Survey	30 edays	Tue 3/22/11	Thu 4/21/11							
19	Section 504 Analysis	30 edays	Tue 3/22/11	Thu 4/21/11							
20	Due Diligence Period End Date	45 edays	Mon 3/21/11	Thu 5/5/11							
21											
22	<b>Financing</b>	58 days	Fri 3/18/11	Tue 6/7/11							
23	CDLAC Application	1 day	Fri 3/18/11	Fri 3/18/11							
24	TCAC Application	1 day	Wed 3/23/11	Wed 3/23/11							
25	Bond Allocation	1 day	Wed 5/18/11	Wed 5/18/11							
26	HA Final Authority to Issue Bonds	1 day	Tue 6/7/11	Tue 6/7/11							
27											
28	<b>Property Closing (Assumes No Appeal is Filed)</b>	39 days	Fri 5/6/11	Thu 6/30/11							
29	ALTA Policy Prepared and Delivered	5 days	Fri 5/6/11	Thu 5/12/11							
30	Wire Money to Escrow	2 days	Mon 6/27/11	Tue 6/28/11							
31	Closing Date	1 eday	Wed 6/29/11	Thu 6/30/11							

Terramar Acquisition Schedule  
January 27, 2011

Task	Milestone	External Tasks
Split	Summary	External Milestone
Progress	Project Summary	Deadline

EXHIBIT A: PROJECT SUMMARY

Terramar 21  
4% Tax Credits  
21 Units

PROJECT DEAL STRUCTURE

<u>Development Costs</u>	
Eligible Costs	7,285,678
Ineligible Costs	265,375
<u>Total Development Costs</u>	<u>7,551,053</u>
<u>Sources:</u>	
Federal LIHTC Equity	2,703,998
Pardee Contribution	1,500,000
Permanent Loan	1,224,000
Deferred Developer Fee/GAP	88,055
SDHC Loan	2,035,000
<u>Total Sources</u>	<u>7,551,053</u>
<u>Prevailing Wage (Y/N):</u>	
Developer Fee	100%
Deferred Fee	9%
	Yes

FINANCING ASSUMPTIONS

4% Tax Rate	February-11	3.32%
Annual Federal Tax Credits		314,450
Federal Tax Credit Price		\$ 0.8600
State Tax Credit Price		\$ -
Opr. Exp./Unit/Year		5,000
Replacement Reserves/Unit/Year		350
Vacancy Rate		5.00%
DCR		1.20
Perm Loan Amort		30
Interest Rate - Permanent Loan		6.25%
Interest Rate - Construction Loan		4.50%
Tax-Exempt Bonds - Construction/Perm		1,224,000
Tax-Exempt Bonds - Construction		2,558,281
<u>Total Bonds</u>		<u>3,782,281</u>
50% Test		51.88%

PROJECT UNIT & INCOME MIX

AMI	Studio	1BR	2BR	3BR	Totals
60%	0	3	9	4	16
50%	0	1	2	1	4
40%	0	0	0	0	0
30%	0	0	0	0	0
Mgr.	0	0	0	1	1
<u>Totals</u>	<u>0</u>	<u>4</u>	<u>11</u>	<u>5</u>	<u>21</u>
Housing Set-A-Side					"Multi-Family"



# EXHIBIT C: PROJECTED SOURCES AND USES OF FUNDS

Terramar 21  
21 units

		Pre-Dev	Construction Period 7 months				Construction	Completion/BE	Conversion	9609	Total
			Close	Quarter 1	Quarter 2	Quarter 3	Subtotal	Clrs 3 & 4			
				40%	60%	0%					
SOURCES OF FUNDS											
1	Federal LIHTC Equity		540,800	-	-	-	540,800	-	2,027,898	135,200	2,703,998
2	State LIHTC Equity		-	-	-	-	-	-	-	-	-
3	Construction Loan		-	693,562	2,629,703	383,990	3,707,246	75,034	(3,782,281)	-	1,224,000
4	Permanent Loan		-	-	-	-	-	-	1,224,000	-	88,055
5	Deferred Developer Fee/GAP		-	-	-	-	-	-	88,055	-	2,000,000
6	SDHC Loan	\$95,238/Unit	1,260,000	-	500,000	-	1,760,000	-	240,000	-	1,600,000
7	Pardee Contribution		-	-	700,000	-	700,000	-	800,000	-	35,000
8	SDHC Housing Trust		35,000	-	-	-	35,000	-	-	-	-
8	Total Sources of Funds		1,835,800	693,562	3,829,703	383,990	6,743,046	75,034	597,773	135,200	7,551,053
USES OF FUNDS											
ACQUISITION											
10	Donated Land Cost	\$5/Unit	100	-	-	-	100	-	-	-	100
12	Demolition		-	-	-	-	-	-	-	-	-
13	Legal & Carrying Costs		5,000	-	-	-	5,000	-	-	-	5,000
14	Other:		-	-	-	-	-	-	-	-	-
15	Total Land / Acquisition		5,100	-	-	-	5,100	-	-	-	5,100
NEW CONSTRUCTION											
18	Off-site Improvements	\$8,000/sq ft	-	-	-	-	-	-	-	-	-
19	Site Work	\$83.31/sq ft	190,645	381,290	571,932	-	1,143,867	-	-	-	1,143,867
20	Structures	\$536.16/sq ft	-	591,940	1,028,106	248,237	1,869,283	-	-	-	1,869,283
21	General Requirements		20,259	40,518	80,779	20,259	141,815	-	-	-	141,815
22	Contractor Overhead		8,104	16,208	24,313	8,104	66,729	-	-	-	55,729
23	Contractor Profit		20,258	40,518	80,779	20,259	141,815	-	-	-	141,815
24	Contractor General Liability Insurance		-	-	-	-	-	-	-	-	-
25	Other:		-	-	-	-	-	-	-	-	-
26	Total New Construction	\$244.25/sq ft	239,267	1,070,474	1,745,909	297,859	3,363,509	-	-	-	3,353,509
ARCHITECTURAL											
28	Design		28,571	57,143	85,714	28,572	200,000	-	-	-	200,000
29	Supervision		-	4,000	6,000	2,000	12,000	-	-	-	12,000
30	Total Architectural		28,571	61,143	91,714	30,572	212,000	-	-	-	212,000
SURVEY & ENGINEERING											
33	Engineering		18,429	32,857	49,286	16,428	115,000	-	-	-	115,000
34	ALTA Land Survey		7,500	-	-	-	7,500	-	-	-	7,500
35	Total Survey & Engineering		23,929	32,857	49,286	16,428	122,500	-	-	-	122,500
CONTINGENCY COSTS											
38	Hard Cost Contingency	5%	11,963	53,524	87,285	14,893	167,675	-	-	-	167,675
39	Soft Cost Contingency	3%	24,087	3,555	55,238	2,075	84,954	-	-	-	84,954
40	Total Contingency		36,050	57,079	142,523	16,968	252,630	-	-	-	252,630
CONSTRUCTION PERIOD EXPENSES											
43	Construction Loan Interest		-	2,501	17,664	12,462	32,727	63,014	-	-	95,741
44	Origination Fee	1.00%	37,823	-	-	-	37,823	-	-	-	37,823
45	Credit Enhancement & Application Fee		1,500	-	-	-	1,500	-	-	-	1,500
46	Owner Paid Bonds		-	-	-	-	-	-	-	-	-
47	Lender Inspection Fees		-	-	-	-	-	-	-	-	-
48	Taxes During Construction		-	-	-	-	-	-	-	-	-
49	Prevailing Wage Monitor		-	7,500	7,500	2,500	17,500	-	-	-	17,500
50	Insurance During Construction		50,000	-	-	-	50,000	-	-	-	50,000
51	Title and Recording Fees		20,000	-	-	-	20,000	-	-	-	20,000
52	Construction Mgmt. and Testing		2,500	5,000	7,500	2,500	17,500	-	-	-	17,500
53	Predevelopment Loan Interest		-	-	-	-	-	-	-	-	-
54	Other: SDHC Due Diligence Expenses		35,000	-	-	-	35,000	-	-	-	35,000
55	Total Construction Period Expense		146,823	15,101	32,664	17,462	212,050	63,014	-	-	275,064
PERMANENT FINANCING EXPENSES											
59	Loan Origination Fees	1.00%	-	-	-	-	-	-	12,240	-	12,240
60	Credit Enhancement & Application Fee		-	-	-	-	-	-	12,500	-	12,500
61	Title and Recording Fees		-	-	-	-	-	-	-	-	-
62	Property Taxes		-	-	-	-	-	-	-	-	-
63	Insurance		-	-	-	-	-	-	-	-	-
64	Other: Bond Underwriter Fee and Expense		25,000	-	-	-	25,000	-	-	-	25,000
65	Other: Issuer Fee	0.22%	8,698	-	-	-	8,698	-	-	-	8,698
66	Total Permanent Financing		33,698	-	-	-	33,698	-	24,740	-	58,439
LEGAL FEES											
70	Construction Lender Legal		45,000	-	-	-	45,000	-	-	-	45,000
71	Permanent Lender Legal		40,000	-	-	-	40,000	-	-	-	40,000
72	Sponsor Legal		75,000	-	-	-	75,000	-	-	-	75,000
73	Organizational Legal		-	-	-	-	-	-	-	-	-
74	Syndication Legal		-	-	-	-	-	-	-	-	-
75	CPA, Opinion		-	-	-	-	-	-	-	-	-
76	Other: GP Legal		10,000	-	-	-	10,000	-	-	-	10,000
77	Total Legal Fees		170,000	-	-	-	170,000	-	-	-	170,000
CAPITALIZED RESERVES											
79	Operating Reserve		-	-	-	-	-	-	52,871	-	52,871
80	Replacement Reserve		-	-	-	-	-	-	52,871	-	52,871
81	Total Reserves		-	-	-	-	-	-	105,742	-	105,742

# **EXHIBIT C: PROJECTED SOURCES AND USES OF FUNDS**

Terramar 21

21 units

	Pre-Dev	Close	Construction Period 7 months			Construction Subtotal	Completion/BE Ctrs 3 & 4	Conversion	8609	Total
			Quarter 1 40%	Quarter 2 60%	Quarter 3 0%					
87										
88	REPORTS & STUDIES									
89	Appraisal	-	-	-	-	-	-	-	-	-
90	Market Study	6,000	-	-	-	6,000	-	-	-	6,000
91	Physical Needs Assessment	-	-	-	-	-	-	-	-	-
92	Environmental Studies	10,000	-	-	-	10,000	-	-	-	10,000
97	Total Reports & Studies	16,000	-	-	-	16,000	-	-	-	16,000
98										
99	OTHER									
100	TCAC App./Alloc./Monitoring Fees	8,289	-	-	-	8,289	-	5,056	-	13,344
101	CDLAC/CDIAC Fees	13,805	-	-	-	13,805	-	-	-	13,805
102	Local Permit Fees	190,936	-	-	-	190,936	-	-	-	190,936
103	Local Development Impact Fees	159,765	-	1,653,483	-	1,813,248	-	-	-	1,813,248
104	Other Costs of Bond Issuance	7,500	-	-	-	7,500	-	-	-	7,500
105	Syndicator/Investor Fees & Expenses	-	-	-	-	-	-	-	-	-
106	Furnishings	-	-	-	-	-	-	-	-	-
107	Final Cost Audit Expense	-	-	-	-	-	7,500	-	-	7,500
108	Marketing	-	2,250	3,400	1,130	6,780	4,520	-	-	11,300
109	Financial Consulting	-	-	-	-	-	-	-	-	-
110	Real Estate Taxes	-	-	-	-	-	-	-	-	-
111	Other: Accounting/Finance/Admin	3,571	7,143	10,714	3,571	25,000	-	-	-	25,000
112	Other: TCAC Application Prep	-	-	-	-	-	-	-	-	-
113	Other: Service Fee	-	-	-	-	-	-	-	-	-
114	Total Other Costs	383,567	9,393	1,667,587	4,701	2,055,558	12,020	5,056	-	2,082,534
115										
116	DEVELOPER COSTS									
117	Developer Fee	100,000	100,000	100,000	-	300,000	-	515,106	135,200	950,306
120	Syndication Consultant	-	-	-	-	-	-	-	-	-
124	Total Developer Costs	100,000	100,000	100,000	-	300,000	-	515,106	135,200	950,306
125										
126										
127	Total Uses of Funds	1,183,308	1,345,046	3,829,703	383,990	6,743,046	75,034	597,773	135,200	7,551,053
128	Not Source & Use	652,484	(652,484)	-	-	-	-	-	-	-
129	Distributions	-	-	-	-	-	-	-	-	-
130	Balance of Funds	652,484	-	-	-	-	-	-	-	-

0.37%  
\$9,092/unit  
\$90,345/unit

# EXHIBIT E: OPERATING BUDGET & INCOME ANALYSIS

Terramar 21

Rent:	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Utility Allowance	Monthly Net Rent	Annual Rent
1BR/1BA	60%	3	717	2,151	883	22	861	30,996
1BR/1BA	50%	1	717	717	736	22	714	8,568
2BR/1BA	60%	9	950	8,550	1,060	30	1,030	111,240
2BR/1BA	50%	2	950	1,900	883	30	853	20,472
3BR/2BA	MGR	1	1,250	1,250	0	0	0	0
3BR/2BA	60%	4	1,243	4,972	1,178	36	1,142	54,816
3BR/2BA	50%	1	1,243	1,243	981	36	945	11,340
Clubhouse and other			0				0	0
Total Rents		21		13,318				237,432
Common Area								
Construction Square Feet				13,730				
Laundry								
Other Income (App. Fees, Late, etc.)			\$ 12.00	Per unit/ Per month				3,024
Sub-Total			\$ 5.00	Per unit/ Per month				1,260
Less: Vacancies @			5%					241,716
Total Income								12,086
Total Expenses			\$ 5,000	Per Unit				\$229,630
Net Operating Income								105,000
Reserves			\$350.00/unit					\$124,630
Annual Issuer Admin Fee			0.23%					7,350
Net Income Available for Debt Service								8,699
								108,581

Perm Loan :								
Debt Service Coverage	1.20				Per Loan Sizing			1,224,000
Interest	6.25%				Per Bank			1,224,000
Term	30				Loan Amount			1,224,000
Amortization	30				Monthly Payment			7,536
					Annual Payment			90,437
					Cash Flow After D/S			18,144



**EXHIBIT D: TAX CREDITS & BASIS CALCULATION**

TerraMar 21

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	30% ELIGIBLE BASIS	70% ELIGIBLE BASIS
<b>ACQUISITION</b>			
Land Cost	\$ 100	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Demolition	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Legal & Conveying Costs	\$ 5,000	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Other:	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
<b>TOTAL LAND/ACQUISITION COSTS</b>	<b>\$ 5,100</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NEW CONSTRUCTION</b>			
Off-Site Improvements	\$ -		\$ -
Site Work	\$ 1,143,867		\$ 1,143,867
Structures	\$ 1,889,283		\$ 1,889,283
General Requirements	\$ 141,815		\$ 141,815
Contractor Overhead	\$ 86,729		\$ 86,729
Contractor Profit	\$ 141,815		\$ 141,815
Contractor General Liability Insurance	\$ -		\$ -
Other:	\$ -		\$ -
<b>TOTAL CONSTRUCTION</b>	<b>\$ 3,353,609</b>		<b>\$ 3,353,609</b>
<b>ARCHITECTURAL FEES</b>			
DESIGN	\$ 200,000		\$ 200,000
SUPERVISION	\$ 12,000		\$ 12,000
<b>TOTAL ARCHITECTURAL COSTS</b>	<b>\$ 212,000</b>		<b>\$ 212,000</b>
<b>SURVEY &amp; ENGINEERING</b>			
Engineering	\$ 115,000		\$ 115,000
ALTA Land Survey	\$ 7,500		\$ 7,500
<b>TOTAL SURVEY &amp; ENGINEERING</b>	<b>\$ 122,500</b>		<b>\$ 122,500</b>
<b>CONTINGENCY COSTS</b>			
Hard Cost Contingency	\$ 157,875		\$ 157,875
Soft Cost Contingency	\$ 84,954		\$ 84,954
<b>TOTAL CONTINGENCY COSTS</b>	<b>\$ 252,830</b>		<b>\$ 252,830</b>
<b>CONSTRUCTION PERIOD EXPENSES</b>			
Construction Loan Interest	\$ 85,741		\$ 32,727
Origination Fee	\$ 37,823		\$ 37,823
Credit Enhancement & Application Fee	\$ 1,500		\$ 1,500
Owner Paid Bonds	\$ -		\$ -
Lender Inspection Fees	\$ -		\$ -
Taxes During Construction	\$ -		\$ -
Prevailing Wage Monitoring	\$ 17,500		\$ 17,500
Insurance During Construction	\$ 50,000		\$ 50,000
Title and Recording Fees	\$ 20,000		\$ 20,000
Construction Management & Testing	\$ 17,500		\$ 17,500
Predevelopment Loan Interest	\$ -		\$ -
Other: SDHC Due Diligence Expenses	\$ 35,000		\$ 35,000
<b>TOTAL CONSTRUCTION PERIOD EXPENSE</b>	<b>\$ 275,044</b>		<b>\$ 212,050</b>
<b>PERMANENT FINANCING EXPENSES</b>			
Loan Origination Fee	\$ 12,240	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Credit Enhancement & Application Fee	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Title and Recording Fees	\$ 12,500	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Property Taxes	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Insurance	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Other: Bond Underwriter Fee and Expense	\$ 25,000	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Other: Issuer Fee	\$ 8,699	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
<b>TOTAL PERMANENT FINANCING COSTS</b>	<b>\$ 58,439</b>	<b>XXXXXXXXXXXXXX</b>	<b>XXXXXXXXXXXXXX</b>

## EXHIBIT D: TAX CREDITS &amp; BASIS CALCULATION

Page 2

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	10% ELIGIBLE BASIS	30% ELIGIBLE BASIS
<b>LEGAL FEES</b>			
Construction Lender Legal	\$ 45,000		\$ 45,000
Permanent Lender Legal	\$ 40,000		XXXXXXXXXXXXXX
Sponsor Legal	\$ 75,000		\$ 75,000
Organizational Legal	\$ -		\$ -
Syndication Legal	\$ -		XXXXXXXXXXXXXX
CPA, Opinion	\$ -		\$ -
Other: GP Legal	\$ 10,000		\$ 10,000
<b>TOTAL LEGAL</b>	<b>\$ 170,000</b>		<b>\$ 130,000</b>
<b>CAPITALIZED RESERVES</b>			
Operating Reserve	\$ 52,871	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Replacement Reserve	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
<b>TOTAL RESERVE COSTS</b>	<b>\$ 52,871</b>	<b>XXXXXXXXXXXXXX</b>	<b>XXXXXXXXXXXXXX</b>
<b>REPORTS &amp; STUDIES</b>			
Appraisal	\$ -		\$ -
Market Study	\$ 8,000		\$ 8,000
Physical Needs Assessment	\$ -		\$ -
Environmental Studies	\$ 10,000		\$ 10,000
<b>TOTAL REPORTS &amp; STUDIES</b>	<b>\$ 16,000</b>		<b>\$ 16,000</b>
<b>OTHER EXPENSES</b>			
TCAC Application/Allocation/Monitoring Fees	\$ 13,344	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
CDLAC/CDIAC Fees	\$ 13,805		\$ -
Local Permit Fees	\$ 190,936		\$ 190,936
Local Development Impact Fees	\$ 1,813,248		\$ 1,813,248
Other Costs of Bond Issuance	\$ 7,500		\$ -
Syndicator/Investor Fees & Expenses	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Furnishings	\$ -		\$ -
Final Cost Audit Expense	\$ 7,500		\$ 7,500
Marketing	\$ 11,300	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Financial Consultant	\$ -		\$ -
Real Estate Taxes	\$ -		\$ -
Other: Accounting/Finance/Admin	\$ 25,000		\$ 25,000
Other: TCAC Application Prep	\$ -		\$ -
Other: Service Fee	\$ -		\$ -
<b>TOTAL OTHER COSTS</b>	<b>\$ 2,082,634</b>		<b>\$ 2,036,684</b>
<b>DEVELOPER COSTS</b>			
Developer Fee Limit	\$ 2,000,000		\$ 1,400,000
Developer Fee Calculation	\$ 950,306		\$ 950,306
Developer Fee	\$ 850,308		\$ 950,306
<b>TOTAL DEVELOPER FEE</b>	<b>\$ 950,306</b>		<b>\$ 950,306</b>
<b>TOTAL RESIDENTIAL COSTS</b>	<b>\$ 7,551,053</b>		<b>\$ 7,285,878</b>
<b>TOTAL COMMERCIAL COSTS</b>	<b>\$ -</b>		<b>\$ -</b>
<b>TOTAL PROJECT AND BASIS COSTS</b>	<b>\$ 7,551,053</b>		<b>\$ 7,285,878</b>
Adjustment for Excess Basis			\$ -
Additional Amount Voluntarily Excluded From Basis			\$ -
Requested Undeadjusted Eligible Basis			\$ 7,285,878
<b>130% DIFFICULT DEVELOPMENT FACTOR?</b>	Tract #: Not Avail	y	\$ 9,471,382
Credit Reduction		0.00%	\$ -
Total Adjusted Qualified Basis			\$ 9,471,382
<b>TX CREDITS @ Tx Credit Rt @ % LI Eligible</b>	3.32%	100.00%	\$ 314,450
	2/1/2011		
<b>TX CREDITS OVER TEN YEARS</b>			\$ 3,144,499
State Tax Credits - 13% of Eligible Basis & Over 4 Yrs		0.00%	\$ -
State Tax Credits Equity	\$ -		\$ -
<b>TX CREDIT EQTY @ % Investment</b>	\$ 0.8650	99.98%	\$ 2,703,998

51.83%

## January 21

[illegible]

**January 21**

[illegible]

## Terramar 21

[illegible]

### Remaining Cash Flow After Partnership Distribution

15 Year Cashflow  
 Termmar 21

			43	44	45	46	47	48	49	50	51	52	53	54	55	56
Total Income, net vacancies	Inflation @	2.00%	527,517	538,067	548,828	559,805	571,001	582,421	594,069	605,951	618,070	630,431	643,040	655,901	669,019	682,389
Operating Expenses	Inflation @	3.00%	363,373	374,274	385,502	397,068	408,980	421,248	433,686	446,903	460,310	474,119	488,343	502,993	518,083	533,625
<u>Net Operating Income</u>			<u>164,144</u>	<u>163,793</u>	<u>163,328</u>	<u>162,737</u>	<u>162,021</u>	<u>161,172</u>	<u>160,383</u>	<u>159,048</u>	<u>157,760</u>	<u>156,312</u>	<u>154,697</u>	<u>152,907</u>	<u>150,938</u>	<u>148,774</u>
Principal and Interest		6.25%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Issuer Fee		0.00%	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899
Replacement Reserves		3.00%	26,436	26,199	26,985	27,795	28,628	29,487	30,372	31,283	32,222	33,188	34,184	35,210	36,268	37,354
LP Fee		3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Services Fee		3.00%	17,303	17,823	18,357	18,909	19,475	20,059	20,661	21,281	21,920	22,577	23,254	23,952	24,671	25,411
<u>Net Project Cash Flow</u>			<u>112,705</u>	<u>111,072</u>	<u>109,284</u>	<u>107,335</u>	<u>105,218</u>	<u>102,926</u>	<u>100,450</u>	<u>97,784</u>	<u>94,919</u>	<u>91,847</u>	<u>88,559</u>	<u>85,047</u>	<u>81,300</u>	<u>77,310</u>
DSCR																
ADJUSTMENTS:																
Deferred Developer Fee	100% of Avail Cashflow	1.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SDHC Land Lease		4.50%	23,738	24,213	24,697	25,191	25,695	26,209	26,733	27,266	27,813	28,369	28,937	29,516	30,106	30,708
<u>Cash Available After Adjustments</u>			<u>88,967</u>	<u>86,859</u>	<u>84,587</u>	<u>82,144</u>	<u>79,523</u>	<u>76,717</u>	<u>73,717</u>	<u>70,516</u>	<u>67,106</u>	<u>63,478</u>	<u>59,622</u>	<u>55,531</u>	<u>51,194</u>	<u>46,602</u>
Cash Available to Pay Soft Loans		50.00%	<u>44,483</u>	<u>43,429</u>	<u>42,293</u>	<u>41,072</u>	<u>39,762</u>	<u>38,368</u>	<u>36,889</u>	<u>35,258</u>	<u>33,553</u>	<u>31,739</u>	<u>29,811</u>	<u>27,766</u>	<u>25,597</u>	<u>23,301</u>
SDHC Loan	100.0% of Avail Cashflow	3.00%	44,483	43,429	42,293	41,072	39,762	38,368	36,889	35,258	33,553	31,739	29,811	27,766	25,597	0
<u>Cash Flow Available After Soft Loan Loans</u>		60.00%	<u>44,483</u>	<u>43,429</u>	<u>42,293</u>	<u>41,072</u>	<u>39,762</u>	<u>38,368</u>	<u>36,889</u>	<u>35,258</u>	<u>33,553</u>	<u>31,739</u>	<u>29,811</u>	<u>27,766</u>	<u>25,597</u>	<u>46,602</u>
Cash Flow to LP		0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Cash Flow Available after LP</u>			<u>44,483</u>	<u>43,429</u>	<u>42,293</u>	<u>41,072</u>	<u>39,762</u>	<u>38,368</u>	<u>36,889</u>	<u>35,258</u>	<u>33,553</u>	<u>31,738</u>	<u>29,811</u>	<u>27,766</u>	<u>25,597</u>	<u>46,602</u>
Partnership Admin Fee (60% of Cash Flow)		80.00%	35,567	34,745	33,845	32,858	31,869	30,867	29,867	28,207	26,842	25,391	23,849	22,242	20,478	37,281
<u>Cash Flow Available after Partnership Admin Fee</u>			<u>8,917</u>	<u>8,684</u>	<u>8,449</u>	<u>8,214</u>	<u>7,952</u>	<u>7,672</u>	<u>7,372</u>	<u>7,052</u>	<u>6,711</u>	<u>6,349</u>	<u>5,962</u>	<u>5,553</u>	<u>5,119</u>	<u>9,320</u>
LP Distribution		99.99%	8,896	8,885	8,456	8,214	7,852	7,671	7,371	7,051	6,710	6,347	5,962	5,553	5,119	9,319
GP Distribution		0.01%	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Remaining Cash Flow After Partnership Distribution																

**12. Answered**

1.224.000100%<sup>1</sup> Available Cash Flow100.0% of Asset Cashflow

### Remaining Cash Flow After Partnership Distribution



(add extra sheets if you need more space)

- 1122 Broadway • Suite 300 • San Diego CA 92101 • V. 619.578.7556 • F. 619.578.7356 • [www.sdhc.org](http://www.sdhc.org)



Developer Disclosure Statement Page 2

- a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.

James J. Schmid – President – 100% Shareholder  
Lynn Schmid - Secretary  
5993 Avenida Encinas, #101  
Carlsbad, CA 92008  
Phone: 760-456-6000

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body. N/A
- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest. N/A
- d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest. N/A
- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%. N/A

<u>Name, Address &amp; Zip Code</u>	<u>Phone Number</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
-------------------------------------	---------------------	---

7. Name, address and nature and extent of interest of each person or entity (not named in response to Item 6) who has a beneficial interest in any of the shareholders or investors named in response to Item 6 which gives such person or entity more than a computed 10% interest in the developer (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20% of the stock of the developer): N/A

<u>Name, Address and Zip Code</u>	<u>Description of character and extent of interest</u>
-----------------------------------	--

Developer Disclosure Statement Page 3

8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above: N/A
9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm.

None, by exclusion of affiliations of less than 1%.

10. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:

Tax Credit Equity  
Public Agency Subsidy  
Master Developer Contribution

11. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking: N/A

- a. In banks:

<u>Name, Address and ZIP Code of Bank</u>	<u>\$ Amount</u>
---	------------------

- b. By loans from affiliated or associated corporations or firms:

<u>Name, Address and ZIP Code of Source</u>	<u>\$ Amount</u>
---	------------------

- c. By sale of readily salable assets:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
--------------------	---------------------	---------------------------

12. Name and addresses of bank references:

Charmaine Atherton  
Senior Vice President  
Bank of America  
333 South Hope Street  
11<sup>th</sup> Floor  
Los Angeles, CA 90071  
PH: 213-621-4816  
FAX: 213-621-4829  
charmaine.atherton@bankofamerica.com

Paul Shipstead  
Vice President  
Community Lending  
US Bank  
4330 La Jolla Village Drive, Suite 200  
San Diego, CA 92122  
PH: 858-642-4632  
paul.shipstead@usbank.com

Kim Tronerud-Coy  
VP & Credit Administrator  
Security Business Bank of San Diego  
701 B Street, Suite 100  
San Diego, CA 92101  
PH: 619.237.4815  
FAX: 619.237.4200  
kimtronerud-coy@Securitybusinessbank.com

13. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against them, defaulted on a loan, or been foreclosed against within the past 10 years? Yes \_\_\_\_\_ No X

If yes, give date, place, and under what name.

14. Has the developer or anyone referred to above as "principals of the developer" been indicted for or convicted of any felony within the past 20 years? Yes \_\_\_\_\_ No X

If yes, give for each case (1) date, (2) charge, (3) place, (4) Court, and (5) action taken.  
Attach any explanation deemed necessary.

Developer Disclosure Statement Page 5

15. Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion:

Please see attached form.

16. If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder:  
N/A

a. Name and address of such contractor or builder:

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?  
Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, explain:

- c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ \_\_\_\_\_

General description of such work:

- d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of</u> <u>Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be</u> <u>Completed</u>
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- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
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17. Brief statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the

proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

18. Does any member of the governing body of the San Diego Housing Commission, to which the accompanying proposal is being made, or any officer or employee of the San Diego Housing Commission who exercises any functions or responsibilities in connection with the carrying out of the project covered by the developer's proposal, have any direct or indirect personal financial interest in the developer or in the proposed contractor?  
Yes \_\_\_\_\_ No   X

If yes, explain.

19. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows: Confidential financial statements will be sent separately.

CERTIFICATION

I (We) CHARLES A. SCHMID certify that this Developer's Statement for Public Disclosure and the attached evidence of the developer's qualifications and financial responsibility, including financial statements, are true and correct to the best of my (our) knowledge and belief.

Date: JANUARY 12, 2011

Date: \_\_\_\_\_

COCS  
Signature

\_\_\_\_\_  
Signature

Title: VICE PRESIDENT

Title: \_\_\_\_\_

Address & ZIP Code

5993 AVENIDA ENCINAS, SUITE 101  
CARLSBAD, CA 92008

Chelsea Investment Corporation  
Summary of Projects Completed, Under Construction and Under Development  
As of May 26, 2010

Project Name	Date Financed	# Units	CICM	Total Cash	Tax Credit Equity	AFIP	HDC/ADP CD/CHTF Other Set	Permanent Loan/Tax Exempt Bonds	Deferred Fee Notes	Seller Note/ Cash From Operations	GP Loan/Equity/ Master Developer Contribution	Total
<b>Summary of Projects Completed:</b>												
1 St. Vincent de Paul - Village Place (San Diego, CA)	1995	46		1,000,000								1,000,000
2 Hatfield Homes (El Centro, CA)	1993	48		6,000,000	3,751,700							6,000,000
3 Rector 1 & 2 (California, CA)	1993/04	134		4,292,817	4,292,817							4,292,817
4 Paul Martin Center (San Diego, CA)	1994	350		9,000,000	7,499,210							9,000,000
5 Warwick Square Apts (Santa Ana, CA)	1996	500		20,000,000	8,950,000							20,000,000
6 Las Castas (San Luis, AZ)	1997	76	76	5,283,805	3,000,000	250,000						5,283,805
7 Du Anza (California, CA)	1998	94	94	6,929,619	3,150,000	400,000						6,929,619
8 Pleasant (San Luis, AZ)	1998	92	92	6,224,833	4,322,923	250,000						6,224,833
9 Hotel San Carlos (Yuma, AZ)	1997	60		3,875,780	1,929,728	250,000						3,875,780
10 Touraine Terrace (San Diego, CA)	1998	24		4,159,542	668,197							4,159,542
11 Madonna's Village (Indio, CA)	2000	53		8,945,730	2,815,387	500,000						8,945,730
12 Villa de las Flores (Chico, CA)	2000	80	80	8,056,156	5,953,992	5,000						8,056,156
13 California Family Apartments (California, CA)	2002	80	80	10,350,976	7,866,507	601,556						10,350,976
14 Embassy Family Apartments (Beverly, CA)	2002	80	80	9,600,627	7,228,060	800,000						9,600,627
15 Villa Lora Apartments (Beverly, CA)	2002	80	80	9,745,753	7,400,000	800,000						9,745,753
16 Villa Serena (7) (Chula Vista, CA)	2000	132	132	9,257,489	2,107,382							9,257,489
17 Terrace (1) (Chula Vista, CA)	2000	440		46,000,000	1,500,000							46,000,000
18 St. Regis Park (Chula Vista, CA)	2000	119	119	8,951,290	2,778,484							8,951,290
19 So. California (6) (San Diego, CA)	2000	36	36	5,467,981	2,916,000							5,467,981
20 Torrey Highlands (6) (San Diego, CA)	2001	100	100	8,143,092	1,407,140							8,143,092
21 Villa Harvey Mansel (San Diego, CA)	2001	76	76	10,008,369	3,345,000							10,008,369
22 Villa Antigua (2) (San Diego, CA)	2002	90	90	12,322,435	7,223,250							12,322,435
23 Villa Antigua (3) (San Diego, CA)	2002	32	32	4,448,082	1,402,000							4,448,082
24 Villa Glen (3) (San Diego, CA)	2002	26	26	4,211,407	1,295,000							4,211,407
25 Windward Village (4) (San Diego, CA)	2002	92	92	13,935,905	4,832,000							13,935,905
26 Market Square Manor (San Diego, CA)	2002	200	200	19,250,700	13,047,009							19,250,700
27 Conquistador Apts (El Centro, CA)	2003	73	73	8,152,334	3,098,000							8,152,334
28 Hobble St. Apts (Wichita, CA)	2003	61	61	9,401,000	2,861,000							9,401,000
29 Imperial Gardens Sr. Apts (Imperial, CA)	2003	61	61	8,791,535	2,887,000							8,791,535
30 Westminster Family Apts (Westminster, CA)	2003	65	65	9,722,781	3,110,000							9,722,781
31 Rancho Vista Apts (6) (Chula Vista, CA)	2003	150	150	23,332,333	6,009,519							23,332,333
32 Rancho del Norte (6) (San Diego, CA)	2003	119	119	23,289,680	7,393,483							23,289,680
33 Mariposa (California Hills, CA) (California, CA)	2003	106	106	17,024,465	5,190,489							17,024,465
34 The Crossings (4) (San Diego, CA)	2004	108	108	21,951,786	8,176,084							21,951,786
35 Bowley Gardens (Beverly, CA)	2004	81	81	11,874,645	3,809,800							11,874,645
36 Harbor Family Apartments (Harbor, CA)	2004	81	81	14,028,496	4,747,000							14,028,496
37 Encanto Elva Senior Apartments (Beverly, CA)	2004	81	81	10,768,925	3,612,000							10,768,925
38 Fairbairn Ridge at del Sur (10) (San Diego, CA)	2004	204	204	48,323,282	18,337,266							48,323,282
39 Harbor Family Apartments II (Beverly, CA)	2005	72	72	14,604,979	5,523,000							14,604,979
40 Hunters Pointe (11) (California, CA)	2006	166	166	43,105,494	19,619,500							43,105,494
41 Colosio II - Villa Denado	2006	80	80	15,963,000	6,550,000							15,963,000
42 City Heights Square (San Diego, CA)	2006	150	150	32,734,405	20,729,610							32,734,405
43 Villa Esmeralda (California, CA)	2006	72	72	14,480,496	5,516,664							14,480,496
44 16th & Market - SYOP (San Diego, CA)	2006	136		69,440,235	25,026,396							69,440,235
45 Willow Glen Apts (4) (San Diego, CA)	2007	135	135	28,560,688	11,823,743							28,560,688
46 San Diego Apts (1) (San Diego, CA)	2007	78	78	21,712,038	8,820,508							21,712,038
47 The Landings (12) (Chula Vista, CA)	2007	92	92	28,189,276	11,735,485							28,189,276
48 Encanto Court (Imperial Beach, CA)	2009	15	15	4,198,448	1,012,997							4,198,448
49 Bayview Apartments (San Diego, CA)	2008	24	24	11,034,744	2,713,217							11,034,744
50 Tierra Del Cielo (San Antonio, AZ)	2008	33	33	6,253,645	2,130,000							6,253,645
51 Dawson (San Diego, CA)	2008	88	88	24,065,716	20,940,716							24,065,716
52 Silver Stages (Alameda, CA)	2009	80	80	24,094,129	5,165,080							24,094,129
53 Park 48 (Beverly, CA)	2009	48	48	13,243,868	3,728,506							13,243,868
<b>Subtotal Completed/Under Construction Projects</b>				<b>818,781,769</b>	<b>333,811,947</b>	<b>12,738,536</b>	<b>172,871,640</b>	<b>189,699,358</b>	<b>17,824,358</b>	<b>2,659,544</b>	<b>82,488,268</b>	<b>818,781,770</b>
<b>Projects Financed - Under Construction:</b>												
54 Oakridge (California, CA)	2009	41		5,331,824	1,370,725							5,331,825
55 Verona (San Ysidro, CA)	2009	80	80	25,657,460	13,144,941							25,657,460
56 South Hill Creek (Bakersfield, CA)	2010	70		15,433,974	4,692,000							15,433,974
57 19th and Commercial (San Diego, CA)	2009	140		56,565,263	33,185,263							56,565,263
58 Landings II (Chula Vista, CA)	2010	143		50,330,450	15,426,000							50,330,450
<b>Subtotal Projects Currently Being Constructed</b>				<b>153,416,971</b>	<b>67,798,929</b>	<b>1,690,000</b>	<b>31,601,000</b>	<b>30,007,857</b>	<b>1,661,167</b>	<b>659,999</b>	<b>20,000,000</b>	<b>153,416,972</b>
<b>Number of units currently under management by CICM</b>												
<b>Subtotal Completed/Under Construction Projects</b>				<b>5,653</b>	<b>3,738</b>							
<b>Projects Financed - Under Construction:</b>				<b>41</b>	<b>80</b>							
<b>Subtotal Projects Currently Being Constructed</b>				<b>143</b>	<b>80</b>							

Chelsea Investment Corporation  
Summary of Projects Completed, Under Construction and Under Development  
As of May 26, 2010

Project Name	Units	Units	CCM	Total Cost	Tax Credit Equity	AHP	REMIC CDMG/HF Other Sell	Payment Loan/Tax Exempt Bonds	Refined Fee Notes	Sales Used Cash From Operations	GP Leasing/ Master Developer Contribution	Total
<b>Projects Awarded - Under Development:</b>												
59 Arvin Family Apartments (Arvin, CA)	2010	60		13,742,207	8,470,000	500,000	1,390,000	2,015,000	277,207	-	-	13,742,207
60 Broadway Pioneer Family (Brawley, CA)	2010	76		10,612,230	4,026,000	600,000	3,400,000	1,771,000	563,230	-	-	10,612,230
61 Do Anza Phase II (Calverton, CA)	2010	54		9,783,474	6,748,903	300,000	-	1,771,000	734,571	-	250,000	9,783,474
62 Girdha M Street Senior Apts. (Dunbar, CA)	2010	66		13,983,906	9,284,000	-	3,255,000	1,405,000	19,906	-	-	13,983,906
63 El Centro Family Apartments (El Centro, CA)	2010	72		16,764,301	-	-	5,390,000	1,350,000	19,801	-	-	16,764,301
64 Fairmont 26 (San Diego, CA)	2010	26		12,921,365	6,542,303	-	3,015,000	2,002,000	160,490	-	10,000,000	12,921,365
65 Caliente Andarado (Calaveras, CA)	2010	52		13,775,994	7,720,777	-	4,584,203	2,002,000	8,514	-	-	13,775,994
66 Hacienda (San Diego, CA)	2010	92		38,960,071	16,301,488	1,000,000	16,105,000	4,601,000	662,503	1,462,500	1,121,543	38,960,071
Subtotal predevelopment		498		130,544,048	60,185,501	2,490,000	37,049,203	13,424,000	2,561,302	1,462,500	13,371,543	130,544,048
<b>Grand Totals</b>		<b>6,825</b>		<b>1,102,748,738</b>	<b>461,499,377</b>	<b>19,916,356</b>	<b>241,621,043</b>	<b>243,122,215</b>	<b>22,046,737</b>	<b>4,781,143</b>	<b>95,459,611</b>	<b>1,102,748,738</b>
<b>Including Totals</b>												
		<b>2,147</b>		<b>422,456,899</b>	<b>142,835,862</b>	-	<b>61,553,387</b>	<b>134,008,500</b>	<b>9,051,833</b>	<b>1,739,408</b>	<b>51,368,999</b>	<b>422,456,899</b>

Master Developer  
(1) McKillop Homes  
(2) Barratt American

(3) Berkeley Homes/Serra Homes  
(4) Purdie Homes  
(5) Taylor/Meadow  
(6) Barratt/Canter

(7) Sunbow  
(8) Graystone Homes

(9) Eastlako  
(10) Fairbanks

(11) Morrow Development/La Costa  
(12) Shao / Residential





San Diego  
HOUSING COMMISSION

Real Estate Department

DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE

(add extra sheets if you need more space)

1. Name of developer:  
Pacific Southwest Community Development Corporation
2. Address, phone number and ZIP Code:  
  
16935 W Bernardo Drive, STE 238, San Diego CA 92127.  
Telephone 858 675 0506
3. IRS Number of Developer:  
33-0673939
4. If the developer is not an individual doing business under his own name, the developer has the status indicated below and is organized or operating under the laws of California as:  
  
\_\_\_\_\_ A corporation  
X\_\_\_\_\_ A nonprofit or charitable institution or corporation  
\_\_\_\_\_ A partnership known as: \_\_\_\_\_  
\_\_\_\_\_ A business association or a joint venture known as \_\_\_\_\_  
\_\_\_\_\_ A Federal, State or local government or instrumentality thereof.  
\_\_\_\_\_ Other (explain) \_\_\_\_\_
5. If the developer is not an individual or a government agency or instrumentality, give date of organization:  
PSCDC was incorporated on December 2, 1993, to do business in California and Arizona as an IRS 501(C) 3 non-profit public benefit corporation.
6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:
  - a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock. None

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.  
Please see attached roster of directors and officers
- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest. None
- d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest. N/A
- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%.

<u>Name, Address &amp; Zip Code</u>	<u>Phone Number</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
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NONE

7. Name, address and nature and extent of interest of each person or entity (not named in response to Item 6) who has a beneficial interest in any of the shareholders or investors named in response to Item 6 which gives such person or entity more than a computed 10% interest in the developer (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20% of the stock of the developer):

Developer Disclosure Statement Page 3

<u>Name, Address and Zip Code</u>	<u>Description of character and extent of interest</u>
---------------------------------------	--

NONE

8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above:

See attached list

9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm.

Pacific Southwest Community Development Corporation is an independent 501 (c) 3 public benefit corporation

10. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:

Please see audited statement

11. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking:

- a. In banks:

<u>Name, Address and ZIP Code of Bank</u>	<u>\$ Amount</u>
Wells Fargo Bank PO Box 6995 Portland OR 97228-6994	\$130,306

- b. By loans from affiliated or associated corporations or firms:

<u>Name, Address and ZIP Code of Source</u>	<u>\$ Amount</u>
---	------------------

- c. By sale of readily salable assets:

- |  | <u>Description</u> | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|--|--------------------|---------------------|---------------------------|
|--|--------------------|---------------------|---------------------------|
12. Name and addresses of bank references:  
Paul Shipstead,  
US Bank National Association,  
Vice President Community Lending,  
4747 Executive Drive, 3rd Floor,  
San Diego, CA 92121
13. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against them, defaulted on a loan, or been foreclosed against within the past 10 years? Yes \_\_\_\_\_ No ☒ X  
If yes, give date, place, and under what name.
14. Has the developer or anyone referred to above as "principals of the developer" been indicted for or convicted of any felony within the past 20 years? Yes \_\_\_\_\_ No ☒ X  
If yes, give for each case (1) date, (2) charge, (3) place, (4) Court, and (5) action taken.  
Attach any explanation deemed necessary.
15. Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion:  
Please see attached brochure
16. If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder:
- a. Name and address of such contractor or builder:
- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract? Yes \_\_\_\_\_ No ☒ X  
If yes, explain:
- c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ \_\_\_\_\_

General description of such work:

- d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
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- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
------------------------	---------------	--------------------

17. Brief statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

Please see attached brochure

18. Does any member of the governing body of the San Diego Housing Commission, to which the accompanying proposal is being made, or any officer or employee of the San Diego Housing Commission who exercises any functions or responsibilities in connection with the carrying out of the project covered by the developer's proposal, have any direct or indirect personal financial interest in the developer or in the proposed contractor?

Yes \_\_\_\_\_ No X

If yes, explain.

Developer Disclosure Statement Page 6

19. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows:

CERTIFICATION

I (We) Robert W Laing certify that this Developer's Statement for Public Disclosure and the attached evidence of the developer's qualifications and financial responsibility, including financial statements, are true and correct to the best of my (our) knowledge and belief.

Date: January 13, 2011

Date: \_\_\_\_\_

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Title: President/ Executive Director

Title: \_\_\_\_\_

Address & ZIP Code

16935 W Bernardo Drive STE 238  
San Diego, CA 92127



# PACIFICSOUTHWEST

Community Development Corporation

16935 W. Bernardo Drive, Suite 238  
San Diego, CA 92127

Introduction to Pacific Southwest CDC

Mission and Goals

Resident Services

Service providers

Properties

Board of Directors, Key Executives and Staff.

Organization Chart

Please visit our web site

[www.PSWCDC.org](http://www.PSWCDC.org)



# Introduction to Pacific Southwest Community Development Corporation

PSCDC was incorporated on December 2, 1993, to do business in California and Arizona as an IRS 501(C) 3 non-profit public benefit corporation.

Employer Identification Number 33-0673939.  
BOE California Corporation Number 1869399.  
Organization Clearance Certificate 9498.  
Dun and Bradstreet Number 135526148.

PSCDC is the Managing General Partner for low-to-moderate income apartment properties in California and Arizona. The company is co-general partners with developers who build affordable housing that are financed by low income housing tax credits, State and Municipal funds, and redevelopment grants. PSCDC also forms partnerships with private developers to acquire existing housing properties in order to benefit from property tax exemptions. We currently have 37 properties serving 3672 families.

PSCDC also provides a comprehensive selection of social services to the residents of the properties that are designed to empower the residents, strengthen the families and the community.

**Resources** – PSCDC is resourceful in tapping into the service providers needed to fulfill our mission to our residents. PSCDC contracts with a large variety of service providers and individuals who assist us in our mission. We are interested in identifying sources of funding to either increase services or to continue to provide the current level of services. We keep paid staff to a minimum. Our Board of Directors is an all volunteer Board.

Our facilities at each property include community meeting rooms and computer labs that provide a place to deliver services to our residents. The large number of residents and the facilities we can provide are of great interest to many of the service providers we work with.

Many of the services are provided by resident instructors at each site, who are paid in the form of a monthly rent credit to teach eight hours of classes per month. We currently provide about 300 classes at the sites each month for about 2,000 resident students. We believe that by empowering the residents themselves we can reach more of the residents and provide a more relevant experience for them.

**Organization** – We have a small staff of full time employees who manage the volunteers and contract with outside service providers. Many functions are outsourced to reduce costs. We recruit and train many of our residents to provide services to our residents.

**Networking** – We are very interested in working with as many organizations as we can that have similar goals by sharing our capabilities. We work with health clinics to provide health screening to our residents, or school districts for after school homework help. We can provide

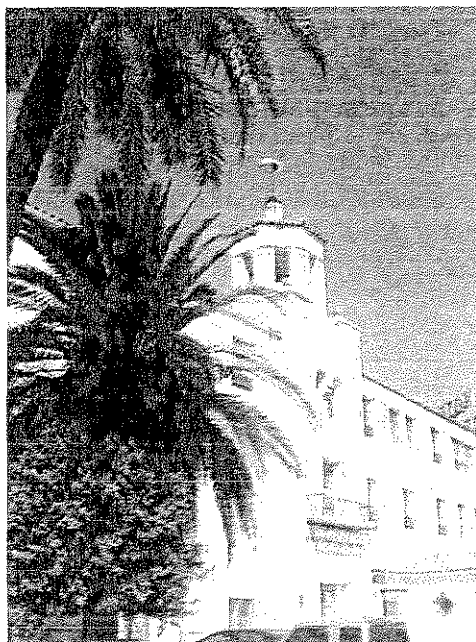
the space in which to provide the services and encourage our residents to attend.

**Programs** – The services we provide at each site are primarily designed to serve the needs of the residents and to comply with the contractual obligations to fulfill the service commitment made in the funding application for the project. These vary from project to project but typically include computer training, ESL, and tutoring. PSCDC also has the ability to provide substitute services if the original requirements are no longer needed. We constantly evaluate the needs of our residents and adjust the services we offer accordingly.

**Political** – PSCDC is committed to providing attractive, low cost affordable housing to the public. In order to achieve our goals we are actively engaged in the public, political and business arena in order to help shape public policy to ensure that adequate funds and support for inclusionary housing is forthcoming.

Robert W. Laing  
President/Executive Director  
16935 W. Bernardo Drive, Suite 238  
San Diego, CA 92127  
(O) 858-675-0506  
(F) 858-675-0702  
[robertlaing@pswcdc.org](mailto:robertlaing@pswcdc.org)

Web site [www.PSWCDC.org](http://www.PSWCDC.org)



1 De Anza Hotel, restored to provide Senior  
Housing, Calexico

## **Our Mission**

Our mission is to be an outstanding participant in affordable housing industry affairs by producing quality affordable housing in partnership with others, or as the lead developer, integrated with resident services.

Our mission includes identifying the needs of current and future residents of our properties and to provide services in partnership with third party providers as well as using our own resources.

Through on-site programs we will empower our residents to achieve economic and social stability. We will strive to strengthen our communities from within by training residents to become instructors and take a lead role in providing programs that will help their neighbors and communities prosper.

We will fulfill our mission by acting as a team supporting one another.

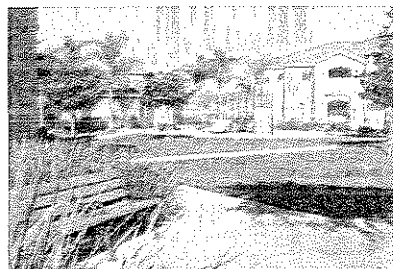
This mission statement was created by the PSCDC team on November 17, 2008.

## **Our Goals**

PSCDC's primary focus is the development and management of affordable housing, which is in high demand throughout the southwestern United States, particularly in the "border communities" of California, Mexico and Arizona. The development of affordable housing, presents significant challenges to society and the building community. Affordable housing cannot be built without subsidy – public and private – and the support of the local community. PSCDC understands and recognizes this formula as essential to the creation of successful affordable housing. PSCDC works with all levels of government, lenders, other non-profit corporations and community leaders in order to achieve its goals. PSCDC endeavors to increase community support and awareness through demonstration of the need for, and the benefits of, quality affordable housing.

Additional PSCDC projects will include self-help housing, commercial enterprise and other economic development activities that will provide permanent employment opportunities.

PSCDC complies with federal, state and local fair housing and civil rights administrative procedures. PSCDC does not tolerate any discrimination based on race, color, creed, religion, sex, national origin, age, familial status or handicap either towards its Board, staff, partners, consultants or residents.



## **Pacific Southwest Community Development Corporation Resident Services Overview**

A Resident Services Program is made available to all of the residents of the properties owned by PSCDC. The purpose of the services is to empower the residents by building skills that will increase their self sufficiency and enhance their quality of life. On a monthly basis there are an average of 441 educational classes held involving 643 hours of instruction and over 2,350 students attending.

PSCDC's apartment sites have a community center and a computer lab. These facilities allow us to provide all classes and programs on-site. All classes and programs are free to our residents.

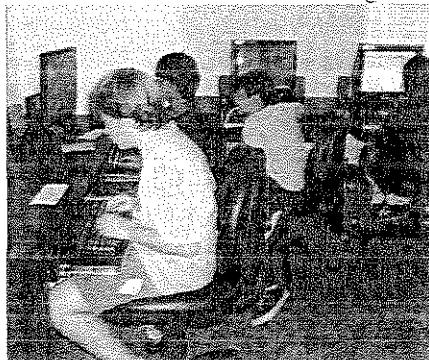
### **Youth Services**

#### **After School Homework Tutoring**

This class provides a quiet and comfortable space for children to work on their homework. In order to support the academic improvement of resident children, each site is staffed with a Homework Tutor who provides one-to-one tutoring and homework assistance. On some properties we have established a cooperative relationship with the local school district to work with the children after normal school hours. The Homework Tutor also helps older youth to develop leadership skills by encouraging them to volunteer to tutor the younger children and to stay in school to obtain the necessary credentials that will prepare them for higher education and employment opportunities.

#### **Computer Enrichment Program**

Classes are offered on the use of the hardware and software programs. Special emphasis is made to help the students with school research and homework assignments using the computer.

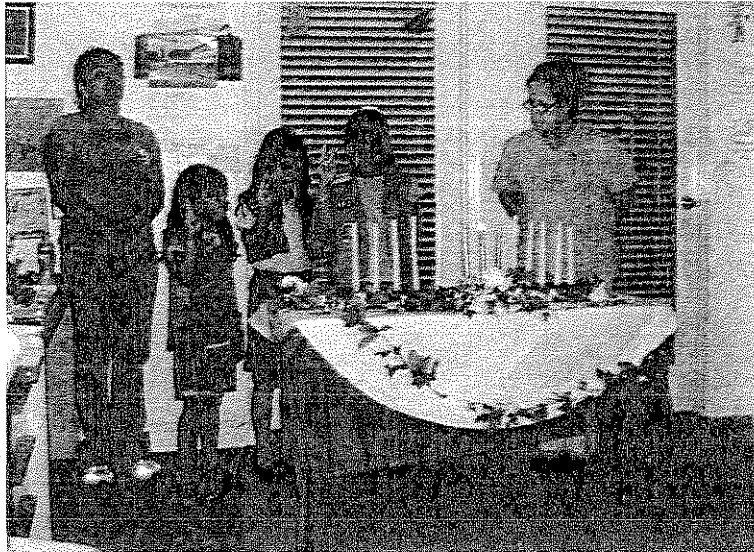


Computer classes are very popular for all ages.

#### **Reading Program**

A library of children's books has been established at many of our properties to help resident children discover that reading is fun. To require the children to read would defeat the program's main objective. Instead, the homework tutors, after-school program staff, and parent volunteers read stories to the children at their request. Many children choose to read on their own on a daily basis. Incentives are provided to reward the children for their reading efforts and to encourage

other children to develop the habit of reading for pleasure which can build vocabulary and comprehension skills.



Girl Scouts, one of many activities available.

#### Arts & Crafts

Arts and crafts classes are held to provide a fun and engaging environment for children. Through a variety of materials and resources, children are able to interact and design creative projects, individually and with other children.



Fully engaged in the After School program

### Other Activities

Resident volunteers are used to supervise various youth activities including supervised internet access, movie nights with popcorn, social nights, barbecues and picnics, arts-n-crafts activities, sports activities, and walking field trips to local libraries and parks.



Trick or Treat!

### Adult Services

#### Computer Instruction

Each site is staffed with a computer instructor who offers a basic computer course. Residents who are first-time computer users receive an introduction to computer technology. Residents who are in need of increased computer skills for school, employment, or personal growth purposes receive instruction in keyboarding skills, internet search skills, and various software applications such as word processing or spreadsheet programs.

#### E.S.L. (English as a Second Language)

Each site is staffed with an E.S.L. instructor who provides instruction to residents who wish to learn English or improve their English skills. The residents learn how to speak, read, and write in English. For those residents who are preparing for employment, an emphasis is placed on English for the workplace, including how to fill out an employment application and how to prepare for an interview. Resident students are supplied with free E.S.L. textbooks and materials to use both in the classroom and at home.





ESL Holiday party

### **U.S. Citizenship**

Courses are offered to residents who would like to become U.S. Citizens. Residents prepare for the exam given by the Immigration and Naturalization Service by reviewing test questions, practicing for the interview, and learning other important information about the citizenship process.

### **Consumer Credit Counseling**

PSCDC has partnered with banks and financial institutions to bring financial literacy to our residents. The topics covered are money management skills, the use of credit, savings and predatory lending and financial fraud. We also encourage the formation of savers clubs and Individual Development Accounts to save for college, to start a business, or a deposit for first time home buyers.

## **Senior Services**

### **Nutrition Classes**

Weekly cooking classes with an emphasis on nutrition are offered to senior residents. A nutrition instructor promotes healthy eating habits by demonstrating healthy and nutritious meals to the residents. By improving the nutrient intake of our senior residents we assist them to remain healthy and independent in their communities.



Nutrition classes are a hit with our senior residents.

### **Senior Fitness**

Weekly exercise classes through Aging and Independent Services are offered to senior residents. The classes promote safe, fun, and effective senior fitness components such as low-impact exercise, stretching, relaxation, and fall prevention. These exercise classes promote the notion that good physical and mental health is a direct result of a safe and active exercise regimen.

### **Health and Wellness**

PSCDC partners with health organizations such as local hospitals and community clinics to provide monthly health and wellness presentations, support groups, and free health screenings for our senior residents.

### **Social Activities**

Various social activities such as bingo, arts-n-crafts, group outings, potlucks, and seasonal parties are offered to motivate our senior residents to remain socially active. Social activities are essential in assisting our senior residents to remain healthy as they age by keeping their body, mind, and spirit active and alive.

### **Transportation Services**

We provide a transportation service for our senior residents so that they can go to medical appointments, trips to the pharmacy or personal shopping.

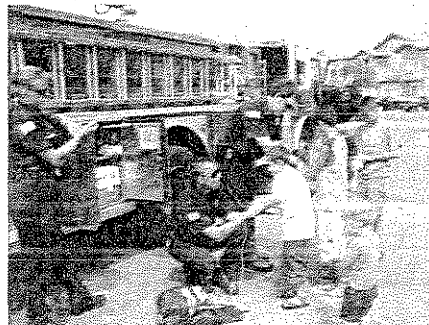
## **Additional Programs**

### **Food Program**

A food distribution program is made available once a month to qualified residents contingent upon an agreement with the local food bank. The purpose of this program is to help residents with a supplemental source of food to meet their nutritional needs.

### **Community Safety and Crime Prevention**

A Community Safety and Crime Prevention Program is developed in collaboration between the local police department, the property manager, and the residents of the properties. The objective of this effort is to maintain a crime free environment by offering crime prevention seminars to the residents and by implementing a Neighborhood Watch Program.

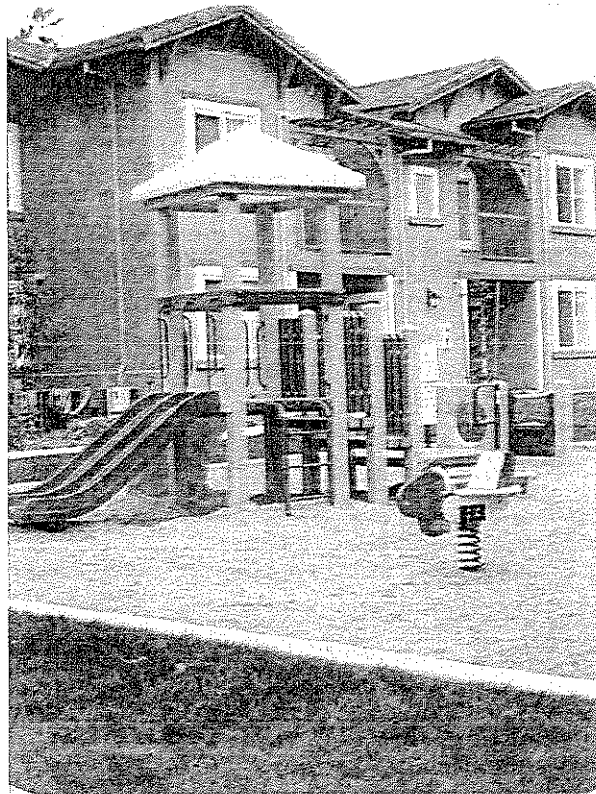


Community Safety program offered by  
the Fire Department



### **Referrals to Community Resources**

PSCDC partners with various community agencies that have services to offer to our residents. The agencies are invited to visit the sites and hold presentations to familiarize the residents with their services. Community services which have been offered to the residents include, free or affordable health insurance, parenting classes, domestic violence awareness, health and wellness services, employment services, assistance with utility payments, and free or affordable tax preparation.



## SERVICE PROVIDERS

PSWCDC works with a variety of organizations to bring services to our residents. Our aim is to empower our residents in order that they may improve their quality of life and benefit the community at large. This is a partial list of the many organizations and companies we work with.

CONSUMER CREDIT COUNSELING SERVICES – Financial Literacy

RABOBANK, N.A. – Financial Literacy

IMPERIAL UNIFIED SCHOOL DISTRICT – Education

CALEXICO UNIFIED SCHOOL DISTRICT – Education

CLINICAS DE SALUD DEL PUEBLO – Health

UNIVERSITY OF CALIFORNIA – Education

IMPERIAL COUNTY WORKFORCE DEVELOPMENT - Employment

COUNTY OF IMPERIAL PUBLIC HEALTH – Health

IMPERIAL VALLEY FOOD BANK – Food

ALZHEIMER'S ASSOCIATION –Health

SANTA ANA WORK CENTER – Employment

LYON RESOURCE CENTER – Social Services

ACTFIVE – Nutrition

LATINO HEALTH ACCESS – Health

HABLA PROGRAM – Education

VISION Y COMPROMISO – Education

GIRLS SCOUTS – Youth Program

START BRITE – Family counseling

BECKMAN HIGH SCHOOL – Education

ORANGE COUNTY CREDIT UNION – Financial Literacy

CHOC – Children Health

CAMP FIRE USA – Recreation

COUNTY OF SAN DIEGO AGING AND INDEPENDENT SERVICES

CITY OF CHULA VISTA POLICE DEPARTMENT - Safety

IMPERIAL COUNTY SHERIFF - Safety

GOLDEN SHARE FOODS SAN DIEGO – Food Bank

PROJECT DULCE – Health

COMMUNITY HOUSING WORKS - Homeownership

NONPROFIT MANAGEMENT SOLUTION – Program Management

SAN DIEGO ARCHAEOLOGICAL CENTER – Education

CHULA VISTA COMMUNITY COLLABORATIVE – Social Services

CALIFORNIA HIGHWAY PATROL - Safety

ALLIANT INTERNATIONAL UNIVERSITY – Education  
FAMILY HEALTH CENTERS OF SAN DIEGO – Health  
KIDCARE EXPRESS MOBILE MEDICAL UNIT – Health  
SCRIPPS MERCY WELL BEING CENTERS – Health  
THE WHITTIER INSTITUTE FOR DIABETES – Health  
SAN YSIDRO HEALTH CENTER – Health  
MAAC PROJECT – Social Services  
YWCA SAN DIEGO – Recreation  
CVS PHARMACY – Donor  
TARGET – Donor

## Partner Profiles.

PSCDC works with a large number of companies and non-profit organizations to bring services to our residents. Here is a profile of two of them.

### Rabobank NA

Rabobank is a Dutch bank with branches in many countries. They have focused part of their business in agricultural areas. PSCDC is proud to be working with the branch in El Centro, California to provide credit counseling and financial education to our residents. The classes are provided at all our properties in Imperial County and are very well attended. The purpose of the classes are to empower our residents, raise awareness of the importance of managing credit and to encourage savings by using the IDEA program. The dedication and enthusiasm of the Rabobank employees is truly impressive.

The values held by Rabobank are very similar to our own.  
Rabobank Values.

We believe that sustainable prosperity and well-being require careful nurturing of our natural resources and living environment. We respect the culture and traditions of the countries where we operate, insofar as these do not conflict with our own objectives and values. We aim to make a positive contribution to social, economic and environmental development in all our activities, always focusing on our clients' best interest.

We create customer value by:

- providing those financial services considered best and most appropriate by our clients
- ensuring the continuity of those services, with a view to the long-term interests of the client
- demonstrating our commitment to our clients

## Clinicas de Salud del Pueblo

Clinicas de Salud del Pueblo is a non-profit community health care provider based in Calexico, El Centro, and Brawley, Imperial County. They are part of the Council of Community Clinics that provides access to a wide range of health services to a diverse community with emphasis on low income and uninsured populations.

Clinicas de Salud del Pueblo visits our properties to conduct health screenings and give classes on wellness to our residents. We are very grateful for the work they do and thank them for their service.

## Pacific Southwest Community Development Corporation.

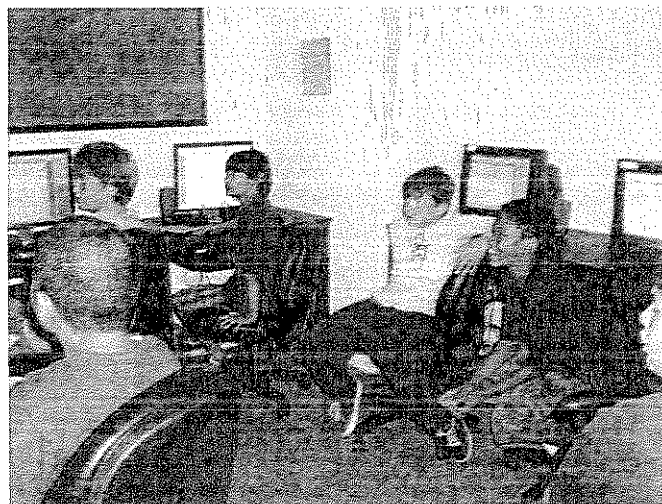
PSCDC provides many services to its residents. This is a closer look at the After School Program.

The After School Program is a major component of the resident services being provided at all our family apartment communities. Essentially, the objective of the Program is to help students with their homework in all school subjects including Math, English, Science, History and Social Studies. On average, homework tutoring classes are available Monday through Thursday, 2 hours a day (from 3-5 pm) every week in the community rooms. Most classes also make use of the computer labs to help students learn computer skills and to obtain information needed for school assignments. Time permitting, after the homework is completed the instructors engage the students in an on-going reading program or an educational Arts & Crafts project.

Attendance numbers at these classes ranges from 4 to 15 students per day, with 9 students attending on average. We regularly monitor these classes to make sure that our objectives are being met, to evaluate instructor performance and to provide guidance, support and materials as needed.

The success of this Program is evaluated based on the number and frequency of students attending the classes, the feedback we receive from the parents and the school grades obtained by the students. Positive results of these indicators are reported at the majority of our properties.

This Program also provides a part time job and career development opportunity for our residents who serve as class instructors. It is our goal to eventually partner with the respective school districts to provide the Tutoring classes as is the case at Villa Lara and Calexico Family Apartments in Imperial County. We have also implemented a program in Sacramento with the help of a non-profit and the School District that has grant money to fund teachers.



Students in Computer Class

## Properties

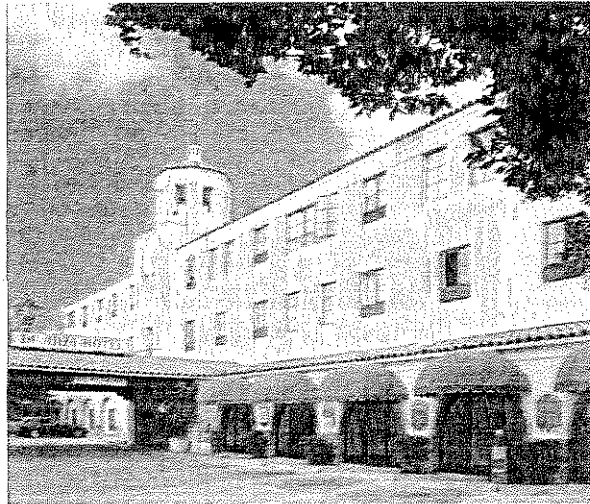
Pacific Southwest Community Development Corporation is the managing General partner for 35 properties that provide 3544 living units. Our properties are located in principally in Southern California, but we have properties in northern California and south west Arizona. Our properties include family units and apartments designed for senior residents.

### Imperial County

#### Brawley, CA

Brawley Elks Senior Apartments 995 Willard Road Brawley, CA 92237	81 Senior Apartments	2004
Brawley Family Apartments 1690 C St. Brawley, CA 92227	80 Apartments	2001
Brawley Gardens Family Apartments 221 Best Road Brawley, CA 92227	81 Apartments	2003

#### Calexico, CA



De Anza Hotel, an urban restoration project.

Calexico Family Apartments 2301 Meadows Rd. Calexico, CA 92231	80 Apartments	2001
Villa Dorada (CFA II) 1081 Meadows Rd. Calexico, CA 92231	80 Apartments	2006
De Anza Hotel (Seniors) 233 East 4th St. Calexico, CA 92231	94 Studio Apartments for seniors	1995

Villa De Las Flores (Seniors) 2201 Meadows Rd. Calexico, CA 92231	80 Seniors Apartments	2000
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### **Calipatria, CA**

Calipatria Family Apartments S. East Ave. and Bonita Place Calipatria, CA 92233	72 Apartments	2008
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### **El Centro, CA**

Countryside Family Apartments 1751 West Adams Ave. El Centro, CA 92243	73 Apartments	2003
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### **Heber, CA**

Heber Family Apartments 1137 Dogwood Road Heber, CA 92249	81 Apartments	2004
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Heber family Apartments II, SW corner Dogwood Rd. & Hawk St. Heber, CA 92249	72 Apartments	2007
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### **Holtville, CA**

Holtville Gardens Senior Apartments, 10th Street at Holtville Avenue Holtville, CA 92250	81 Apartments	2003
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### **Imperial, CA**

Imperial Gardens Senior Apartments 2385 Myrtle Road Imperial, CA 92251	81 Apartments	2003
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Villa Lara Family Apartments 2371 Myrtle Rd. Imperial, CA 92251	80 Apartments	2001
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## **Westmorland, CA**

Westmorland Family Apartments  
181 G Street  
Westmorland, CA 92281

65 Apartments

2003

## **San Diego County**

### **Carlsbad, CA**

Hunters Pointe  
7270 Calle Plata  
Carlsbad, CA 92009

168 Apartments

2004

Mariposa Family Apartments  
4651 Red Bluff Place  
Carlsbad, CA 92009

106 Apartments

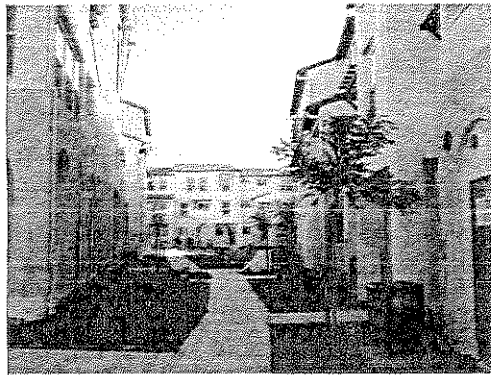
2002

Glen Ridge  
3555 Glen Avenue  
Carlsbad, CA 92008

78 Apartments

2007

### **Chula Vista, CA**



The Landings, Chula Vista

Rancho Buena Vista  
1311 Eastlake Parkway  
Chula Vista, CA 91915

150 Apartments

2003

St. Regis Park  
1025 Broadway  
Chula Vista, CA 91911

119 Apartments

1998

Villa Serena Senior Apartments  
1231 Medical Center Rd,  
Chula Vista, CA 91911

132 Senior Apartments

1999



The Landings  
2122 Burdock Way  
Chula Vista, CA 91915

92Town Homes

2008

## **Lakeside, CA**

Silver Sage,  
Woodside Rd,  
Lakeside, CA

80 Apartments (under construction) 2009

## **San Diego, CA**

Fairbanks Ridge  
10616 Babcock St.  
San Diego, CA 92127

204 Apartments

2004

Rancho Del Norte  
16775 Sainbury Glen  
San Diego, CA 92127

119 Apartments

2002

Regency Centre  
4765 Home Ave.  
San Diego, CA 92105

100 Apartments

2000

Longacres at Seabreeze  
12759 Seabreeze Farms Dr.  
San Diego, CA 92130

38 Apartments

2000

The Crossings  
13533 Zinnia Hills Place  
San Diego, CA 92130

108 Apartments

2004



The Crossings, San Diego

Torrey Highlands  
13370 Torrey Meadows Dr.  
San Diego, CA 92129

76 Apartments

2001

Villa Andalucia  
6591 Rancho Del Sol Way  
San Diego, CA 92130

32 Apartments

2002

Villa Glen  
6984 Torrey Santa Fe Rd.  
San Diego, CA 92129

26 Apartments

2002

Windwood  
127390 Briarcrest Place,  
San Diego, CA 92130

92 Apartments

2002



Villa Andaluca, San Diego

## **Santee, CA**

Cedar Creek Apartments  
Fanita Drive  
Santee, CA

48 Apartments (under construction) 2009

## **Orange County Tustin, CA**

Chatham Village Apartments  
16331 McFadden Ave.  
Tustin, CA 92780

356 Apartments

2004

## **Sonoma County Santa Rosa, CA**

Redwood Park Apartments  
2001 Piner Rd.  
Santa Rosa, CA 95470

156 Apartments

**Sacramento County**  
**Sacramento, CA**

Willow Glen (Natomas)  
1625 Scarlet Ash Avenue.  
Sacramento, CA 95834

135 Apartments

2008

**Arizona**

**San Luis AZ**

Las Casitas de San Luis  
San Luis Arizona

76 Apartments

1996



## Board of Directors, Key Executives and Staff

### Chairman of the Board: Michael L. Walsh

Michael is a principal of USI of San Diego Insurance Services in Carlsbad, California. Mike is very active in the community as the Executive Vice President of the Encinitas Soccer League and a member of the Encinitas Rotary Club. Mike has served on the PSCDC board for many years.

### Secretary and Treasurer: Marco Antonio "Tony" Reyes

Tony served as the Mayor of San Luis, Arizona for twelve years and one year as the Vice-Mayor, and currently serves as the Chairperson for the Empowerment/Enterprise Community Advisory Board and the San Luis Planning and Zoning Commission. He is the Executive Director for the Comité de Bienestar, Inc. an affordable housing provider.

Mr. Reyes was first elected to the Yuma County Board of Supervisors by Special Election in November 1998 and was re-elected by General Election in November 2000. He served as the chairman of the Board of Supervisors for the year 2001. He is currently a member of the County Supervisors Association (CSA), the Local Emergency Planning Committee, the National Association of Counties (NACo), the Tri-County Economic Development District Board, the U.S./Mexico Board Counties Coalition, the Western Arizona Council of Governments (WACOG), the Airport Authority Rolle Field Study Committee, the Tri-County Economic Development Board, the Executive Board of the Greater Yuma Economic Development Corporation, and the Yuma Metropolitan Planning Organization (YMPO).

Mr. Reyes also served on the following boards and committees: the National Hispanic Elected Local Officials, the National League of Cities and Towns, the American Council of Young Political Leaders, and the Yuma County Planning and Zoning Commission.

### Board Member: Hank Cunningham, CEcD

Hank is the former Director of community and economic development and the San Diego Redevelopment Agency and. During his career in the field, he has worked for a national consulting firm specializing in strategic planning and cost/revenue analysis, as well as three major southern California municipalities where he directed large-scale economic development programs. Mr. Cunningham was appointed to the International Economic Development Council (IEDC) Board in September 2001. In January 2001, he was awarded CEcD certification. In June 2001, he was appointed to the Board of Directors of the California Association for Local Economic Development and more recently to the California Redevelopment Association Board of Directors, having previously served on both the CALED and CRA bodies. He serves on the advisory board and as adjunct faculty for the Community Economic Development certification program at San Diego State University, the SDSU Health and Human Services Advisory Board, and chairs the SDSU Consensus Organizing Subcommittee. He also served on the San Diego

Model School Development Agency Board of Directors, the City of San Diego Public Facilities Financing Authority, was treasurer of the CDC Small Business Finance Corporation, and was on the Mayor's Smart Growth Implementation Committee.

#### Board Member: Tom DuBose

Tom DuBose is President of Development Design & Engineering, Inc. Mr. DuBose has extensive knowledge of regulatory factors critical to implementation of projects in California and along the United States-Mexico Border. He is a highly sought guest speaker for service clubs, professional organizations, banks and credit unions on the subject of economic development and development in general in the Imperial Valley.

Mr. DuBose has also participated in workshops sponsored by the Imperial Valley Enterprise Zone, Brawley Economic and Community Development Department, Imperial Valley Economic Development Corporation, City of Calexico Economic Development Committee, and local Cities developing General Plan Amendments. Recently, Mr. DuBose has traveled to Beijing, China to present the Pacificland International Development, Inc.'s Imperial Center Regional Investment Immigration Program in workshops and seminars to potential investors.

Mr. DuBose has served on the Brawley Union High School Board of Trustees for 17 years and is currently its President. He has served on the Imperial County Air Pollution Control Hearing Board for 12 years and is currently its Chairman and is the current Second Vice-President Executive Committee and Board Member of the California Building Industry Association (BIA) Desert Chapter. Other former associations include; former Board President Board Member and Current Trustee of the Brawley Boys and Girls Club, Member and President of the Imperial Valley Community Foundation, Board Member of the Brawley Chamber of Commerce, Board Member of the overall Economic Development Commission, Member and Vice-Chairman of the Brawley Planning Commission, Founding Member and past President of Regional Economic Development Inc. (REDI), and Board Member of the Private Industry Council.

#### President/Executive Director: Robert W. Laing

Robert has many years of experience in residential development for major public companies in the US and overseas. His experience ranges from land acquisition, forward planning, entitlements and environmental issues, through development and production of housing. During his career he has developed numerous residential projects many of which included affordable housing properties. Robert has been a pioneer in urban renewal projects and high density development. He contributes his development expertise to promote new developments for PSCDC and its partners and implement new strategies for providing services to the residents of our properties. Robert is active in the San Diego Housing Federation, the San Diego BIA and the Urban Land Institute. Robert received his Bachelor's degree in Civil Engineer from the University of London. He received his Master of Business Administration from the City University in London. Robert is a fluent Spanish speaker

## Executive Director of Services: Juan P. Arroyo

Juan has over twenty five years of experience in the field of affordable housing and community development. He has worked as director and manager for various public and private entities in Los Angeles, Orange and San Diego counties. As Executive Director of Services for PSWCDC, he oversees all resident programs that are provided to over 10,000 residents at thirty seven affordable housing communities in California and Arizona. In addition he develops and maintains collaborative relationships with social service agencies and private companies in order to offer a comprehensive and unique resident service program at each site. He received his Master's Degree in Urban and Regional Planning from the University of Southern California (USC) and a Bachelor of Arts Degree in Sociology/Economics from the University of California, Santa Barbara.

## Director of Services – Imperial County: Jenny Torres

Jenny is responsible for planning and coordinating all resident services provided at the apartment communities in Imperial County. She has over twelve years of experience in project coordination, housing management, and local, state and federal agency liaison and community development. She has a Bachelor of Arts Degree in Business Administration from Northern Arizona University.

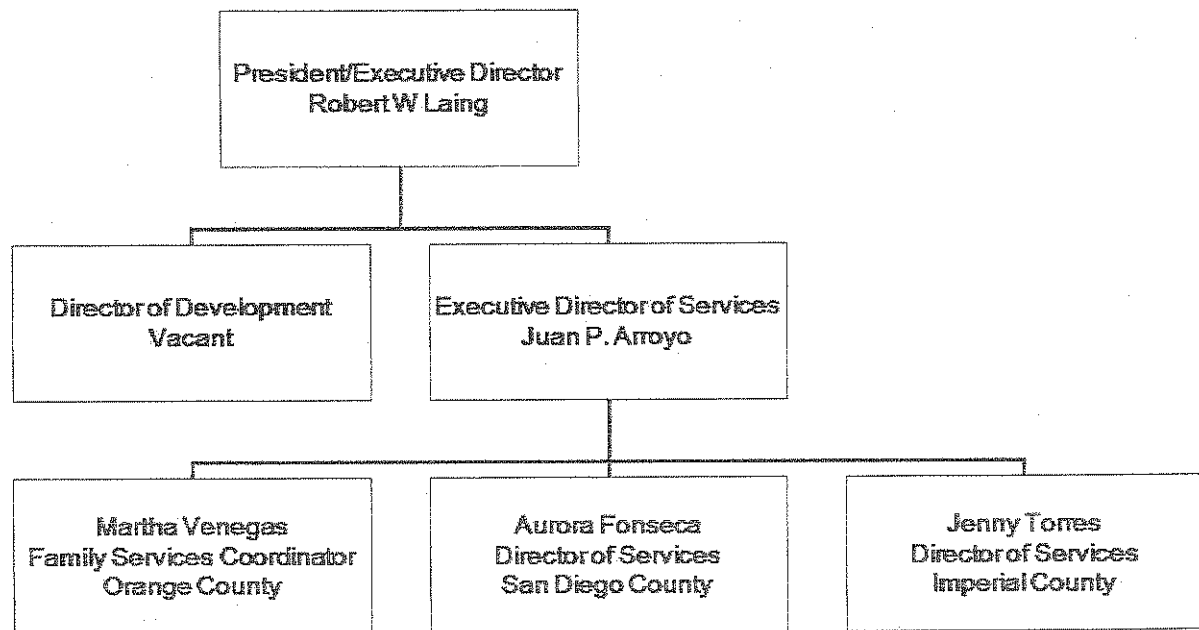
## Director of Services – San Diego County: Aurora Fonseca

Aurora is responsible for planning and coordinating all resident services provided at the apartment communities in San Diego County. She has over twelve years of experience in K-12 school teaching, case management, and resident services development and coordination. She has a Bachelor of Arts Degree in Mexican-American Studies, Minor in Spanish and has done graduate coursework in Urban Education at California State University, Los Angeles.

## Director of Services – Orange County: Martha Venegas

Martha is responsible for planning and coordinating resident services at a 350 unit apartment community in Orange County. She has over fourteen years of experience as a social service provider, family counselor and case manager worker.

# Pacific Southwest Community Development Corporation





**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009  
with  
Report of Independent Auditors

**Novogradac and Company LLP**  
**Certified Public Accountants**

Report of Independent Auditors

To the Board of Directors of  
Pacific Southwest Community Development Corporation:

We have audited the accompanying consolidated statement of financial position of Pacific Southwest Community Development Corporation and subsidiary as of December 31, 2009, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pacific Southwest Community Development Corporation and subsidiary as of December 31, 2009, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in the supplemental schedules 1 and 2 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual subsidiary. The consolidating information referred to in this report has been subjected to auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Novogradac & Company LLP*

San Francisco, California  
August 11, 2010

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
December 31, 2009

**ASSETS**

Current assets

Cash and cash equivalents	\$ 277,817
Accounts receivable	99,111
Prepaid expenses	640

Total current assets	<u>377,568</u>
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Long-term assets

Partnership fee receivable, net	575,526
Interest receivable	2,047,854
Notes receivable, net	15,715,408
Other investments	3,287
Investments in Tax Credit Partnerships	5,244,688

Total long-term assets	<u>23,586,763</u>
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Total assets	<u><u>\$ 23,964,331</u></u>
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**LIABILITIES AND NET ASSETS**

Current liability

Accounts payable	<u>\$ 176</u>
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Long-term liabilities

Interest payable	39,326
Notes payable	7,060,000

Total long-term liabilities	<u>7,099,326</u>
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Total liabilities	7,099,502
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Unrestricted net assets	<u>16,864,829</u>
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Total liabilities and net assets	<u><u>\$ 23,964,331</u></u>
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see accompanying notes

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2009

**REVENUES**

Contribution income	\$ 1,300,000
Interest income	355,175
Partnership fees	319,248
Program fees	190,800
Other income	56,506
Total revenues	<u>2,221,729</u>

**OPERATING EXPENSES**

Provision for bad debts	732,592
Payroll and related expenses	345,271
General and administrative	80,927
Taxes and insurance	60,060
Legal and professional	14,255
Program expenses	7,370
Repairs and maintenance	2,081
Marketing and advertising	350
Total operating expenses	<u>1,242,906</u>
Net operating income	<u>978,823</u>

**OTHER EXPENSES**

Interest expense	4,100
Depreciation expense	374
Total other expenses	<u>4,474</u>

Income before equity in losses from investees	974,349
Equity in losses from investees	<u>(9,068)</u>

INCREASE IN UNRESTRICTED NET ASSETS	965,281
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NET ASSETS - BEGINNING OF YEAR	<u>15,899,548</u>
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NET ASSETS - END OF YEAR	<u><u>\$ 16,864,829</u></u>
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see accompanying notes

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in unrestricted net assets	\$ 965,281
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:	
Provision for bad debts	732,592
Equity in losses from investees	9,068
Depreciation expense	374
Increase in accounts receivable	(36,650)
Increase in partnership fee receivable	(111,370)
Increase in interest receivable	(235,627)
Increase in interest payable	4,100
Net cash provided by operating activities	<u>1,327,768</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Funding of notes receivable	<u>(1,300,000)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	27,768
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>250,049</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 277,817</u></u>

see accompanying notes

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2009

1. General

Pacific Southwest Community Development Corporation (the "Organization") was established on August 29, 1995, under the laws of the State of California and the Nonprofit Public Benefit Corporation Law for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization received tax-exempt status from the Internal Revenue Service on April 11, 1996.

The Organization is exclusively organized to construct, provide, sponsor, manage, rehabilitate, and preserve low-income housing programs pursuant to IRC Section 42, and to create opportunities for economic development. The Organization earns fees for services associated with management of limited partnerships that invest in low-income housing on a nationwide basis.

The accounts of Pacific Southwest Casitas, Inc. (the "Subsidiary") have been consolidated with the Organization and are presented herein. All material intercompany accounts and transactions are eliminated in consolidation.

2. Summary of significant accounting policies and nature of operations

Accounts receivable and bad debt policy

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with maturities of three months or less at date of acquisition.

Concentration of credit risk

The Organization places its temporary cash investments with high-credit, quality financial institutions. At times, the account balances may exceed the institutions' federally insured limits. The Organization has not experienced any losses in such accounts.

Contributions

The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2009

2. Summary of significant accounting policies and nature of operations (continued)

Contributions (continued)

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Depreciation

The Organization records all fixed assets at cost. Personal property is depreciated over 7 years under the double declining balance method.

Economic concentrations

The Organization invests in low-income housing properties located in the states of Arizona and California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes

In accordance with federal and state income tax regulations, no income taxes are levied on the Organization. State income taxes have been levied on the Subsidiary. No liability for federal or state income taxes is reflected in the accompanying consolidated financial statements.

Interest and fees on loan

Interest on the loans made to Tax Credit Partnerships (defined below) is calculated using the simple-interest or annual compounding methods on principal amounts outstanding. The accrual of interest may be discontinued if in management's opinion all or a portion of either current or prior period accrued interest becomes uncollectible. If under this policy the accrual of interest is discontinued, that portion of the accrued interest, which management determined to be uncollectible will be reversed, and subsequent interest income will be recognized only to the extent that cash payments are received and the principal portion is believed to be collectible.

Investment in limited partnerships

Limited partnership investments (the "Tax Credit Partnerships") are accounted for using the equity method of accounting as other partners have various management and/or control rights. The Organization's investments are generally 1% or less of the Tax Credit Partnerships' capital. Under the equity method of accounting, the investments are recorded at cost, and are adjusted for the Organization's share of income or loss from the Tax Credit Partnerships, additional investments, and cash distributions received from the Tax Credit Partnerships.

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2009

2. Summary of significant accounting policies and nature of operations (continued)

Net assets

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

Notes receivable

The notes receivable balance is expected to be held to maturity and the balance is stated at the amount of the unpaid principal, reduced by unearned loan fees and allowance for loan losses.

The Organization may establish an allowance for loan loss through a provision charged to expense and the loans will be charged against that allowance when management believes that collectability of principal is unlikely. The Organization's policy is to establish such an allowance in an amount that management believes will be adequate to absorb losses on the existing loans if and when management determines that all or a portion of the loans may become uncollectible. As of December 31, 2009, management doubts the collectability of the loans and as such, the allowance for loan loss is \$702,592. While management uses the best information available to make its evaluation, further adjustments to the allowance may be necessary if there are significant changes in economic or other conditions.

Principles of consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the Organization and Subsidiary. All material intercompany transactions have been eliminated in consolidation.

Revenue recognition

The Organization earns fees for services rendered in connection with acquiring and managing the Tax Credit Partnerships. A portion of those fees was earned before year end for services to be paid in the following year, and accordingly, are shown as accrued income on the statement of financial position. Additionally, the Organization earns interest income on outstanding loans provided to Tax Credit Partnerships and program fees for services provided to residents of properties owned by Tax Credit Partnerships. Income from fees and interest are recorded when earned.

3. Contributions

For the year ended December 31, 2009, Winding Walk Residential, LLC, master developer of the Landings project made a cash contribution to the Organization in the amount of \$1,300,000. The proceeds of such contribution were simultaneously used by the Organization to fund the loans to CIC Landings, L.P.

4. Investment in Tax Credit Partnerships

The Organization participates in the development and operation of low-income housing properties located in the states of Arizona and California. These properties are owned by Tax Credit Partnerships in which the Organization is the managing general partner.



**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2009

4. Investment in Tax Credit Partnerships (continued)

The Organization's investment balances in Tax Credit Partnerships as of December 31, 2009 are detailed as follows:

<u>Tax Credit Partnerships</u>	<u>Investment Balance</u>
Brawley Gardens, L.P.	\$ 754,519
CIC Calavera, L.P.	229,819
CIC Countryside, L.P.	794,323
CIC Eastlake, L.P.	357,928
Heber Family, L.P.	749,021
HSA, L.P.	168
Longacres at Seabreeze Farms, L.P.	949,687
Redwood Park Apartments, L.P.	37
VDLF, L.P.	614,947
WFA, L.P.	794,239
Total	<u><u>\$ 5,244,688</u></u>

5. Investment in EXCEL GP

The Organization owns a 20.1% interest in EXCEL GP, an Arizona general partnership, who serves as a general partner to Hotel San Carlos, L.P., an Arizona limited partnership engaged in the development and operation of a low-income housing property in Arizona.

As of December 31, 2009, no contributions were provided to EXCEL GP and no distributions were received from EXCEL GP. For the year ended December 31, 2009, the Organization was allocated \$1 of EXCEL GP's loss, which has been suspended. As of December 31, 2009, the investment in EXCEL GP was \$0.

6. Transactions with related parties

Due from CIC Natomas, L.P.

In the prior years, the Organization paid for certain operating expenses on behalf of CIC Natomas, L.P. These advances are non-interest bearing and are payable from available cash flow. As of December 31, 2009, the Organization was owed \$50,000.

Notes receivable

The Organization made loans to the various tax credit partnerships. The loans are primarily secured by deed of trust on the low-income housing projects. The collateral is concentrated primarily within San Luis, Arizona; Brawley, California; Calexico, California; Carlsbad, California; Chula Vista, California; El Centro, California; Holtville, California; Imperial, California; Sacramento, California; and San Diego, California. Payments on the principal and interest are made from available cash flow

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2009

6. Transactions with related parties (continued)

Notes receivable (continued)

of the preceding calendar year of each tax credit partnership. As of December 31, 2009, the real estate-secured loans accounted for 99.87% of the total loans. The Organization evaluates each Tax Credit Partnerships' creditworthiness on a case-by-case basis. As of December 31, 2009, the loan portfolio had a weighted-average interest rate of 2.17%.

The Company's loan portfolio consisted of the following as of December 31, 2009:

Tax Credit Partnerships	Principal Balance	Interest Receivable Balance
BESA, L.P.	\$ 800,000	\$ 36,879
CIC Crossings, L.P.	1,620,000	82,636
CIC Glen Ridge, L.P.	1,100,000	23,869
CIC Landings, L.P.	1,300,000	6,268
CIC Natomas, L.P.	1,300,000	84,625
CIC PHR, L.P.	1,000,000	220,027
CIC Villas, L.P.	1,171,000	176,506
CIC Villas II, L.P.	1,500,000	113,708
De Anza Hotel Limited Partnership	22,000	38,619
Holtville Gardens, L.P.	800,000	50,652
IGA, L.P.	800,000	48,679
Las Casitas de San Luis Limited Partnership	710,000	617,677
Santaluz Family Apartments, L.P.	2,520,000	460,021
THA, L.P.	975,000	46,169
VLA, L.P.	800,000	41,519
Total	<u>\$ 16,418,000</u>	<u>\$ 2,047,854</u>

The Organization established an allowance for loan loss totaling \$702,592 as of December 31, 2009. Through a provision for bad debts in the consolidated statement of activities, no charge-offs or recoveries were recorded related to loans during the year ended December 31, 2009.

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2009

6. Transactions with related parties (continued)

Partnership fees from Tax Credit Partnerships

The Organization acts as managing general partner to the Tax Credit Partnerships. Partnership administration, supervisory, or management fees are paid by the Tax Credit Partnerships to the Organization under the terms set forth in the respective partnership agreements.

During the year ended December 31, 2009, the Organization earned a total of \$319,248 of partnership fees from which \$309,248 were earned from the Tax Credit Partnerships below. As of December 31, 2009, the Organization was owed \$605,526 of partnership fees from the Tax Credit Partnership below.

Tax Credit Partnerships	Annual Fee	Fee Receivable
Beachwind Court, L.P.	\$ 5,315	\$ 7,510
BFA, L.P.	5,000	40,000
Brawley Gardens, L.P.	13,506	62,134
Calipatria Family Apts., L.P.	12,120	16,120
CFA, L.P.	5,000	34,987
CIC Calavera, L.P.	38,136	-
CIC Countryside, L.P.	1,341	7,029
CIC Fairbanks, L.P.	18,798	61,309
CIC Natomas, L.P.	5,250	5,250
CIC Villas, L.P.	1,551	-
De Anza Hotel Limited Partnership	5,000	30,000
Heber Family, L.P.	2,628	55,831
Heber Family II, L.P.	12,731	28,411
HSA, L.P.	108,358	11,423
Las Casitas de San Luis Limited Partnership	10,000	45,001
Redwood Park Apartments, L.P.	2,500	-
Santaluz Family Apartments, L.P.	5,628	5,628
S.D. Regency Centre, L.P.	16,355	133,777
Serena Sunbow, L.P.	18,000	18,000
St. Regis Park, L.P.	15,657	30,858
VDLF, L.P.	5,000	5,000
WFA, L.P.	1,374	7,258
Total	<u>\$ 309,248</u>	<u>\$ 605,526</u>

The Organization established an allowance for accounts receivable totaling \$30,000 as of December 31, 2009. Through a provision for bad debts in the consolidated statement of activities, no charge-offs or recoveries were recorded related to fees receivable during the year ended December 31, 2009.

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2009

6. Transactions with related parties (continued)

Resident service program fees from Tax Credit Partnerships

The Organization has a resident service program that was designed to help the residents of the projects owned and operated by the Tax Credit Partnerships overcome barriers to success and to provide opportunities that shall increase the residents' economic self sufficiency. The Organization provides the critical link between the various supports delivered through a complex array of government and privately funded services (each with its own requirements and logistical challenges) and the residents who need them. For the year ended December 31, 2009, the Organization earned and was paid resident service program fees of:

<u>Tax Credit Partnerships</u>	<u>Annual Fee</u>
BFA, L.P.	\$ 12,000
CFA, L.P.	12,000
CIC Calavera, L.P.	14,400
CIC Countryside, L.P.	6,000
CIC Crossings, L.P.	14,400
CIC Eastlake, L.P.	14,400
CIC Fairbanks, L.P.	14,400
CIC Landings, L.P.	2,000
CIC PHR, L.P.	14,400
Heber Family II, L.P.	8,400
Longacres at Seabreeze Farms, L.P.	3,600
Santaluz Family Apartments, L.P.	14,400
S.D. Regency Centre, L.P.	6,000
Serena Sunbow, L.P.	12,000
St. Regis Park, L.P.	6,400
THA, L.P.	12,000
VDLF, L.P.	12,000
VLA, L.P.	12,000
Total	<u>\$ 190,800</u>

7. Notes payable

Note payable – Richman

On May 31, 1999, the Organization entered into a promissory note agreement with U.S.A. Institutional Tax Credit Fund X, L.P., a Delaware limited partnership ("USA10") in the amount of \$410,000. The note is secured by the terms and provisions of the Assignment of Mortgage and related documents by and between the Organization and USA10. Interest accrues at a simple interest rate of 1% per annum. The entire principal balance and any accrued interest are due and payable in full on the earlier of the purchase of USA10's limited partnership interest in Las Casitas de San Luis, L.P. by the Organization, (ii) the occurrence of a sale or refinancing transaction, (iii) the dissolution

**PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2009

7. Notes payable (continued)

Note payable – Richman (continued)

of or winding up of the affairs of Las Casitas de San Luis, L.P., or (iv) the initiation of a foreclosure proceeding by a superior lien holder. As of December 31, 2009, the principal balance on the note was \$410,000, and accrued interest was \$39,326.

Notes payable – Affordable Housing Program (“AHP”)

The Organization received AHP loans from various lenders (see below). The AHP loans are primarily secured by deeds of trust on the low-income housing projects. The collateral is concentrated primarily within San Luis, Arizona; Brawley, California; El Centro, California; Heber, California; Holtville, California; Imperial, California; and Westmorland, California. The loans accrue at 0% per annum and no principal or interest is due and payable, so long as the Organization maintains compliance with the AHP obligations set forth in the loan documents. The AHP loans may be forgiven in full upon maturity so long as the Organization remains in compliance with the AHP obligations, including but not limited to the requirements of the lenders and AHP requirements, during the retention period.

The Company’s notes payable balance consisted of the following as of December 31, 2009:

<u>Tax Credit Partnerships</u>	<u>Project</u>	<u>Principal Balance</u>
Bank of America California, N.A.	BESA	\$ 800,000
Bank of America Community Development Bank	Las Casitas	250,000
Mississippi Valley Life Insurance Company	Holtville	800,000
Mississippi Valley Life Insurance Company	WFA	800,000
Mississippi Valley Life Insurance Company	Countryside	800,000
Mississippi Valley Life Insurance Company	Heber	800,000
Mississippi Valley Life Insurance Company	Brawley	800,000
Mississippi Valley Life Insurance Company	IGA	800,000
Rabobank, N.A.	VLA	800,000
Total		<u>\$ 6,650,000</u>

8. Subsequent events

Subsequent events have been evaluated through August 11, 2010, which is the date the financial statements were available to be issued.

On May 20, 2010, the Organization provided operating deficit loans to Brawley Gardens, L.P. and WFA, L.P. for \$85,468 and \$42,105, respectively, pursuant to the partnership agreements with Brawley Gardens, L.P. and WFA, L.P. Such operating deficit loans are non-interest bearing and are payable from the respective project’s available cash flows.

## SUPPLEMENTAL SCHEDULE

PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION  
AND SUBSIDIARY  
SUPPLEMENTAL SCHEDULE 1  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2009

	Pacific Southwest Community Development Corporation	Pacific Southwest Casitas, Inc.	Eliminations	Consolidated Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 277,817	\$ -	\$ -	\$ 277,817
Accounts receivable	99,111	9,148	(9,148)	99,111
Prepaid expenses	640	-	-	640
Total current assets	<u>377,568</u>	<u>9,148</u>	<u>(9,148)</u>	<u>377,568</u>
Long-term assets				
Partnership fee receivable, net	575,526	-	-	575,526
Interest receivable	2,047,854	-	-	2,047,854
Notes receivable, net	15,715,408	-	-	15,715,408
Other investments	(284,080)	-	287,367	3,287
Investments in Tax Credit Partnerships	5,244,688	-	-	5,244,688
Total long-term assets	<u>23,299,396</u>	<u>-</u>	<u>287,367</u>	<u>23,586,763</u>
Total assets	<u>\$ 23,676,964</u>	<u>\$ 9,148</u>	<u>\$ 278,219</u>	<u>\$ 23,964,331</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities				
Accounts payable	\$ 176	\$ -	\$ -	\$ 176
Due to related parties	-	9,148	(9,148)	-
Total current liabilities	<u>176</u>	<u>9,148</u>	<u>(9,148)</u>	<u>176</u>
Long-term liabilities				
Interest payable	39,326	-	-	39,326
Notes payable	7,060,000	-	-	7,060,000
Total long-term liabilities	<u>7,099,326</u>	<u>-</u>	<u>-</u>	<u>7,099,326</u>
Total liabilities	7,099,502	9,148	(9,148)	7,099,502
Unrestricted net assets	<u>16,577,462</u>	<u>-</u>	<u>287,367</u>	<u>16,864,829</u>
Total liabilities and net assets	<u>\$ 23,676,964</u>	<u>\$ 9,148</u>	<u>\$ 278,219</u>	<u>\$ 23,964,331</u>

see Report of Independent Auditors

PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION  
AND SUBSIDIARY  
SUPPLEMENTAL SCHEDULE 2  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the year ended December 31, 2009

	Pacific Southwest Community Development Corporation	Pacific Southwest Casitas, Inc.	Eliminations	Consolidated Total
REVENUES				
Contribution income	\$ 1,300,000	\$ -	\$ -	\$ 1,300,000
Interest income	355,175	-	-	355,175
Partnership fees	319,248	-	-	319,248
Program fees	190,800	-	-	190,800
Other income	56,506	-	-	56,506
Total revenues	<u>2,221,729</u>	<u>-</u>	<u>-</u>	<u>2,221,729</u>
OPERATING EXPENSES				
Payroll and related expenses	345,271	-	-	345,271
General and administrative	80,927	-	-	80,927
Taxes and insurance	60,010	50	-	60,060
Legal and professional	13,005	1,250	-	14,255
Program expenses	7,370	-	-	7,370
Repairs and maintenance	2,081	-	-	2,081
Marketing and advertising	350	-	-	350
Total operating expenses	<u>509,014</u>	<u>1,300</u>	<u>-</u>	<u>510,314</u>
Net operating income (loss)	<u>1,712,715</u>	<u>(1,300)</u>	<u>-</u>	<u>1,711,415</u>
OTHER EXPENSES				
Provision for bad debts	732,592	-	-	732,592
Interest expense	4,100	-	-	4,100
Depreciation expense	374	-	-	374
Total other expenses	<u>737,066</u>	<u>-</u>	<u>-</u>	<u>737,066</u>
Income (loss) before equity in losses from investees	975,649	(1,300)	-	974,349
Equity in losses from investees	<u>(10,368)</u>	<u>(66,857)</u>	<u>68,157</u>	<u>(9,068)</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>\$ 965,281</u>	<u>\$ (68,157)</u>	<u>\$ 68,157</u>	<u>\$ 965,281</u>

see Report of Independent Auditors



**ATTACHMENT 5**  
**HOUSING COMMISSION MULTIFAMILY**  
**HOUSING REVENUE BOND PROGRAM**  
**Summary**

**General Description:** The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity bonds” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

**Bond Issuer:** Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds; there is no pledge of the City’s or the Housing Authority’s faith, credit or taxing power. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

**Affordability:** Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

**Rating:** Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

**Approval Process:**

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- Application for Bond Allocation: The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible, in any way, for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the

Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on the behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

**The following memo was submitted to the members of the Housing Commission Board on 2/18/2011 and is to be included in the information provided to the members of the City Council and the Housing Authority.**



SAN DIEGO  
HOUSING  
COMMISSION

## MEMO

**DATE ISSUED:** February 16, 2011

**REPORT NO:** HCR 11-027

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of February 18, 2011

**SUBJECT:** Agenda Item 104 - Terramar – Acquisition and Preliminary Bond Request

On February 15, 2011, Chelsea Investment Corporation submitted an updated proforma for the Terramar project due to further refinements to the assumptions and to fix some minor technical errors. The attached proforma has been updated to reflect the following changes and replaces Attachment 3 found in the staff report:

1. The unit mix has been slightly adjusted to ensure that 20 percent of the units are affordable to families earning 50 percent of Area Median Income. The new unit count is as follows:

Bedroom Type	Previous Unit Number	New Unit Number
One Bedroom	4	4
Two Bedroom	11	10
Three Bedroom Units (Includes One Manager Unit)	6	7
Total Units	21	21

2. Since each resident unit has a built-in laundry room, there will be no revenue collected for community washer and dryers. Any revenue assumed for laundry has been removed from the proforma.
3. The tax credit equity pricing has increased from the \$.86 cents to \$.875 cents.

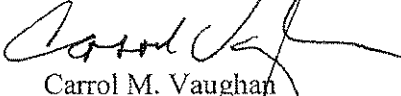
Except for some slight variations in tax credit equity amount, the permanent loan amount and the operating budget, the remaining assumptions in the proforma have not changed. The San Diego Housing Commission will still receive a ground lease payment in Year 8.

If you have any questions, please contact Roger Green, Real Estate Manager, at 619-578-7587.

Respectfully submitted,

  
Roger Green  
Real Estate Manager  
Real Estate Department

Approved by,

  
Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer

Attachments: 1. Proforma dated February 15, 2011

# **EXHIBIT A: PROJECT SUMMARY**

February 15, 2011

**Terramar 21**  
**4% Tax Credits**  
**21 Units**

## **PROJECT DEAL STRUCTURE**

<b>Development Costs</b>	
Eligible Costs	7,285,344
Ineligible Costs	263,902
<b>Total Development Costs</b>	<b>7,549,246</b>
<b>Sources:</b>	
Federal LIHTC Equity	2,751,035
Pardee Contribution	1,500,000
Permanent Loan	1,181,000
Deferred Developer Fee/GAP	82,211
SDHC Loan	2,035,000
<b>Total Sources</b>	<b>7,549,246</b>
<b>Prevailing Wage (Y/N):</b>	<b>Yes</b>
Developer Fee	100%
Deferred Fee	9%

## **FINANCING ASSUMPTIONS**

4% Tax Rate	February-11	3.32%
Annual Federal Tax Credits		314,435
Federal Tax Credit Price		\$ 0.8750
State Tax Credit Price		\$ -
Opr. Exp./Unit/Year		5,000
Replacement Reserves/Unit/Year		350
Vacancy Rate		5.00%
DCR		1.20
Perm Loan Amort		30
Interest Rate - Permanent Loan		6.25%
Interest Rate - Construction Loan		4.50%
Tax-Exempt Bonds - Construction/Perm		1,181,000
Tax-Exempt Bonds - Construction		2,591,339
<b>Total Bonds</b>		<b>3,772,339</b>
50% Test		51.74%

## **PROJECT UNIT & INCOME MIX**

AMI	Studio	1BR	2BR	3BR	Totals
60%	0	3	8	4	15
50%	0	1	2	2	5
40%	0	0	0	0	0
30%	0	0	0	0	0
Mgr.	0	0	0	1	1
<b>Totals</b>	<b>0</b>	<b>4</b>	<b>10</b>	<b>7</b>	<b>21</b>
Housing Set-Aside					"Multi-Family"

# **EXHIBIT C: PROJECTED SOURCES AND USES OF FUNDS**

Terramar 21

21 units

		Pre-Dev	Close	Construction Period 7 months			Construction Subtotal	Completion/BE Qtrs 3 & 4	Conversion	8809	Total
				40%	60%	80%					
SOURCES OF FUNDS											
1	Federal UHTC Equity		550,207	-	-	-	550,207	-	2,053,276	137,552	2,751,035
2	State UHTC Equity		-	-	-	-	-	-	-	-	-
3	Construction Loan		-	683,944	2,629,592	383,953	3,897,489	74,851	(3,772,339)	-	1,181,000
4	Permanent Loan		-	-	-	-	-	-	1,181,000	-	82,211
5	Deferred Developer Fee/GAP		-	-	-	-	-	-	82,211	-	2,000,000
6	SDHC Loan	\$85,238,000	1,260,000	-	500,000	-	1,760,000	-	240,000	-	1,500,000
7	Pardee Contribution		-	-	700,000	-	700,000	-	800,000	-	35,000
8	SDHC Housing Trust		35,000	-	-	-	35,000	-	-	-	-
9	Total Sources of Funds		1,845,207	683,944	3,829,592	383,953	6,742,696	74,851	694,148	137,552	7,549,248
USES OF FUNDS											
ACQUISITION											
11	Donated Land Cost	\$5,000	100	-	-	-	100	-	-	-	100
12	Demolition		-	-	-	-	-	-	-	-	-
13	Legal & Carrying Costs		5,000	-	-	-	5,000	-	-	-	5,000
14	Other:		-	-	-	-	-	-	-	-	-
15	Total Land / Acquisition		5,100	-	-	-	5,100	-	-	-	5,100
NEW CONSTRUCTION											
18	Off-site Improvements	\$0.00/lin ft	-	-	-	-	-	-	-	-	-
19	Site Work	\$89.77/lin ft	190,645	381,280	571,932	-	1,143,867	-	-	-	1,143,867
20	Structures	\$148.60/lin ft	-	581,940	1,028,106	249,237	1,859,283	-	-	-	1,859,283
21	General Requirements		20,259	40,518	60,779	20,259	141,815	-	-	-	141,815
22	Contractor Overhead		8,104	16,208	24,313	8,104	56,729	-	-	-	56,729
23	Contractor Profit		20,259	40,518	60,779	20,259	141,815	-	-	-	141,815
24	Contractor General Liability Insurance		-	-	-	-	-	-	-	-	-
25	Other:		-	-	-	-	-	-	-	-	-
26	Total New Construction	\$283,079,000	239,267	1,070,474	1,745,909	297,858	3,363,509	-	-	-	3,363,509
ARCHITECTURAL											
29	Design		28,571	57,143	85,714	28,572	200,000	-	-	-	200,000
30	Supervision		-	4,000	8,000	2,000	12,000	-	-	-	12,000
31	Total Architectural		28,571	61,143	93,714	30,572	212,000	-	-	-	212,000
SURVEY & ENGINEERING											
34	Engineering		18,429	32,857	49,286	16,428	116,000	-	-	-	116,000
35	ALTA Land Survey		7,500	-	-	-	7,500	-	-	-	7,500
36	Total Survey & Engineering		23,029	32,857	49,286	16,428	122,500	-	-	-	122,500
CONTINGENCY COSTS											
39	Hard Cost Contingency	5%	11,983	53,524	87,295	14,993	167,875	-	-	-	167,875
40	Soft Cost Contingency	3%	24,082	3,654	55,235	2,074	84,944	-	-	-	84,944
41	Total Contingency		36,065	57,177	142,530	16,967	252,619	-	-	-	252,619
CONSTRUCTION PERIOD EXPENSES											
44	Construction Loan Interest		-	2,565	17,555	12,426	32,548	62,831	-	-	95,376
45	Origination Fee	1.00%	37,723	-	-	-	37,723	-	-	-	37,723
46	Credit Enhancement & Application Fee		1,500	-	-	-	1,500	-	-	-	1,500
47	Owner Paid Bonds		-	-	-	-	-	-	-	-	-
48	Lender Inspection Fees		-	-	-	-	-	-	-	-	-
49	Taxes During Construction		-	-	-	-	-	-	-	-	-
50	Provisioning Wage Monitor		-	7,500	7,500	2,500	17,500	-	-	-	17,500
51	Insurance During Construction		50,000	-	-	-	50,000	-	-	-	50,000
52	Title and Recording Fees		20,000	-	-	-	20,000	-	-	-	20,000
53	Construction Mgmt. and Testing		2,500	5,000	7,500	2,500	17,500	-	-	-	17,500
54	Preadevelopment Loan Interest		-	-	-	-	-	-	-	-	-
55	Other: SDHC Due Diligence Expenses		35,000	-	-	-	35,000	-	-	-	35,000
56	Total Construction Period Expense		148,723	15,065	32,555	17,426	211,769	62,831	-	-	274,600
PERMANENT FINANCING EXPENSES											
60	Loan Origination Fees	1.00%	-	-	-	-	-	-	11,810	-	11,810
61	Credit Enhancement & Application Fee		-	-	-	-	-	-	-	-	-
62	Title and Recording Fees		-	-	-	-	-	-	12,500	-	12,500
63	Property Taxes		-	-	-	-	-	-	-	-	-
64	Insurance		-	-	-	-	-	-	-	-	-
65	Other: Bond Underwriter Fee and Expense		25,000	-	-	-	25,000	-	-	-	25,000
66	Other: Issuer Fee	0.25%	5,675	-	-	-	5,675	-	-	-	5,675
67	Total Permanent Financing		30,675	-	-	-	30,675	-	24,310	-	67,985
LEGAL FEES											
70	Construction Lender Legal		45,000	-	-	-	45,000	-	-	-	45,000
71	Permanent Lender Legal		40,000	-	-	-	40,000	-	-	-	40,000
72	Sponsor Legal		75,000	-	-	-	75,000	-	-	-	75,000
73	Organizational Legal		-	-	-	-	-	-	-	-	-
74	Syndication Legal		-	-	-	-	-	-	-	-	-
75	CPA, Opinion		-	-	-	-	-	-	-	-	-
76	Other: GP Legal		10,000	-	-	-	10,000	-	-	-	10,000
77	Total Legal Fees		170,000	-	-	-	170,000	-	-	-	170,000
CAPITALIZED RESERVES											
80	Operating Reserve		-	-	-	-	-	-	52,071	-	52,071
81	Replacement Reserve		-	-	-	-	-	-	-	-	-
82	Total Reserves		-	-	-	-	-	-	52,071	-	52,071

# **EXHIBIT C: PROJECTED SOURCES AND USES OF FUNDS**

Tenamar 21

21 units

	Pre-Dev	Close	Construction Period 7 months			Construction Subtotal	Completion/BE Ctrs 3 & 4	Conversion \$609	Total
			Quarter 1	Quarter 2	Quarter 3				
			40%	60%	8%				
87									
88	REPORTS & STUDIES								
89	Appraisal	-	-	-	-	-	-	-	-
90	Market Study	6,000	-	-	-	6,000	-	-	6,000
91	Physical Needs Assessment	-	-	-	-	-	-	-	-
92	Environmental Studies	10,000	-	-	-	10,000	-	-	10,000
97	Total Reports & Studies	16,000	-	-	-	16,000	-	-	16,000
99									
99	OTHER								
100	TCAC App./Alloc/Monitoring Fees	8,289	-	-	-	8,289	-	5,056	13,344
101	CDLAC/CDIAC Fees	13,769	-	-	-	13,769	-	-	13,769
102	Local Permit Fees	190,936	-	-	-	190,936	-	-	190,936
103	Local Development Impact Fees	159,785	-	1,653,483	-	1,813,268	-	-	1,813,268
104	Other Costs of Bond Issuance	7,500	-	-	-	7,500	-	-	7,500
105	Syndicator/Investor Fees & Expenses	-	-	-	-	-	-	-	-
106	Furnishings	-	-	-	-	-	-	-	-
107	Final Cost Audit Expense	-	-	-	-	-	7,500	-	7,500
108	Marketing	-	2,250	3,400	1,130	6,780	4,520	-	11,300
108	Financial Consulting	-	-	-	-	-	-	-	-
110	Real Estate Taxes	-	-	-	-	-	-	-	-
111	Other Accounting/Finance/Admin	3,571	7,143	10,714	3,571	25,000	-	-	25,000
112	Other TCAC Application Prep	-	-	-	-	-	-	-	-
113	Other Service Fee	-	-	-	-	-	-	-	-
114	Total Other Costs	383,830	9,393	1,667,587	4,701	2,065,622	12,020	5,056	2,082,597
115									
116	DEVELOPER COSTS								
117	Developer Fee	100,000	100,000	100,000	-	300,000	-	512,711	950,262
120	Syndication Consultant	-	-	-	-	-	-	-	-
124	Total Developer Costs	100,000	100,000	100,000	-	300,000	-	512,711	950,262
126									
126									
127	Total Uses of Funds	1,183,142	1,346,009	3,829,592	383,953	6,742,696	74,861	594,148	7,549,248
128	Net Source & Use	662,065	(662,065)	-	-	-	-	-	-
129	Distributions	-	-	-	-	-	-	-	-
130	Balance of Funds	662,065	-	-	-	-	-	-	-

0.37%  
\$9,092/Unit  
\$66,345/Unit



**EXHIBIT D: TAX CREDITS & BASIS CALCULATION**

February 21

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	33% ELIGIBLE BASIS	70% ELIGIBLE BASIS
<b>ACQUISITION</b>			
Land Cost	\$ 100	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Demolition	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Legal & Carrying Costs	\$ 6,000	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Other:	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
<b>TOTAL LAND/ACQUISITION COSTS</b>	<b>\$ 6,100</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NEW CONSTRUCTION</b>			
Off-Site Improvements	\$ -		\$ -
Site Work	\$ 1,143,867		\$ 1,143,867
Structures	\$ 1,869,283		\$ 1,869,283
General Requirements	\$ 141,815		\$ 141,815
Contractor Overhead	\$ 58,729		\$ 58,729
Contractor Profit	\$ 141,815		\$ 141,815
Contractor General Liability Insurance	\$ -		\$ -
Other:	\$ -		\$ -
<b>TOTAL CONSTRUCTION</b>	<b>\$ 3,353,509</b>		<b>\$ 3,353,509</b>
<b>ARCHITECTURAL FEES</b>			
DESIGN	\$ 200,000		\$ 200,000
SUPERVISION	\$ 12,000		\$ 12,000
<b>TOTAL ARCHITECTURAL COSTS</b>	<b>\$ 212,000</b>		<b>\$ 212,000</b>
<b>SURVEY &amp; ENGINEERING</b>			
Engineering	\$ 115,000		\$ 115,000
ALTA Land Survey	\$ 7,500		\$ 7,500
<b>TOTAL SURVEY &amp; ENGINEERING</b>	<b>\$ 122,500</b>		<b>\$ 122,500</b>
<b>CONTINGENCY COSTS</b>			
Hard Cost Contingency	\$ 187,875		\$ 187,875
Soft Cost Contingency	\$ 84,844		\$ 84,844
<b>TOTAL CONTINGENCY COSTS</b>	<b>\$ 272,719</b>		<b>\$ 272,719</b>
<b>CONSTRUCTION PERIOD EXPENSES</b>			
Construction Loan Interest	\$ 95,378		\$ 32,548
Origination Fee	\$ 37,723		\$ 37,723
Credit Enhancement & Application Fee	\$ 1,500		\$ 1,500
Owner Paid Bonds	\$ -		\$ -
Lender Inspection Fees	\$ -		\$ -
Taxes During Construction	\$ -		\$ -
Prevailing Wage Monitoring	\$ 17,500		\$ 17,500
Insurance During Construction	\$ 50,000		\$ 50,000
Title and Recording Fees	\$ 20,000		\$ 20,000
Construction Management & Testing	\$ 17,500		\$ 17,500
Predevelopment Loan Interest	\$ -		\$ -
Other: SDHC Due Diligence Expenses	\$ 35,000		\$ 35,000
<b>TOTAL CONSTRUCTION PERIOD EXPENSE</b>	<b>\$ 274,600</b>		<b>\$ 211,789</b>
<b>PERMANENT FINANCING EXPENSES</b>			
Loan Origination Fee	\$ 11,810	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Credit Enhancement & Application Fee	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Title and Recording Fees	\$ 12,500	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Property Taxes	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Insurance	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Other: Bond Underwriter Fee and Expense	\$ 25,000	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Other: Issuer Fee	\$ 8,678	XXXXXXXXXXXXX	XXXXXXXXXXXXX
<b>TOTAL PERMANENT FINANCING COSTS</b>	<b>\$ 57,988</b>	<b>XXXXXXXXXXXXX</b>	<b>XXXXXXXXXXXXX</b>

## EXHIBIT D: TAX CREDITS &amp; BASIS CALCULATION

Page 2

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	70% ELIGIBLE BASIS	10% ELIGIBLE BASIS
<b>LEGAL FEES</b>			
Construction Lender Legal	\$ 45,000		\$ 45,000
Permanent Lender Legal	\$ 40,000	XXXXXXXXXXXXXX	
Sponsor Legal	\$ 75,000		\$ 75,000
Organizational Legal	\$ -		\$ -
Syndication Legal	\$ -	XXXXXXXXXXXXXX	
CPA Opinion	\$ -		\$ -
Other: GP Legal	\$ 10,000		\$ 10,000
<b>TOTAL LEGAL</b>	<b>\$ 170,000</b>		<b>\$ 130,000</b>
<b>CAPITALIZED RESERVES</b>			
Operating Reserve	\$ 52,071	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Replacement Reserve	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
<b>TOTAL RESERVE COSTS</b>	<b>\$ 52,071</b>	<b>XXXXXXXXXXXXXX</b>	<b>XXXXXXXXXXXXXX</b>
<b>REPORTS &amp; STUDIES</b>			
Appraisal	\$ -		\$ -
Market Study	\$ 5,000		\$ 5,000
Physical Needs Assessment	\$ -		\$ -
Environmental Studies	\$ 10,000		\$ 10,000
<b>TOTAL REPORTS &amp; STUDIES</b>	<b>\$ 15,000</b>		<b>\$ 15,000</b>
<b>OTHER EXPENSES</b>			
TCAC Application/Allocation/Monitoring Fees	\$ 13,344	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
CDLAC/CDIAC Fees	\$ 13,789		\$ 13,789
Local Permit Fees	\$ 190,938		\$ 190,938
Local Development Impact Fees	\$ 1,813,248		\$ 1,813,248
Other Costs of Bond Issuance	\$ 7,500		\$ -
Syndicator/Investor Fees & Expenses	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Furnishings	\$ -		\$ -
Final Cost Audit Expense	\$ 7,500		\$ 7,500
Marketing	\$ 11,300	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Financial Consultant	\$ -		\$ -
Real Estate Taxes	\$ -		\$ -
Other: Accounting/Finance/Admin	\$ 25,000		\$ 25,000
Other: TCAC Application Prep	\$ -		\$ -
Other: Service Fee	\$ -		\$ -
<b>TOTAL OTHER COSTS</b>	<b>\$ 2,042,697</b>		<b>\$ 2,038,684</b>
<b>DEVELOPER COSTS</b>			
Developer Fee Limit	\$ 2,000,000		\$ 1,400,000
Developer Fee Calculation	\$ 950,282		\$ 950,282
Developer Fee	\$ 950,282		\$ 950,282
<b>TOTAL DEVELOPER FEE</b>	<b>\$ 950,282</b>		<b>\$ 950,282</b>
<b>TOTAL RESIDENTIAL COSTS</b>	<b>\$ 7,548,248</b>		<b>\$ 7,285,344</b>
<b>TOTAL COMMERCIAL COSTS</b>	<b>\$ -</b>		<b>\$ -</b>
<b>TOTAL PROJECT AND BASIS COSTS</b>	<b>\$ 7,548,248</b>		<b>\$ 7,285,344</b>
Adjustment for Excess Basis			\$ -
Additional Amount Voluntarily Excluded From Basis			\$ -
Requested Unadjusted Eligible Basis			\$ 7,285,344
<b>100% DIFFICULT DEVELOPMENT FACTOR?</b>	Tract #: Not Avail.	y	\$ 9,470,047
Credit Reduction	0.00%		\$ -
Total Adjusted Qualified Basis			\$ 9,470,047
<b>TX CREDITS @ 1x Credit Rt @ % LI Eligible</b>	3.52%	100.00%	\$ 314,435
	2/1/2011		
<b>TX CREDITS OVER TEN YEARS</b>			\$ 3,144,354
State Tax Credits - 13% of Eligible Basis & Over 4 Yrs	0.00%		\$ -
State Tax Credit Equity	\$ -		\$ -
<b>TX CREDIT EQUITY @ Credit % Investment</b>	0.8765	99.98%	\$ 2,781,058

51.74%

# **EXHIBIT E: OPERATING BUDGET & INCOME ANALYSIS**

Terramar 21

Rent:	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Utility Allowance	Monthly Net Rent	Annual Rent
1BR/1BA	60%	3	717	2,151	883	22	861	30,996
1BR/1BA	50%	1	717	717	736	22	714	8,568
2BR/1BA	60%	8	950	7,600	1,060	30	1,030	98,880
2BR/1BA	50%	2	950	1,900	883	30	853	20,472
3BR/2BA	MGR	1	1,250	1,250	0	0	0	0
3BR/2BA	60%	4	1,243	4,972	1,178	36	1,142	54,816
3BR/2BA	50%	2	1,243	2,486	981	36	945	22,680
Clubhouse and other			0	0			0	0
Total Rents		21		12,368				236,412
Common Area								
Construction Square Feet				12,751				
Laundry			\$ -	Per unit/ Per month				0
Other Income (App. Fees, Late, etc.)			\$ 5.00	Per unit/ Per month				1,260
Sub-Total								237,672
Less: Vacancies @			5%					11,894
Total Income								\$225,788
Total Expenses			\$ 5,000	Per Unit				105,000
Net Operating Income								\$120,788
Reserves			\$350.00/unit					7,350
Annual Issuer Admin Fee			0.23%					8,676
Net Income Available for Debt Service								104,762

Perm Loan:		Per Loan Sizing	1,181,000
Debt Service Coverage	1.20	Per Bank	1,181,000
Interest	6.25%		
Term	30	Loan Amount	1,181,000
Amortization	30	Monthly Payment	7,272
		Annual Payment	87,259
		Cash Flow After D/S	17,503

**Topic: 21**

[illegible]

15	16	17	18	19	20	21	22	23	24	25	26	27	28
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[illegible]

[illegible]

[illegible][illegible]

[illegible]