



## REPORT TO THE CITY COUNCIL AND HOUSING AUTHORITY

**DATE ISSUED:** March 5, 2010

**REPORT NO:** HAR 10-019

**ATTENTION:** Council President and City Council  
Members of the Housing Authority  
For the Agenda of April 20, 2010

**SUBJECT:** Loan and Preliminary Items Pursuant to Issuing Multifamily Housing Revenue Bonds for Georgia Street Apartments (Council District 3)

### **REQUESTED ACTION:**

Approve a \$5,110,753 residual receipts loan for the acquisition and development of 31 affordable rental apartments in North Park for low-income and very low-income families, and take the initial steps to issue Housing Authority multifamily housing mortgage revenue bonds for the proposed project. Issuance of the bonds would require Housing Authority approval at a later date.

### **STAFF RECOMMENDATION:**

#### **A. The Housing Authority of the City of San Diego:**

1. Approve a residual receipts loan, not to exceed \$5,110,753 to Georgia Street, LP, a California limited partnership, in which the Affirmed Housing Group, Inc ("Affirmed") will be the General Partner, as gap financing for the development of 31 units of affordable rental housing on Georgia Street;
2. Approve the following amendment to the current FY10 Budget:
  - a. Transfer \$3,600,000 of Neighborhood Stabilization Program funds from Rental Housing Development (\$3,524,533) and Rehab Owner Occupied (\$75,467) to Rental Housing Finance.
3. Approve a bond inducement resolution (Declaration Of Official Intent) for up to \$6,500,000 in Multifamily Housing Revenue Bonds for the project;
4. 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 \$6,500,000 for the project;
5. Authorize the President and Chief Executive Officer of the Housing Commission, or a designee, to execute necessary documents as approved by General Counsel and/or Bond Counsel.

#### **B. 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 by the Housing Authority in an amount of up to \$6,500,000.**

### **BACKGROUND:**

In January 2010, Affirmed discussed with Housing Commission staff the availability of a partially-constructed and foreclosed 29-unit condominium project on the northeast corner of the intersection of Georgia Street and Polk Avenue in the North Park neighborhood (see Attachment 1). Project

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construction stopped about two years ago, after completing a two-level parking structure, and partial first story (of five stories) of light steel frame supporting wall and joist system (see Attachment 2).

Affirmed is proposing to purchase the foreclosed property and complete the construction, as designed and permitted, but slightly modified to convert twenty large two-bedroom units into twenty three-bedroom units and to divide two very large penthouse units into two units each to increase the development to a total of thirty one apartments for low-income and very-low income families. The proposed design revision would consist of three one-bedroom, four two-bedroom, and twenty four three-bedroom apartments. This mix consisting of mostly three-bedroom apartments will be in great demand in the North Park apartment submarket.

The five residential levels of Type 3 construction will be constructed over the already-constructed Type 1 concrete 60-space parking structure. Also included is a community room on the podium level and a centrally-located elevator providing access to all five residential levels and both parking levels.

The Planning Department has confirmed that no further discretionary approval will be required to utilize the affordable housing density bonus to increase the unit count and to redesign unit plans to increase bedrooms within units, since the increase in unit count is well below the 35% increase in units allowed for affordable units, the gross square footage is not being increased, the building height is being reduced, and the revised parking requirement of 59 spaces is accommodated by the 60 spaces in the existing parking structure.

The partially below-grade parking structure supporting the residences was completed in 2008, and construction on the project was abandoned after the completion of the light steel stud framing for the first level of units and a small portion of the second level. Initial discussions with the project architect and structural engineer indicate that the existing permits can be re-activated and construction completed per the approved plans. Some or all of the existing framing for the units will require rework. No water intrusion through the garage walls was observed during an initial site walk immediately following the January 2010 rainstorms, providing evidence of a properly installed waterproofing system behind the below-grade portions of the garage.

Affirmed engaged several contractors to study the existing physical conditions and to create a detailed cost to complete budget, which resulted in the construction cost estimate, at Davis-Bacon labor rates due to the use of federal funds, included in this report.

The Developer will also be required to comply with all pertinent NSP regulations, including procurement regulations, to the extent applicable, in selecting contractors and subcontractors.

NSP regulations approve the use of for-profit developers in NSP projects; however, the Substantial Amendment as previously written and approved by the City Council in November 2008 limited development activities only to non-profit entities. Housing Commission staff is working with the City to revise the Substantial Amendment to include the eligibility of for-profit developers. The issue will be presented and discussed at the March 24, 2010 Land Use and Housing Committee meeting, in advance of the April 20 Housing Authority meeting.

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**DISCUSSION:**

Affirmed has the property in escrow with International City Bank and hopes to negotiate a final acquisition price for the land and existing construction of \$2,700,000. The proforma contains the current contract price of \$2,850,000. Any negotiated reduction in the land price will reduce the gap financing amount from the Housing Commission by the amount of the land price reduction. The total cost at completion is projected to be \$10,735,000, which is approximately \$346,290 per unit. The gap financing requested from the Housing Commission is \$5,110,753, or \$164,863 per unit.

The project schedule proposed by Affirmed to be as follows:

|  |                 |
|--|-----------------|
| SDHC Board approval  | March 19, 2010  |
| Housing Authority approval                                   | April 20, 2010  |
| SDHC \$6.5M funding for acquisition and predevelopment costs | late April 2010 |
| 4% tax credit application due to TCAC                        | April 23, 2010  |
| CDLAC application for tax exempt bonds                       | May 28, 2010    |
| TCAC approval of 4% tax credits                              | June 23, 2010   |
| CDLAC allocation of tax exempt bonds                         | July 28, 2010   |
| Construction start   | September 2010  |
| Construction completion and occupancy                        | May 2011        |

Since inception in 1994, Affirmed has developed over 2,200 units in California and the mid-Atlantic states of West Virginia, Virginia and North Carolina. Affirmed has secured over \$660 million of tax credit, conventional, and other financing for affordable housing projects. Recent developments include new construction as well as acquisition and substantial rehabilitation projects in San Diego, Riverside, and Ventura counties. Projects in San Diego include the 229-unit high-rise Ten Fifty B Street, the 106-unit Tesoro Grove Apartments, the 94-unit Hollywood Palms Apartments, the 50-unit Creekside Trails Apartments, the 69-unit Auburn Park Apartments, and the 275-unit Studio 15 development in downtown. A developer disclosure statement for Affirmed is included as Attachment 3.

**Housing Affordability**

Georgia Street Apartments will provide 31 rental units for occupancy, and at rents affordable to low and very-low income households: 13 units will be restricted at 50% Area Median Income (AMI) (\$41,300 for a household of four) and 17 units will be restricted at 60% AMI (\$49,560 for a household of four). In addition, one two-bedroom unit will be reserved for an on-site manager and will not be occupancy-restricted.

| Type          | AMI     | Number of Units | Restricted Rent (net of utility allowance)* |
|---------------|---------|-----------------|---|
| One Bedroom   | 50% AMI | 1               | \$762                                       |
| One Bedroom   | 60% AMI | 2               | \$917                                       |
| Two Bedroom   | 50% AMI | 2               | \$913                                       |
| Two Bedroom*  | 60% AMI | 2               | \$1,006                                     |
| Three Bedroom | 50% AMI | 10              | \$1,056                                     |
| Three Bedroom | 60% AMI | 14              | \$1,164                                     |
| <b>Total</b>  |         | <b>31</b>       |   |

\* Includes one manager's unit.

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| <b>Proposed Sources of Housing Commission Funds</b> | <b>Amount</b>      |
|---|--------------------|
| NSP 50% AMI Funds                                   | \$3,600,000        |
| HOME funds  | \$1,457,478        |
| Housing Trust Fund                                  | \$ 53,275          |
| <b>Total</b>  | <b>\$5,110,753</b> |

Total Project Permanent Sources of Funds are as follow:

|                             |                     |
|-----------------------------|---------------------|
| Tax Exempt Bonds            | \$2,635,000         |
| SDHC residual receipts loan | 5,110,753           |
| Tax Credit Equity           | 2,774,247           |
| Deferred Developer Fee      | <u>215,000</u>      |
| <b>Total Sources</b>        | <b>\$10,735,000</b> |

Total Project Uses of Funds are as follow:

|                         |                     |
|-------------------------|---------------------|
| Acquisition costs       | \$2,900,000         |
| Construction costs      | 5,512,500           |
| Financing costs         | 510,000             |
| Reserves                | 40,000              |
| Developer Fee           | 1,100,000           |
| Other development costs | <u>672,500</u>      |
| <b>Total Uses</b>       | <b>\$10,735,000</b> |

The construction cost estimate is based on Affirmed Housing's consultations with several general contractors, using plans and specifications as permitted, with the proposed unit modifications, and value engineering of final fixtures and finishes to be consistent with affordable apartments rather than upscale condominium units. The overall cost of \$346,290 per unit reflects the above average parking structure capacity, the steel structural system for the five residential floors, and the high percentage of three-bedroom units (24 of 31 units).

Time will be of the essence in completing and occupying the project. Therefore, the Housing Commission loan agreement will provide that, upon an uncured failure by borrower to comply with the project schedule, the Housing Commission will have the ability to declare a default and proceed with remedies under the terms of the loan agreement, including the right to take over the project from Affirmed in order complete the development post closing, as well as an agreement between the bank and Affirmed that a default prior to closing will result in assignment of Affirmed's purchase rights to the Housing Commission. The documents will provide that no loan proceeds beyond the amount recommended will be available from the Housing Commission, and that any shortfall will be accommodated by use of the Developer Fee or other subordinate loan proceeds, as approved by the CEO of the Housing Commission.

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### Proposed Bond Financing

The first position loan would be capitalized through the issuance of tax-exempt bonds by the Housing Authority. 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. These actions do not obligate the Housing Authority to issue bonds.

It is anticipated that this development will receive a bond allocation at CDLAC's July 28<sup>th</sup> meeting; however, if necessary, staff will submit additional applications to CDLAC 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 6.

Affirmed Housing is seeking an approximate \$6,500,000 allocation from CDLAC. The bond amount that is ultimately issued 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. 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.

The \$6.5 million allocation that will be sought from CDLAC is approximately 17% higher than the amount for which the project is currently being underwritten (\$5,582,200) for the construction financing. This increased amount represents a cushion to account for possible increases in the bond amount due to increases in construction costs or decreases in the assumed interest rate. The bond amount that is ultimately issued will be based upon project costs, revenues, and interest rates at the time of bond issuance. It is anticipated that the bonds will be used for both construction financing and permanent financing of the project.

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested bond actions. Approval of the bond inducement and TEFRA resolutions do not commit the Housing Authority to issue bonds. The bonds would not constitute a debt of the City of San Diego. If bonds are ultimately issued for the project, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee.

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#### Selection of the Financing Team Members

Staff recommends assigning The PFM Group as financial advisor and Stradling Yocca Carlson & Rauth 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.

#### **FISCAL IMPACT:**

Affirmed Housing Group is proposing to develop the project using 4% tax credits, tax-exempt multifamily housing revenue bonds funding a construction loan and a permanent loan, and gap subsidy from the Housing Commission. The current proforma (Attachment 4) indicates a gap of approximately \$5,110,753. This gap will be funded as follows: \$3,600,000 of Neighborhood Stabilization Program (NSP) funds, approximately \$1,457,478 of HOME funds, and approximately \$53,275 from the Housing Trust Fund.

As part of the financing plan, Housing Commission staff is proposing that the NSP funds be utilized under the “25 percent set-aside” activity benefitting families whose incomes do not exceed 50 percent of the Area Median Income (currently \$41,300 for a family of four). It is a statutory requirement of the NSP program that at least 25 percent of the total grant amount of \$9,442,370 be made available to these low-income households.

Significant to consideration of this recommendation is that these set-aside funds must be obligated by September 2, 2010, or HUD will recapture the entire NSP grant in the amount of \$9,442,370.

#### **PREVIOUS COUNCIL and/or COMMITTEE ACTION:**

The Housing Commission approved all of the recommendations herein on March 19, 2010.

#### **COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

Affirmed Housing received a unanimous vote of support from the North Park Planning Subcommittee of the North Park Planning Group, and is scheduled to make a presentation to the North Park Planning Group on March 16, 2010.

#### **ENVIRONMENTAL REVIEW:**

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA guidelines Section 15326 (acquisition of housing for housing assistance programs) and 15332 (in-fill development). The proposed activity is determined to be Categorical Excluded under the National Environmental Policy Act pursuant to 24 CFR 58.35(a)(6).

#### **KEY STAKEHOLDERS & PROJECTED IMPACTS:**

Stakeholders include Affirmed Housing Group, as the general partner of a to-be-formed tax credit limited partnership, which will become the owner and borrower, and the North Park neighborhood. Development of the property is expected to have a positive impact on the community because it will finally complete a construction “skeleton” that has been dormant for two years and because it will provide much-needed rental high quality units affordable to low-income and very low-income families.

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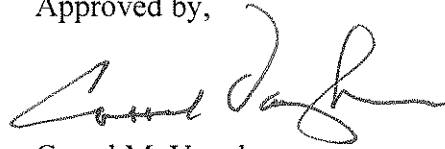
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Submitted by,

A handwritten signature in black ink, appearing to read "D. Lawrence Clemens", written over a horizontal line.

D. Lawrence Clemens  
Senior Vice President

Approved by,

A handwritten signature in black ink, appearing to read "Carol M. Vaughan", written over a horizontal line.

Carol M. Vaughan  
Executive Vice President & Chief  
Operating Officer

Attachments:

1. Location Map
2. Photo
3. Developer's Disclosure Statement
4. Project Proforma
5. Project Schedule
6. Multifamily Bond Program Summary

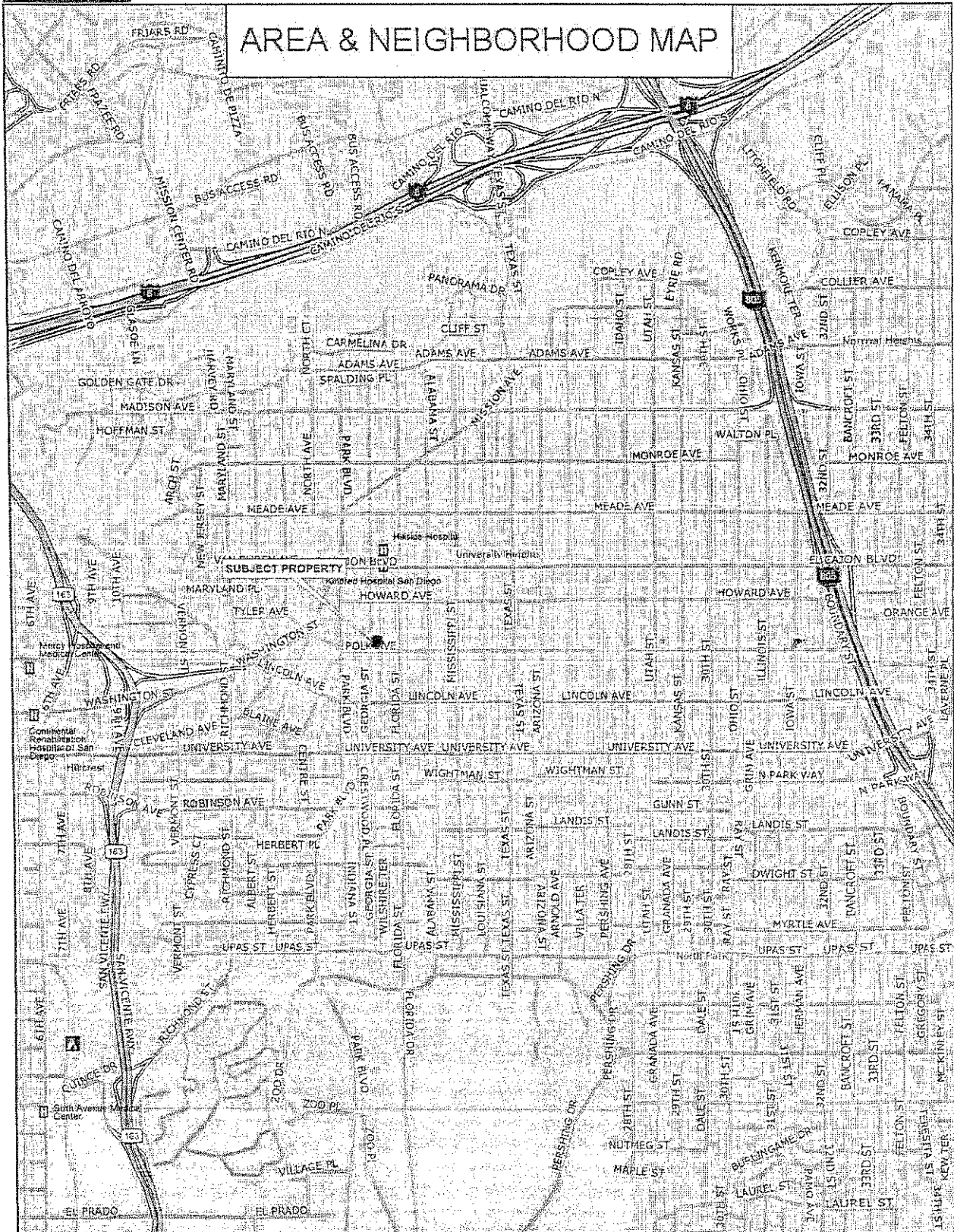
A copy is available for review at the Housing Commission offices located at 1122 Broadway, Suite 300 and at the offices of the City Clerk located on the 2<sup>nd</sup> floor of 202 "C" Street.

Information: J. Lohla (619) 578-7595

# ATTACHMENT 1

DELORME

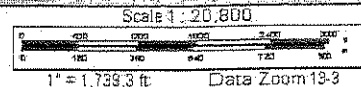
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ATTACHMENT 2

SUBJECT AERIAL PHOTO



## ATTACHMENT 3



Real Estate Department

### DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE

(add extra sheets if you need more space)

1. Name of developer: Georgia Street, LP, a to-be-formed California limited partnership as a single asset entity, with Affirmed Housing Group, Inc., a Delaware corporation, its General Partner.
2. Address, phone number and ZIP Code: 13520 Evening Creek Drive North, Suite 360  
San Diego, CA 92128  
(858) 679-2828
3. IRS Number of Developer: Affirmed Housing Group, Inc. FEIN 26-0812994. The partnership is yet to be formed with no IRS number available as of this date.
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  
\_\_\_\_\_ A nonprofit or charitable institution or corporation  
\_\_\_\_\_ ☒ A partnership known as: Georgia Street, LP, a to-be-formed California LP  
\_\_\_\_\_ 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: To-be-formed
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. James Silverwood, sole member of the Board of Directors for Affirmed Housing Group, Inc. There are no other individuals with capacity as officer, director, trustee or stockholder.

- 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. Affirmed Housing Group, Inc. as the General Partner acting in an administrative capacity of the development and James Silverwood as limited partner.
- 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

Developer Disclosure Statement Page 3

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<br/>Zip Code</u> | <u>Description of character and<br/>extent of interest</u> |
|---------------------------------------|--|
|---------------------------------------|--|

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. No.
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:  
See attached executive summary from proforma.
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> |
|---|------------------|
| Citibank<br>1505 E. Valley Parkway<br>Escondido, CA 92027 | \$400,000        |

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:

Developer Disclosure Statement Page 4

- |  | <u>Description</u> | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|--|--------------------|---------------------|---------------------------|
|--|--------------------|---------------------|---------------------------|
12. Name and addresses of bank references:  
Waheed Karim  
US Bank  
4747 Executive Drive, Third 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: See attached developer experience 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: No, 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><br><u>Contract or Development</u> | <u>Location</u> | <u>Date to be</u><br><u>Amount</u> | <u>Completed</u> |
|--|-----------------|------------------------------------|------------------|
|--|-----------------|------------------------------------|------------------|

- 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: General Contractor yet to be selected for construction. Development will be competitively bid and awarded to responsible contractor with capacity to complete development.
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: 2007 & 2008 Financial Statements for Affirmed Housing Group, Inc.

CERTIFICATION

I, Nicki Cometa, 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 knowledge and belief.

Date: March 1, 2010

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

  
Signature

\_\_\_\_\_  
Signature

Title: CFO

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

Address & ZIP Code

13520 Evening Creek Drive North, Ste 360

\_\_\_\_\_

San Diego, CA 92128

\_\_\_\_\_



**AFFIRMED HOUSING GROUP  
CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009**



**Matranga & Riley**  
An Accountancy Corporation

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**Matranga & Riley**  
An Accountancy Corporation

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Affirmed Housing Group  
San Diego, California

We have reviewed the accompanying consolidated balance sheet of Affirmed Housing Group, (a California corporation), as of November 30, 2009, and the related consolidated statements of retained earnings, income, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Affirmed Housing Group

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedules of cost of sales and operating expenses are presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated financial statements, and we are not aware of any material modifications that should be made to them.



Matranga & Riley

San Diego, California  
January 22, 2010

AFFIRMED HOUSING GROUP  
CONSOLIDATED BALANCE SHEET  
NOVEMBER 30, 2009

ASSETS

|                                      |                      |
|--------------------------------------|----------------------|
| Current Assets                       |                      |
| Cash                                 | \$ 835,051           |
| Accounts receivable (Note B)         | 709,094              |
| Project advances                     | 1,948,719            |
| Accrued interest                     | 109,889              |
| Loan receivable-other                | 11,834               |
| Prepaid taxes (Note F)               | <u>611</u>           |
| Total Current Assets                 | 3,615,198            |
| Property and Equipment, net (Note C) | 14,136               |
| Other Assets                         |                      |
| Loans to projects                    | 169,780              |
| Development fees receivable          | 4,959,632            |
| Land                                 | <u>2,119,856</u>     |
| Total Assets                         | <u>\$ 10,878,602</u> |

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP  
CONSOLIDATED STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED NOVEMBER 30, 2009

LIABILITIES AND SHAREHOLDERS' EQUITY

|   |                      |
|---|----------------------|
| Current Liabilities   |                      |
| Accounts payable  | \$ 33,596            |
| Pension plan payable (Note G)   | 72,000               |
| Current portion of long term debt (Note E)                                | <u>5,146</u>         |
| Total Current Liabilities   | <u>110,742</u>       |
| Non-Current Liabilities   |                      |
| Notes payable (Note E)  | 4,093                |
| CRA Predevelopment Loan (Note D)  | 2,263,594            |
| Notes payable-other   | 225,000              |
| Shareholder advance   | 59,235               |
| Investment in partnerships  | 1,889,365            |
| Deferred tax liability (Note F)   | <u>333,000</u>       |
| Total Non-Current Liabilities   | <u>4,774,287</u>     |
| Total Liabilities   | <u>4,885,029</u>     |
| Shareholders' Equity  |                      |
| Common stock - 100,000 shares authorized,<br>1,000 issued and outstanding | 2,000                |
| Retained earnings   | <u>5,991,573</u>     |
| Total Shareholders' Equity  | <u>5,993,573</u>     |
| Total Liabilities and Shareholders' Equity                                | <u>\$ 10,878,602</u> |

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP  
CONSOLIDATED STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED NOVEMBER 30, 2009

|                                |                     |
|--------------------------------|---------------------|
| RETAINED EARNINGS, DECEMBER 1  | \$ 5,975,322        |
| NET INCOME                     | 146,251             |
| DIVIDENDS                      | <u>(130,000)</u>    |
| RETAINED EARNINGS, NOVEMBER 30 | <u>\$ 5,991,573</u> |

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED NOVEMBER 30, 2009

|   |                          |
|---|--------------------------|
| Net Sales                                       | \$ 2,455,280             |
| Cost of Sales                                   | <u>324,239</u>           |
| Gross profit                                    | 2,131,041                |
| Operating Expenses (Schedule A)                 | <u>1,483,075</u>         |
| Income (loss) from operations                   | <u>647,966</u>           |
| Other Income (Expenses)                         |                          |
| Officers' salaries                              | (405,600)                |
| Partnership income (loss)                       | (158,153)                |
| Interest income                                 | 89,960                   |
| Interest expense                                | (1,598)                  |
| Depreciation                                    | <u>(3,135)</u>           |
| Total other income (expenses)                   | <u>(478,526)</u>         |
| Income (loss) before provision for income taxes | 169,440                  |
| Provision for Income Taxes (Note F)             |                          |
| State tax                                       | 14,978                   |
| Federal tax                                     | <u>8,211</u>             |
| Net Income (Loss)                               | <u><u>\$ 146,251</u></u> |

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED NOVEMBER 30, 2009

|  |                          |
|--|--------------------------|
| Cash Flows from Operating Activities:          |                          |
| Cash received from customers                   | \$ 2,589,457             |
| Cash paid to suppliers and employees           | (2,360,355)              |
| Interest paid                                  | (1,598)                  |
| Income taxes paid                              | (18,647)                 |
| Interest income                                | <u>25,110</u>            |
| Net cash provided by operating activities      | <u>233,967</u>           |
| Cash Flows from Investing Activities:          |                          |
| Purchase of land                               | <u>(2,000,000)</u>       |
| Net cash (used) by investing activities        | <u>(2,000,000)</u>       |
| Cash Flows from Financing Activities:          |                          |
| Principal payments on notes payable            | (4,346)                  |
| Borrowings on notes payable                    | 2,288,594                |
| Dividends paid                                 | <u>(130,000)</u>         |
| Net cash provided by financing activities      | <u>2,154,248</u>         |
| Net Increase in Cash and Cash Equivalents      | 388,215                  |
| Cash and Cash Equivalents at December 1, 2008  | <u>446,836</u>           |
| Cash and Cash Equivalents at November 30, 2009 | <u><u>\$ 835,051</u></u> |

See accountants' review report and accompanying notes to the consolidated financial statements.



AFFIRMED HOUSING GROUP  
CONSOLIDATED STATEMENT OF CASH FLOWS (Cont.)  
FOR THE YEAR ENDED NOVEMBER 30, 2009

|  |                   |
|--|-------------------|
| Reconciliation of Net Income to Net Cash provided<br>by Operating Activities:      |                   |
| Net Income(Loss)   | \$ 146,251        |
| Adjustments to Reconcile Net Income to Net Cash<br>(Used) by Operating Activities: |                   |
| Depreciation expense   | 3,135             |
| (Increase) Decrease in accounts receivable/developer fees                          | 134,177           |
| (Increase) Decrease in employee advances/other                                     | (6,834)           |
| (Increase) Decrease in accrued interest  | (64,850)          |
| (Increase) Decrease in prepaid taxes   | 25,742            |
| (Increase) Decrease in project advances  | (660,966)         |
| (Increase) Decrease in shareholder advance   | 355,000           |
| (Decrease) Increase in accounts payable  | 24,443            |
| (Decrease) Increase in pension plan payable  | (400)             |
| (Decrease) Increase in deferred tax liability                                      | (22,000)          |
| (Decrease) Increase in investment in partnerships                                  | 300,269           |
|  | <hr/>             |
| Net cash provided by operating activities  | <u>\$ 233,967</u> |

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Affirmed Housing Group, a California corporation, (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and Affirmed Housing Group, Inc. All intercompany transactions have been eliminated in this consolidation.

Business Activity

The Company was incorporated on December 18, 1990 under the laws of the State of California, and its principal business is the development of affordable apartment complexes.

Method of Income Recognition

The accounting records of the Company are maintained on the accrual basis. Accordingly, revenues are recorded in the period in which they are earned, and expenses are recorded in the period in which they are incurred. The effect of events on the business is recognized as services are rendered or consumed rather than when cash is received or paid.

The accounting records are maintained using the accrual method for financial reporting purposes and the completed contract method for income tax reporting purposes.

The company reports its developer fee project revenue on the percentage of completion method of accounting. The percentage complete is based on a contractually determined set of milestones with the customer. As various milestones are met, a percentage of the developer fee is accrued.

Statement of Cash Flows – Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company periodically reviews the recoverability of the carrying value of long-lived assets for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. Recoverability of the assets is determined by analysis of the assets' fair value comparing the forecasted future undiscounted cash flows from operations to which the assets relate. If the carrying value is determined not be recoverable from future operating cash flows, the assets are deemed impaired and an impairment loss is recognized equal to the amount by which the carrying amount exceeds the estimated fair value of the assets. No such impairment was recorded for the year ended November 30, 2009.

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Property and Equipment

Property and equipment is stated at cost and depreciated over the estimated useful lives of the assets (3 to 39 years) using the Modified Accelerated Cost Recovery System (MACRS) method. Leasehold improvements are depreciated over the useful lives of the assets. Maintenance and repairs that do not extend the useful life of the assets are charged to expense as incurred. Upon the retirement and other disposition, the property and related accumulated depreciation are removed from the accounts and any resulting profit or loss is credited or charged to income.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (the "Statement"). The Statement provides that deferred income taxes are recognized for the tax consequences in future years for differences between the tax bases of assets and liabilities ("temporary differences") and their financial reporting amounts at each year and based on enacted tax laws and statutory rates applicable to the periods in which the temporary differences are expected to effect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Leases

Leases are classified as either capital or operating leases. Leases that substantially transfer all of the benefits and risk of ownership of property to the Company are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred. As of November 30, 2009, all of the Company's lease agreements have been properly classified.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Project Advances

Project advances represent all costs incurred and advanced on current projects in process.

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Investments in Partnerships and Joint Ventures

The Company's investment in the construction joint venture is accounted for by the cost method.

Loans to Projects

Loans to projects represent advances to partnership investments.

Development Fees Receivable

Development fees receivable represent deferred fees earned on completed contracts.

Fair Value of Financial Instruments

Effective January 1, 2009, we adopted the provisions of FASB ASC 820-10 which provides a framework for measuring fair value under GAAP. It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not recorded at fair value.

Cash and Cash Equivalents. The carrying amount is a reasonable estimate of fair value.

Accounts Receivable, Prepaid Expenses and Loans Receivable. The carrying value of accounts receivable, prepaid expenses and loans receivable approximates the fair value due to the short-term nature of these instruments.

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

Fair Value of Financial Instruments (Cont.)

Accounts Payable and Accrued Expenses. The carrying value of accounts payable and accrued expenses approximates the fair value due to short-term nature of these instruments.

Notes Payable. The carrying amount is a reasonable estimate of fair value as interest rates and interest rates on short-term and long-term borrowings have not changed significantly from interest rates for similar loans at November 30, 2009.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk principally consist of cash and cash equivalents and accounts receivable.

The Company performs ongoing credit evaluations of its customers and generally does not require collateral. As of November 30, 2009, the Company has established provisions for potential credit losses and sales returns that are reasonably expected to be incurred.

The Company, at times during operations, has bank account balances which exceed \$250,000. The Federal Deposit Insurance Corporation (FDIC) insures only \$250,000 of funds. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk as to cash and cash equivalents.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable consist of at November 30:

|                                       |                          |
|---------------------------------------|--------------------------|
| Trade receivables                     | \$ 709,094               |
| Less: Allowance for doubtful accounts | <u>0</u>                 |
| Total Accounts Receivable             | <u><u>\$ 709,094</u></u> |

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided using the Modified Accelerated Cost Recovery System for financial reporting purposes and income tax reporting purposes, based on estimated useful lives of five to thirty nine years. Expenditures for maintenance and repairs are charged to expense as incurred.

The components of net property and equipment are as follows:

|                                |                         |
|--------------------------------|-------------------------|
| Property and equipment         | \$ 72,239               |
| Trucks and autos               | 33,518                  |
| Less: Accumulated depreciation | <u>(91,621)</u>         |
| Property and Equipment, net    | <u><u>\$ 14,136</u></u> |

Depreciation expense for the year ended November 30, 2009 was \$3,135.00

NOTE D - CRA PREDEVELOPMENT LOAN

Note payable - CRA consists of the following:

|   |                            |
|---|----------------------------|
| \$2,500,000 note payable, dated January 21, 2009 to the Community Redevelopment Agency of the City of Los Angeles, California and secured by the property at Yale Street in Los Angeles. The note bears interest at 3% per annum on the principal amount outstanding from the date of disbursement until paid. The loan shall be due and payable on the earliest of January 21, 2011 or the commencement of construction. | \$ 2,500,000               |
| Funds not yet disbursed   | <u>(236,406)</u>           |
| Note payable  | <u>2,263,594</u>           |
| Less current portion  | <u>0</u>                   |
| Note payable - net of current portion   | <u><u>\$ 2,263,594</u></u> |

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE D – CRA PREDEVELOPMENT LOAN (Cont.)

Future minimum principal payments are as follows:

| <u>Year ending November 30:</u> | <u>Total</u>        |
|---------------------------------|---------------------|
| 2010                            | \$ 0                |
| 2011                            | 2,263,594           |
| 2012                            | 0                   |
| 2013                            | 0                   |
| 2014                            | 0                   |
| Total                           | <u>\$ 2,263,594</u> |

NOTE E - NOTES PAYABLE

Notes payable consists of the following:

|   |                 |
|---|-----------------|
| Note payable to North County Credit dated July 2007, interest at 6.74%, due in monthly payments of \$465.03, secured by the vehicle, and due July 2011. | \$ 9,239        |
| Less current portion  | <u>(5,146)</u>  |
| Notes payable - net of current portion  | <u>\$ 4,093</u> |

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE E - NOTES PAYABLE (Cont.)

Future minimum principal payments on notes payable are as follows:

| <u>Year ending November 30:</u> | <u>Total</u>    |
|---------------------------------|-----------------|
| 2010                            | \$ 5,146        |
| 2011                            | 4,093           |
| 2012                            | 0               |
| 2013                            | 0               |
| 2014                            | 0               |
| Total                           | <u>\$ 9,239</u> |

NOTE F - INCOME TAXES

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of accounts receivable, accounts payable, depreciable property and equipment and amortization, for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

The components of income taxes are as follows:

|                                 | <u>Total</u>     | <u>Paid</u>      | <u>(Receivable)<br/>Payable</u> |
|---------------------------------|------------------|------------------|---------------------------------|
| Current tax expense:            |                  |                  |                                 |
| U.S. federal                    | \$ 18,368        | \$ 18,000        | \$ 368                          |
| State                           | 26,821           | 27,800           | (979)                           |
|                                 | <u>\$ 45,189</u> | <u>\$ 45,800</u> |                                 |
| Total income taxes payable      |                  |                  | <u>\$ (611)</u>                 |
| Deferred tax expense following: |                  |                  |                                 |
| U.S. federal                    | \$ (10,157)      |                  |                                 |
| State tax                       | <u>(11,843)</u>  |                  |                                 |
| Total deferred                  | <u>(22,000)</u>  |                  |                                 |
| Total tax provision (benefit)   | <u>\$ 23,189</u> |                  |                                 |

See accountants' review report



AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE F - INCOME TAXES (cont.)

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences are expected to be available to reduce taxable income.

Significant components of the Company's net deferred tax asset and liability are as follows as of November 30:

|  |                |
|--|----------------|
| Completed contract                       | \$ 333,000     |
|  | <u>333,000</u> |
| Non-current deferred tax liability - net | \$ 333,000     |
|  | <u>333,000</u> |

Income tax expense consists of the following for the year ended November 30:

|                          |                  |
|--------------------------|------------------|
| Current:                 |                  |
| Federal                  | \$ 18,368        |
| State                    | <u>26,821</u>    |
| Total current            | <u>45,189</u>    |
| Deferred:                |                  |
| Federal                  | (10,157)         |
| State                    | <u>(11,843)</u>  |
| Total deferred           | <u>(22,000)</u>  |
| Total income tax expense | <u>\$ 23,189</u> |

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE G – PROFIT SHARING PLAN

The Company sponsors a profit sharing plan for all eligible employees. Company contributions were \$72,000 for the year ended November 30, 2009.

NOTE H - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company is contingently liable as guarantor of limited partnership construction loans and operating deficit loans.

Operating Leases

The Company leases it's office under a non-cancelable operating lease, which expires July 31, 2010. Rent expense under this lease was approximately \$117,866.

Future minimum rental payments required under operating leases that have initial or remaining lease terms in excess of one year are as follows at November 30:

|            |    |               |
|------------|----|---------------|
| 2010       | \$ | 53,498        |
| 2011       |    | 0             |
| 2012       |    | 0             |
| 2013       |    | 0             |
| 2014       |    | 0             |
| Thereafter |    | 0             |
| Total      | \$ | <u>53,498</u> |

NOTE I – DATE OF MANAGEMENT EVALUATION

Management has evaluated subsequent events through January 22, 2010, the date on which the financial statements were issued.

See accountants' review report

UA FORM XX

CTCAC Regs. 10325(g)(5)(B) & 10326(f)(6)(B), MHP Regulation 8212(d)(1)(C)

UA Version 10/02/08

**Purpose**

This form provides the Agencies with a certified report of all previous participation in all affordable multifamily rental housing projects. The Agencies require that you certify your records of previous participation in Agencies' other government-assisted, and nongovernment-assisted projects by completing and signing this form, before your Project application or participation can be approved.

**Instructions - Previous Participation Certificate**

1. The Previous Participation Certificate, including Schedule A, must be completed in its entirety and signed by all applicants, proposed general partners, developer and development consultant with whom the sponsor has a comprehensive development services contract, and affiliates applying to any one of the Agencies.
2. For CTCAC only- applicants applying for points for the property management agent experience, and there is an executed property management agreement, the property management agency must also complete the Previous Participation Certificate and Schedule A.
3. All other participants, or members of the development team, who are only involved in the Project on a fee for service basis and for whom #1 and #2 above do not apply, must provide a resume or complete Schedule A which details rental housing projects in which they previously participated.
4. Attach extra sheets as you need them. Be sure to indicate "Continued on Attachments" wherever appropriate. Sign each additional page that you attach if it refers to you or your record.

**Specific Line Instructions**

**Block 1:** Fill in the name and location of the affordable multifamily rental housing Project.

**Block 2:** Alphabetically list the full names, last name first, of all principals (including corporations) and affiliates and their addresses.

**Block 3:** Beside the name of each principal, fill in the role that each party listed will perform.

**Block 4:** Fill in the percentage ownership in the proposed Project that each principal is expected to have.

**Block 5:** Fill in the IRS employer number of every party listed, including affiliates.

**Block 6:** In the box below the statement of certification, fill in the name of all principals and affiliates. Beside the name of each principal and affiliate, each party must sign the form. In addition, each person who signs the form should fill in the date that he/she signs and their telephone number.

**Instructions - Schedule A**

1. Be sure that Schedule A is filled in completely, accurately and the certification is properly dated and signed, because it will serve as a record of your previous experience. All multi-family rental housing projects must be listed. Applicants are reminded that previous participation pertains to the individual principal within an entity as well as the entity itself.  
**HOME ONLY** - to receive points for similar project experience, this information must be provided by the applicant, developer, owner, and managing general partner for subsidized projects of the same type proposed in the application. Such projects must have been completed during the 5-year period specified in the HOME NOFA. To receive points you must indicate whether the project is a rental new construction or rental rehabilitation project by entering "yes" or "no" underneath the P-I-S date.

**MHP ONLY** - list subsidized rental housing projects completed by the developer or development consultant with whom the Project Sponsor has a comprehensive development services contract. Include the projects in which the entity was responsible for overseeing or performing the full range of comprehensive development activities including: financial packaging, selection of consultants, selection of the construction contractor and property management agent, oversight of architectural design, construction management and other aspects of the development process. In addition, for each project submitted for operation experience, attach a narrative describing the Project Sponsor's role and responsibilities using MHP's form.

2. Even if you have never participated in an affordable multi-family rental housing project, you must complete the Previous Participation Certificate. If you have no previous projects to list, fill in your name in column 1, and write across the form by your name - "No previous participation."

**Column 2:** List all (nationwide) of your previous affordable multifamily rental housing projects. Identify all Agencies' projects first in Column 2A, then other government agency assisted projects in Column 2B, then nongovernment-assisted projects in Column 2C. Identify the project name, location, type of subsidy, number of units, and indicate if the project is being used in scoring to gain points, if applicable.

Column 3: List your role in all previous projects. Give the month/day/year the principal's role began and ended and the month/day/year the project was placed-in-service (P-I-S).  
CTCAC ONLY - for the General partner and Management Company/Principal, to the extent that the type of information requested is the same between this attachment and UA XX and UA XY, the information should match or requested points may not be awarded in these categories.

Column 4: Indicate all defaults, foreclosures, sales, instances of IRS noncompliance, and issuance of IRS Form 8823.

### Previous Participation Certification

|   |   |   |                        |
|---|---|---|------------------------|
| 1. Proposed Project Name<br>Yale Street Family Apartments   | City and Zip Code<br>715 Yale Street, Los Angeles, CA 90012 |   |                        |
| 2. List of All Proposed Principal Participants and Affiliates<br>Names and addresses of all known principals and affiliates (people, businesses & organizations) proposing to participate in the Project described above. List names alphabetically: last, first, middle initial. | 3. Role of Each Principal or Affiliate in Project           | 4. Expected % Ownership Interest in Project | 5. IRS Employer Number |
| Affirmed Housing Group ("AHG")  | General Partner of Yale LP                                  |   |                        |
| Silverwood, James M   | President of AHG  |   |                        |
| Yale Street Family Housing, L.P. ("Yale LP")  | Ownership Entity  | 100.000%                                    |                        |
|   |   |   |                        |
|   |   |   |                        |
|   |   |   |                        |

Certifications: I (meaning the individual who signs as well as the corporations, partnerships or other parties listed above who certify) hereby apply to CTCAC, MHP, CalHFA, CDLAC, HOME (hereinafter referred to as Agencies) for approval to participate as a principal in the role and project listed above based upon my following previous participation record and this Certification. By executing this certificate, I hereby consent to the disclosure of information concerning my performance in the affordable multifamily rental housing developments by the Agencies to third parties, including, but not limited to, affordable housing agencies in other states and by such third parties to the Agencies. Neither the Agencies nor such third parties are required to give me notice of such disclosure or receipt of information.

I certify that all the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and Exhibits signed by me and attached to this form.

I further certify that:

- Schedule A contains a listing of every affordable multifamily housing rental project in which I have been or am now a principal.
- Except as shown by me on the certification:
  - I have not sold any project listed;
  - No mortgage on a project listed by me has ever been in default, assigned to the government or foreclosed, nor has mortgage relief by the mortgages been given;
  - I have not experienced defaults or noncompliance under any contract or regulatory agreement in connection with a public housing project nor been issued IRS Form 8823 on any Low-Income Housing Tax Credit (LIHTC) project other than indicated on Schedule A;
  - To the best of my knowledge, there are no unresolved findings raised as a result of Agencies' audits, management reviews or other investigations concerning me or my projects.
  - I have not been suspended, debarred or otherwise restricted by any state agency from participating in the LIHTC program or other affordable housing program.
  - I have not failed to use state funds or Low Income Housing Tax Credits (LIHTC) allocated to me in any state.
- All the names of the parties, known to me to be principals in this Project(s) in which I propose to participate, are listed above.
- (Applicable to General Partners or Project Owners Only) All parties who are principals or who are proposed as principals here are listed above and no principals, affiliates, or identities of interest are concealed or omitted.

5. Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initiated each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I think helps to qualify me as a responsible principal for participation in this Project.

|                                       |                        |                    |                             |
|---------------------------------------|------------------------|--------------------|-----------------------------|
| 6. Typed or Printed Name of Principal | Signature of Principal | Certification Date | Area Code and Telephone No. |
| James Silverwood                      |                        | 3/23/2009          | (858) 679-2828              |

**Schedule A: List of Previous Projects.** By my name below is the complete list of my previous projects and my participation history as a principal, affiliate, management agent, or participant in affordable multifamily rental housing programs of the Agencies, and other government and nongovernment assisted programs. **Note:** Read and follow the instruction sheet carefully. Abbreviate where possible. Make full disclosure. Add extra sheets if you need more space. Double check for accuracy. If you have no previous projects write, by your name, "No previous participation."

| 1. List Each Participant's, Affiliate's, Principal's Name | 2. List Previous Projects   |  |                                       |           | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest<br>Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project. | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |    |                  |
|---|---|--|---------------------------------------|-----------|---|--|----|------------------|
|   | (A)<br>Agencies<br>CTCAC,<br>CalHFA,<br>CDLAC,<br>HOME,<br>MHP  | (B)<br>Other<br>Government<br>Agencies | (C)<br>Non-<br>Government<br>Assisted |           |   | Yes  | No | If "Yes" explain |
| List in alphabetical order, last name, first and sign.    | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. |  |                                       |           |   |  |    |                  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Ten Fifty B<br>Address- 1050 B Street<br>City- San Diego, CA 92101<br>GA- CCDC<br>#Units- 229<br>Points-  | CTCAC<br>MHP<br>CDLAC                  | CCDC                                  | US Bank   | Role: Developer<br>Interest: General Partner<br>Began Date: April 2008<br>Ended Date: n/a<br>P-I-S Date: Under Construction<br>New Construction: Yes<br>Rehabilitation: No  |  | X  |                  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- The Fairways<br>Address- 305 San Antonio Court<br>City- San Jose<br>GA<br>#Units- 86<br>Points  | CTCAC                                  | City of San Jose                      | Clitibank | Role: Developer<br>Interest: General Partner<br>Began Date: December 2007<br>Ended Date: n/a<br>P-I-S Date: Under Construction<br>New Construction: Yes<br>Rehabilitation: No   |  | X  |                  |

| 1. List Each Participant's, Affiliate's, Principal's Name | 2. List Previous Projects   |  |  |                                       | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest   | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |    |                  |
|---|---|--|--|---------------------------------------|--|--|----|------------------|
| List in alphabetical order, last name, first and sign.    | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. | (A)<br>Agencies<br>(CTCAC,<br>CalIFA,<br>CDLAC,<br>HOME,<br>MHP) | (B)<br>Other<br>Government<br>Agencies | (C)<br>Non-<br>Government<br>Assisted | Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.      | Yes  | No | If "Yes" explain |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Studio 15<br>Address- 1475 Imperial Ave<br>City- San Diego, CA 92101<br>GA- SJ Redevelopment Agency<br>#Units- 275<br>Points                          | CTCAC<br>CDLAC   | Redevelop-ment<br>CCDC                 | Citibank                              | Role: Developer<br>Interest: General Partner<br>Began Date: October 2006<br>Ended Date: n/a<br>P-I-S Date: Under Construction<br>New Construction: Yes<br>Rehabilitation: No |  | X  |                  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Auburn Park<br>Address- 5135 University Ave.<br>City- San Diego, CA 92105<br>GA<br>#Units- 69<br>Points   |  |  |                                       | Role: Developer<br>Interest: Managing Member<br>Began Date: February 2006<br>Ended Date: n/a<br>P-I-S Date: November 2007<br>New Construction: Yes<br>Rehabilitation: No     |  | X  |                  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Cassia Heights<br>Address- 2029 Cassia Road<br>City- Carlsbad, CA 92009<br>GA- Carlsbad Redevelopment Agency<br>#Units- 56<br>Points                  | CTCAC<br>HOME  | Carlsbad<br>Redevelop-ment<br>agency   | Citibank                              | Role: Developer<br>Interest: Managing Member<br>Began Date: 3/8/05<br>Ended Date: n/a<br>P-I-S Date: December 2006<br>New Construction: Yes<br>Rehabilitation: No            |  | X  |                  |

| 1. List Each Participant's, Affiliate's, Principal's Name    | 2. List Previous Projects   |  |  |                                       | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest  | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |    |                  |
|--|---|--|--|---------------------------------------|---|--|----|------------------|
| List in alphabetical order, last name, first and sign.       | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. | (A)<br>Agencies<br>(CTCAC,<br>CalHFA,<br>CDLAC,<br>HOME) | (B)<br>Other<br>Government<br>Agencies       | (C)<br>Non-<br>Government<br>Assisted | Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.       | Yes  | No | If "Yes" explain |
| Silverwood, James<br>President<br><br>Affirmed Housing Group | Name- Maple Square<br>Address- 4163 Baine Street<br><br>City- Fremont, CA<br>GA- Fremont Redevelopment Agency<br>#Units- 132<br>Points                      | CTCAC<br><br>MHP<br>CDLAC                                | Fremont<br>Redevelopment<br>agency           | Citibank                              | Role: Developer<br>Interest: General Partner<br><br>Began Date: December 2004<br>Ended Date: n/a<br>P-I-S Date: September 2006<br>New Construction: Yes<br>Rehabilitation: No |  | X  |                  |
| Silverwood, James<br>President<br><br>Affirmed Housing Group | Name- Avian Glen<br><br>Address- 301 Avian Drive<br>City- Vallejo, CA 94590<br>GA- Vallejo Redevelopment Agency<br>#Units- 87<br>Points                     | CTCAC<br>AHP<br>CDLAC<br>HOME<br>MHP                     | Vallejo Re-<br>development<br>agency<br>HOME | Citibank                              | Role: Developer<br><br>Interest: General Partner<br>Began Date: December 2004<br>Ended Date: n/a<br>P-I-S Date: December 2006<br>New Construction: Yes<br>Rehabilitation: No  |  | X  |                  |
| Silverwood, James<br>President<br><br>Affirmed Housing Group | Name- Creekside Trails<br>Address- 2129 Coronado Ave.<br>City- San Diego, CA 92154<br>GA-<br>#Units- 50<br>Points   | CTCAC<br>HOME  | CCRC   | B of A                                | Role: Developer<br>Interest: Managing Member<br>Began Date: 5/28/04<br>Ended Date: n/a<br>P-I-S Date: August 2006<br>New Construction: Yes<br>Rehabilitation: No              |  | X  |                  |

| 1. List Each Participant's, Affiliate's, Principal's Name    | 2. List Previous Projects   |  |   |                                       |  | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest  | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |    |                  |
|--|---|--|---|---------------------------------------|--|---|--|----|------------------|
| List in alphabetical order, last name, first and sign.       | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. |  |   |                                       |  | Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project. | Yes  | No | If "Yes" explain |
|  |   | (A)<br>Agencies<br>(CTCAC,<br>CalHFA,<br>CDLAC,<br>HOME) | (B)<br>Other<br>Government<br>Agencies                                | (C)<br>Non-<br>Government<br>Assisted |  |   |  |    |                  |
| Silverwood, James<br><br>President<br>Affirmed Housing Group | Name- Monte Vista<br><br>Address- 24740 Jefferson Ave<br>City- Murrieta, CA 92562<br><br>GA- Redevelopment Agency<br>#Units- 64<br>Points                   | CTCAC  | Redevelop-ment<br>Agency of<br>Murrieta<br><br>County of<br>Riverside | Citibank                              | Role: Developer<br><br>Interest: General Partner<br>Began Date: 9/1/02<br><br>Ended Date: n/a<br>P-I-S Date: June 2005: 7/12/05<br>New Construction: Yes<br>Rehabilitation: No |   | X  |    |                  |
| Silverwood, James<br><br>President<br>Affirmed Housing Group | Name- Cottages of Old Town<br>Address<br><br>City<br>GA- Redevelopment Agency<br>#Units- 17<br>Points   |  | Redevelop-ment<br>Agency<br><br>Bank of<br>America                    |                                       | Role: Developer<br><br>Interest: General Partner<br><br>Began Date:<br>Ended Date: n/a<br>P-I-S Date:<br>New Construction: Yes<br>Rehabilitation: No                           |   | X  |    |                  |
| Silverwood, James<br><br>President<br>Affirmed Housing Group | Name- Hollywood Palms<br><br>Address-4372 Home Avenue<br>City- San Diego, CA 92105<br>GA- SD Housing Commission<br>#Units- 94<br>Points                     | CTCAC<br>CDLAC   | San Diego<br>Housing<br>Commission<br><br>Section 8                   |                                       | Role: Developer<br><br>Interest: General Partner<br>Began Date: 8/1/01<br>Ended Date: n/a<br>P-I-S Date: 5/5/03<br>New Construction: Yes<br>Rehabilitation: No                 |   | X  |    |                  |



| 1. List Each Participant's, Affiliate's, Principal's Name | 2. List Previous Projects   |  |   |                                       |   | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |                  |
|---|---|--|---|---------------------------------------|---|--|--|------------------|
| List in alphabetical order, last name, first and sign.    | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. | (A)<br>Agencies<br>(CTCAC,<br>CalHFA,<br>CDLAC,<br>HOME,<br>MHP) | (B)<br>Other<br>Government<br>Agencies      | (C)<br>Non-<br>Government<br>Assisted | Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project. | Yes  | No   | If "Yes" explain |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Hunt Park<br>Address- 5100 Hunt Park Court<br>City- Winston-Salem, NC 27103<br><br>GA- City of Winston-Salem<br>#Units- 60<br>Points                  | NCTAC  | HOME<br><br>City of Winston-Salem           | Wachovia bank                         | Role: Developer<br>Interest: General Partner<br>Began Date:<br><br>Ended Date: n/a<br>P-I-S Date:<br>New Construction: Yes<br>Rehabilitation: No                        |  | X  |                  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Griffith Commons<br>Address- 300 Griffith Commons Drive<br>City- Winston Salem, NC 27103<br><br>GA- City of Winston- Salem<br>#Units- 74<br>Points    | NCTAC  | HOME<br><br>City of Winston-Salem           | Highland Mortgage                     | Role: Developer<br>Interest: General Partner<br>Began Date: 11/1/99<br>Ended Date: n/a<br>P-I-S Date: 9/18/00<br>New Construction: Yes<br>Rehabilitation: No            |  | X  |                  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Ventailiso<br>Address- 609 Richmar Ave.<br>City- San Marcos, CA 92069<br>GA- Redevelopment Agency<br>#Units- 48<br>Points                             | CTCAC  | Redevelopment agency<br>County of San Diego | Bank of America                       | Role: Developer<br>Interest: General Partner<br>Began Date: 11/1/99<br>Ended Date: n/a<br>P-I-S Date: 11/26/01<br>New Construction: Yes<br>Rehabilitation: No           |  | X  |                  |

| 1. List Each Participant's, Affiliate's, Principal's Name | 2. List Previous Projects   |  |  |                                       | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest  | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |    |                  |
|---|---|--|--|---------------------------------------|---|--|----|------------------|
| List in alphabetical order, last name, first and sign.    | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. | (A)<br>Agencies<br>(CTCAC,<br>CalHFA,<br>CDLAC,<br>HOME,<br>MHP) | (B)<br>Other<br>Government<br>Agencies | (C)<br>Non-<br>Government<br>Assisted | Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project. | Yes  | No | If "Yes" explain |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Laurel Village<br>Address- 909 Leslie Road<br>City- El Cajon, CA 92020<br>GA- Redevelopment Agency<br>#Units- 41<br>Points                            | CDLAC<br>CTCAC   | Redevelopment<br>agency                |                                       | Role: Developer<br><br>Interest: General Partner<br>Began Date: 7/17/97<br>Ended Date: n/a<br>P-I-S Date: 4/5/99<br>New Construction: No<br>Rehabilitation: Yes         |  | X  |                  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Mission Village<br>Address- 28497 Pujol Street<br>City- Temecula, CA 92590<br>GA- Redevelopment Agency<br>#Units- 76<br>Points                        | CDLAC<br>CTCAC   | Redevelopment<br>agency                |                                       | Role: Developer<br><br>Interest: General Partner<br>Began Date: 7/1/98<br>Ended Date: n/a<br>P-I-S Date: 3/22/00<br>New Construction: Yes<br>Rehabilitation: No         |  | X  |                  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Cranes Meadow II<br>Address- 100 Autumn Drive<br>City- Ranson, WV, 25414<br>GA-<br>#Units- 50<br>Points   | CTCAC  |  | One Valley<br>Bank<br>Capri Capital   | Role: Developer<br><br>Interest: General Partner<br>Began Date: 12/1/98<br>Ended Date: n/a<br>P-I-S Date: 12/9/99<br>New Construction: Yes<br>Rehabilitation: No        |  | X  |                  |

| 1. List Each Participant's, Affiliate's, Principal's Name | 2. List Previous Projects   |  |  |   |   | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |                  |  |
|---|---|--|--|---|---|--|--|------------------|--|
| List in alphabetical order, last name, first and sign.    | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. | (A)<br>Agencies<br>(CTCAC, CalHFA, CDLAC, HOME, MHP) | (B)<br>Other<br>Government<br>Agencies | (C)<br>Non-<br>Government<br>Assisted   | Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project. | Yes  | No   | If "Yes" explain |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Villa Garcia<br>Address-1419 E. Thousand Oaks Blvd.<br><br>City- Thousand Oaks, CA 91362<br>GA- Redevelopment Agency<br>#Units- 80<br>Points          | CDLAC<br><br>CTCAC                                   | Redevelopment agency                   |   | Role: Developer<br><br>Interest: General Partner<br><br>Began Date: 1/23/98<br>Ended Date: n/a<br>P-I-S Date: 12/6/99<br>New Construction: Yes<br>Rehabilitation: No    | X  | 8823 issued 4/8/04<br><br>non-compliance<br>CORRECTED<br>BIN: CA-98-970  |                  |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Echo Mountain<br>Address- 254 Lora Drive<br><br>City- Woodstock, VA 22664<br>GA-<br>#Units- 50<br>Points  | VTCAC  |  | One Valley Bank<br><br>Capri Capital    | Role: Developer<br><br>Interest: General Partner<br><br>Began Date: 3/11/97<br>Ended Date: n/a<br>P-I-S Date: 3/11/99<br>New Construction: Yes<br>Rehabilitation: No    | X  | 8823 issued 4/23/99<br><br>non-compliance<br>CORRECTED<br>BIN: VA-97-045-02<br>BIN: VA-97-045-03                         |                  |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Washington Mews<br>Address-<br><br>City- Martinsburg, WV<br>GA-<br>#Units-50<br>Points  | VTCAC  |  | One valley Bank<br><br>Dynex Commercial | Role: Developer<br><br>Interest: General Partner<br><br>Began Date: 6/20/97<br>Ended Date: n/a<br>P-I-S Date: 12/9/99<br>New Construction: Yes<br>Rehabilitation: No    | X  |  |                  |  |

| 1. List Each Participant's, Affiliate's, Principal's Name | 2. List Previous Projects   |  |  |                                       |   | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |  |  |
|---|---|--|--|---------------------------------------|---|--|--|--|--|
| List in alphabetical order, last name, first and sign.    | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. | (A)<br>Agencies<br>(GTCAC, CalHFA, CDLAC, HOME, MHP) | (B)<br>Other<br>Government<br>Agencies | (C)<br>Non-<br>Government<br>Assisted | Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project. | Yes  | No   | If "Yes" explain   |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Mariposa Apartments<br>Address- 604 W. Richmar Avenue<br>City- San Marcos, CA 92069<br>GA- Redevelopment Agency<br>#Units- 70<br>Points               | CDLAC<br>CTCAC<br>HOPWA                              | Redevelopment agency                   |                                       | Role: Developer<br><br>Interest: General Partner<br>Began Date: 6/1996<br>Ended Date: n/a<br>P-I-S Date: 6/5/98<br>New Construction: Yes<br>Rehabilitation: No          |  | X  |  |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Sonoma Court<br>Address- 508 E. Mission Avenue<br>City- Escondido, CA, 92026<br>GA- Redevelopment Agency<br>#Units- 61<br>Points                      | CDLAC<br>HOPWA<br>HCD                                | Redevelopment agency                   |                                       | Role: Developer<br><br>Interest: General Partner<br>Began Date: 7/24/96<br>Ended Date: n/a<br>P-I-S Date: 8/31/98<br>New Construction: No<br>Rehabilitation: Yes        | X  |  | 8823 issued 1/7/00<br>non-compliance was<br><b>CORRECTED.</b><br>BIN: CA-97-953-01 |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- Cranes Meadow<br>Address- 100 Autumn Drive<br>City- Ransom, WV 25414<br>GA-<br>#Units- 64<br>Points   | WVTAC  |  | One Valley Bank<br><br>Capri Capital  | Role: Developer<br><br>Interest: General Partner<br>Began Date: 6/28/96<br>Ended Date: n/a<br>P-I-S Date: 2/2/98<br>New Construction: Yes<br>Rehabilitation: No         |  | X  |  |  |

| 1. List Each Participant's, Affiliate's, Principal's Name | 2. List Previous Projects   |  |   |                                       |   | 3. List Principal's, Affiliate's, Participant's Role(s) and Interest | 4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823? |                  |  |
|---|---|--|---|---------------------------------------|---|--|--|------------------|--|
| List in alphabetical order, last name, first and sign.    | Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points. | (A)<br>Agencies<br>(CTCAC,<br>CalHFA,<br>CDLAC,<br>HOME,<br>MHP) | (B)<br>Other<br>Government<br>Agencies  | (C)<br>Non-<br>Government<br>Assisted | Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project. | Yes  | No   | If "Yes" explain |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name- The Terraces<br>Address- 1301 Morning View Drive<br>City- Escondido, CA, 92026<br>GA- Redevelopment Agency<br>#Units- 190<br>Points                   | CTCAC  | Redevelopment<br>agency<br>Home Savings |                                       | Role: Developer<br>Interest: General Partner<br>Began Date: 8/24/94<br>Ended Date: n/a<br>P-I-S Date: 6/30/96<br>New Construction: Yes<br>Rehabilitation: No            |  | x  |                  |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name: Tesoro Grove<br>Address: 1150 Tesoro Grove Way<br>City: San Diego, CA 92154<br>GA: Redevelopment Agency<br>#Units: 106<br>Points                      | CTCAC  | SDHC                                    |                                       | Role: Developer<br>Interest: General Partner<br>Began Date: 9/1/00<br>Ended Date: n/a<br>P-I-S Date: 6/4/03<br>New Construction: Yes<br>Rehabilitation: No              |  |  |                  |  |
| Silverwood, James<br>President<br>Affirmed Housing Group  | Name: Yale Street Family Housing<br>Address: 715 Yale Street<br>City: Los Angeles, CA 90012<br>GA: LA/CRA<br>#Units: 60<br>Points                           | CTCAC<br>LAHD  | LA/CRA<br>Prop 1C                       |                                       | Role: Developer<br>Interest: General Partner<br>Began Date: 2/6/09<br>Ended Date: n/a<br>P-I-S Date: Under Construction<br>New Construction: Yes<br>Rehabilitation: No  |  |  |                  |  |

# ATTACHMENT 4

## Georgia Street Apartments 31 unit (new construction) in North Park 100% affordable @ 50% AMI Bonds + 4% + SDHC (NSP + CBDG)

| SOURCES                   |                      |
|---------------------------|----------------------|
| Tax Exempt Bonds          | \$ 2,635,000         |
| Tax Credit Equity         | \$ 2,774,247         |
| SDHC Loan (NSP+HOME+CBDG) | \$ 5,110,753         |
| Deferred Developer Fee    | \$ 215,000           |
|                           | \$ -                 |
|                           | \$ -                 |
|                           | \$ -                 |
|                           | \$ -                 |
|                           | \$ -                 |
| <b>TOTAL SOURCES</b>      | <b>\$ 10,735,000</b> |

| USES  |                      |
|---|----------------------|
| Land Acquisition                                      | \$ 2,900,000         |
| Site Work   | \$ -                 |
| Direct Construction                                   | \$ 5,250,000         |
| Construction & Soft Cost Contingency                  | \$ 342,500           |
| A & E   | \$ 160,000           |
| Construction Loan Interest & Fees                     | \$ 285,000           |
| Relocation  | \$ -                 |
| Bond Issuance Costs                                   | \$ 225,000           |
| Capitalized Reserves: Rent                            | \$ 40,000            |
| Taxes & Insurance & Title                             | \$ 135,000           |
| Legal Fees  | \$ 50,000            |
| Security  | \$ 70,000            |
| Development Impact Fees & Permits                     | \$ 60,000            |
| Tax Credit Fees                                       | \$ 40,000            |
| Misc. Soft Costs (Accounting, Appraisal, Furnishings) | \$ 72,500            |
| Environmental Audit                                   | \$ 5,000             |
| Developer Fee   | \$ 1,100,000         |
| <b>TOTAL USES</b>                                     | <b>\$ 10,735,000</b> |

SDHC investment per affordable unit \$ 170,358  
SDHC investment per affordable bedroom \$ 62,328

| RENTAL INCOME  |           |           |       |                           |                  |
|----------------|-----------|-----------|-------|---------------------------|------------------|
| Type           | Qty.      | Mix       | % AMI | Monthly Rental Income     | Total Monthly    |
|                |           |           |       | Gross                     | Net              |
| 1 bd           | 1         |           | 50%   | \$ 774                    | \$ 762           |
| 1 bd           | 2         | 3         | 60%   | \$ 929                    | \$ 917           |
| 2 bd           | 2         |           | 50%   | \$ 928                    | \$ 913           |
| 2 bd           | 1         |           | 60%   | \$ 1,021                  | \$ 1,006         |
| 2 bd (Mgt)     | 1         | 4         | mkt   | \$ 1,400                  | \$ 1,400         |
| 3 bd           | 10        |           | 50%   | \$ 1,073                  | \$ 1,056         |
| 3 bd           | 14        | 24        | 60%   | \$ 1,181                  | \$ 1,164         |
| <b>TOTAL</b>   | <b>31</b> | <b>31</b> |       |                           | <b>\$ 33,684</b> |
| Total Bedrooms |           |           |       | Annual Residential Income |                  |
|                |           |           |       | 83                        |                  |
|                |           |           |       | Annual Income             |                  |
|                |           |           |       | \$ 404,208                |                  |
|                |           |           |       | Other Income              |                  |
|                |           |           |       | \$ 6,784                  |                  |
|                |           |           |       | Vacancy                   |                  |
|                |           |           |       | \$ (20,560)               |                  |
|                |           |           |       | <b>ANNUAL NET INCOME</b>  |                  |
|                |           |           |       | <b>\$ 390,442</b>         |                  |

| OPERATING EXPENSES                                   |  | per unit        |                   |
|--|--|-----------------|-------------------|
| General Admin. (security, office equip., accounting) |  | \$ 516          | \$ 15,000         |
| Management Fee                                       |  | \$ 742          | \$ 23,000         |
| On-Site Manager & Maintenance Payroll                |  | \$ 774          | \$ 24,000         |
| Property Taxes & Prop./Liab./Earthquake Ins.         |  | \$ 806          | \$ 25,000         |
| Utilities (water, sewer, gas, electric)              |  | \$ 561          | \$ 18,000         |
| Maintenance & Grounds                                |  | \$ 871          | \$ 27,000         |
| Other (Mgmt Fee, Insur Fee, Parking)                 |  | \$ 484          | \$ 15,000         |
| Replacement Reserves                                 |  | \$ 300          | \$ 9,300          |
| <b>Annual Expenses</b>                               |  | <b>\$ 5,074</b> | <b>\$ 157,300</b> |
| <b>Net Operating Income</b>                          |  |                 | <b>\$ 233,142</b> |

| Threshold Basis Limit   |                         |                     |    |                             |
|---|-------------------------|---------------------|----|-----------------------------|
| <u>Unit Size</u>  | <u>Unit Basis Limit</u> | <u>No. Of Units</u> |    | <u>Basis x No. Of Units</u> |
| Studio  | 184,639                 | 0                   | \$ | -                           |
| 1   | 201,613                 | 3                   | \$ | 604,839                     |
| 2   | 243,200                 | 4                   | \$ | 972,800                     |
| 3   | 311,296                 | 24                  | \$ | 7,471,104                   |
| 4   | 346,803                 | 0                   | \$ | -                           |
|   |                         |                     | \$ | -                           |
| <b>TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:</b>  |                         |                     | \$ | 9,048,743                   |
| (a)*Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages. <div>20%</div>  |                         |                     | \$ | 1,809,749                   |
| *(b)Plus (+) 7% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).  |                         |                     | \$ | 633,412                     |
| *(c)Plus (+) 2% basis adjustment for projects where a day care center is part of the development.   |                         |                     | \$ | -                           |
| *(d)Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.   |                         |                     | \$ | -                           |
| (e) Plus (+) 4% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that either, (a) exceed Title 24 standards by at least 35%, or (b) includes 3 of the features in the section: Item (e) Features                          |                         |                     | \$ | 361,950                     |
| (f) Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect/engineer + costs |                         |                     |    |                             |
| (g) Plus (+), at the discretion of the Executive Director, up to a maximum 5% basis adjustment for projects that include distributive energy technologies such as microturbines and/or renewable energy sources such as solar.  |                         |                     | \$ | 200,000                     |
| (h) Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required.  |                         |                     | \$ | 30,000                      |
| (i) Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.   |                         |                     |    | -                           |
| (j) Plus (+) 1% basis adjustment for each 1% of units income-targeted to 50% to 36% of AMI <div>             Affordable Units <input type="text" value="30"/> Total Affordable Units @ 50% to 36% of AMI: <input type="text" value="12"/> </div>                          |                         |                     |    | 3,619,497                   |
| (k) Plus (+) 2% basis adjustment for each 1% of units income targeted to 35% of AMI and below <div>             Affordable Units <input type="text" value="30"/> Total Affordable Units @ 35% of AMI or Below: <input type="text" value="0"/> </div>                      |                         |                     | \$ | -                           |
| <b>= Adjusted Threshold Basis Limit</b>   |                         |                     | \$ | 15,703,351                  |

# Permanent Financing

List Below All Projected Sources Of Funds, Including Grants, Land donations, deferred fees, owner equity, etc.

| Name of Lender/Source          | Term<br>In<br>Months | Interest<br>Rate | Amount of<br>Funds | Annual<br>Debt Service | Residual<br>Receipts/<br>Deferred Pymt. |
|--------------------------------|----------------------|------------------|--------------------|------------------------|---|
| Tax Exempt Bonds               | 360                  | 6.25%            | \$ 2,635,000       |                        |   |
| SDHC Loan (NSP+HOME+CBDG)      | 0                    | 0.00%            | \$ 5,110,753       |                        |   |
| Deferred Developer Fee         | 0                    | 0.00%            | \$ 215,000         |                        |   |
|                                | 0                    | 0.00%            | \$ -               |                        |   |
|                                | 0                    | 0.00%            | \$ -               |                        |   |
|                                | 0                    | 0.00%            | \$ -               |                        |   |
|                                |                      |                  | \$ -               |                        |   |
|                                |                      |                  | \$ -               |                        |   |
| Total Permanent Financing      |                      |                  | \$ 7,960,753       |                        |   |
| Tax Credit Equity              |                      |                  | \$ 2,774,247       |                        |   |
| Total Sources of Project Funds |                      |                  | \$ 10,735,000      |                        |   |

Gap

- Name of Lender/Source Lender

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State CA Phone Number \_\_\_\_\_

Type of Financing Tax Exempt Bonds

☐ Committed ☐ Not Committed
- Name of Lender/Source SDHC Loan (NSP+HOME+CBDG)

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone Number \_\_\_\_\_

Type of Financing \_\_\_\_\_

☐ Committed ☐ Not Committed
- Name of Lender/Source Deferred Developer Fee

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone Number \_\_\_\_\_

Type of Financing \_\_\_\_\_

☐ Committed ☐ Not Committed
- Name of Lender/Source \_\_\_\_\_

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone Number \_\_\_\_\_

Type of Financing \_\_\_\_\_

☐ Committed ☐ Not Committed
- Name of Lender/Source \_\_\_\_\_

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone Number \_\_\_\_\_

Type of Financing \_\_\_\_\_

☐ Committed ☐ Not Committed



BASIS, CREDIT AMOUNTS, OPERATING EXPENSES & INCOME

Development Budget

|                                  | TOTAL<br>PROJECT<br>COST | RESIDENTIAL<br>COST | COMMERCIAL<br>RESIDENTIAL<br>COST | PERMANENT SOURCES    |                             |                    |          | 30% PVC for<br>Fed Subsidized<br>NC/Reliab | 30% PVC for<br>Acquisition |
|----------------------------------|--------------------------|---------------------|-----------------------------------|----------------------|-----------------------------|--------------------|----------|--|----------------------------|
|                                  |                          |                     |                                   | Tax Credit<br>Equity | Tax Exempt Bonds (NSP+HOME) | Deferred Developer |          |  |                            |
| <b>LAND COST/ACQUISITION</b>     |                          |                     |                                   |                      |                             |                    |          |  |                            |
| Land Cost or Value               | -                        | -                   | -                                 | -                    | -                           | -                  | -        | XXXXXXXXXX                                 | XXXXXXXXXX                 |
| Demolition                       | -                        | -                   | -                                 | -                    | -                           | -                  | -        | XXXXXXXXXX                                 | XXXXXXXXXX                 |
| Legal                            | -                        | -                   | -                                 | -                    | -                           | -                  | -        | XXXXXXXXXX                                 | XXXXXXXXXX                 |
| <b>Total Land Cost or Value</b>  | <b>2,900,000</b>         | <b>2,900,000</b>    | -                                 | -                    | -                           | -                  | -        | XXXXXXXXXX                                 | 2,030,000                  |
| Existing Improvements Value      | -                        | -                   | -                                 | -                    | -                           | -                  | -        | XXXXXXXXXX                                 | -                          |
| Off-Site Improvements            | -                        | -                   | -                                 | -                    | -                           | -                  | -        | XXXXXXXXXX                                 | -                          |
| <b>Total Acquisition Cost</b>    | <b>2,900,000</b>         | <b>2,900,000</b>    | -                                 | -                    | -                           | -                  | -        | XXXXXXXXXX                                 | 2,030,000                  |
| <b>REHABILITATION</b>            |                          |                     |                                   |                      |                             |                    |          |  |                            |
| Site Work                        | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| Structures                       | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| General Requirements             | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| Contractor Overhead              | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| Contractor Profit                | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| General Liability Insurance      | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| <b>Total Rehab. Costs</b>        | <b>-</b>                 | <b>-</b>            | <b>-</b>                          | <b>-</b>             | <b>-</b>                    | <b>-</b>           | <b>-</b> | <b>-</b>                                   | <b>-</b>                   |
| <b>Total Relocation Expenses</b> | <b>-</b>                 | <b>-</b>            | <b>-</b>                          | <b>-</b>             | <b>-</b>                    | <b>-</b>           | <b>-</b> | <b>-</b>                                   | <b>-</b>                   |
| <b>NEW CONSTRUCTION</b>          |                          |                     |                                   |                      |                             |                    |          |  |                            |
| Site Work                        | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| Structures                       | 5,200,000                | 5,200,000           | -                                 | -                    | -                           | -                  | -        | 5,200,000                                  | -                          |
| General Requirements             | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| Contractor Overhead              | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| Contractor Profit                | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| General Liability Insurance      | -                        | -                   | -                                 | -                    | -                           | -                  | -        | -  | -                          |
| Salary/PV                        | 50,000                   | 50,000              | -                                 | -                    | -                           | -                  | -        | 50,000                                     | -                          |
| <b>Total New Const. Costs</b>    | <b>5,250,000</b>         | <b>5,250,000</b>    | -                                 | -                    | -                           | -                  | -        | 5,250,000                                  | -                          |
| <b>ARCHITECTURAL FEES</b>        |                          |                     |                                   |                      |                             |                    |          |  |                            |
| Design                           | 100,000                  | 100,000             | -                                 | -                    | -                           | -                  | -        | 100,000                                    | -                          |
| Supervision                      | 10,000                   | 10,000              | -                                 | -                    | -                           | -                  | -        | 10,000                                     | -                          |
| <b>Total Architectural Costs</b> | <b>110,000</b>           | <b>110,000</b>      | -                                 | -                    | -                           | -                  | -        | 110,000                                    | -                          |
| <b>5,200,000</b>                 |                          |                     |                                   |                      |                             |                    |          |  |                            |

| TOTAL PROJECT COST            | RESIDENTIAL COST | COMMERCIAL COST | Tax Credit Equity | Tax Exempt Bond Jan | (NSP+HOME) | Hurried Developer | 30% FVC for Fed Stabilized NC/Rehab | 30% FVC for Acquisition |
|-------------------------------|------------------|-----------------|-------------------|---------------------|------------|-------------------|-------------------------------------|-------------------------|
| 50,000                        | 50,000           | -               | -                 | -                   | -          | -                 | 50,000                              | -                       |
| 225,000                       | 225,000          | -               | -                 | -                   | -          | -                 | 135,000                             | -                       |
| 50,000                        | 50,000           | -               | -                 | -                   | -          | -                 | 50,000                              | -                       |
| 10,000                        | 10,000           | -               | -                 | -                   | -          | -                 | 10,000                              | -                       |
| 60,000                        | 60,000           | -               | -                 | -                   | -          | -                 | 60,000                              | -                       |
| 50,000                        | 50,000           | -               | -                 | -                   | -          | -                 | 50,000                              | -                       |
| 25,000                        | 25,000           | -               | -                 | -                   | -          | -                 | 25,000                              | -                       |
| 420,000                       | 420,000          | -               | -                 | -                   | -          | -                 | 330,000                             | -                       |
| <b>PERMANENT FINANCING</b>    |                  |                 |                   |                     |            |                   |                                     |                         |
| Loan Origination Fee          | -                | -               | -                 | -                   | -          | -                 | XXXXXXXXXX                          | XXXXXXXXXX              |
| Credit Enhance. & App. Fee    | -                | -               | -                 | -                   | -          | -                 | XXXXXXXXXX                          | XXXXXXXXXX              |
| Title and Recording           | -                | -               | -                 | -                   | -          | -                 | XXXXXXXXXX                          | XXXXXXXXXX              |
| Cost of Insurance             | 225,000          | -               | -                 | -                   | -          | -                 | XXXXXXXXXX                          | XXXXXXXXXX              |
| Total Perm. Financing Costs   | 225,000          | -               | -                 | -                   | -          | -                 | XXXXXXXXXX                          | XXXXXXXXXX              |
| <b>LEGAL FEES</b>             |                  |                 |                   |                     |            |                   |                                     |                         |
| Lender Legal Pd. by Applicant | 25,000           | -               | -                 | -                   | -          | -                 | 25,000                              | -                       |
| Other (specify)               | 25,000           | -               | -                 | -                   | -          | -                 | 25,000                              | -                       |
| Total Attorney Costs          | 50,000           | -               | -                 | -                   | -          | -                 | -                                   | -                       |
| <b>RESERVES</b>               |                  |                 |                   |                     |            |                   |                                     |                         |
| Rent Reserves                 | 40,000           | -               | -                 | -                   | -          | -                 | XXXXXXXXXX                          | XXXXXXXXXX              |
| Capitalized Rent Reserves     | -                | -               | -                 | -                   | -          | -                 | XXXXXXXXXX                          | XXXXXXXXXX              |
| Total Reserve Costs           | 40,000           | -               | -                 | -                   | -          | -                 | XXXXXXXXXX                          | XXXXXXXXXX              |
| TOTAL APPRAISAL COSTS         | 5,000            | -               | -                 | -                   | -          | -                 | 5,000                               | -                       |

Note: Syndication Costs may not be included as a project cost.

| TOTAL PROJECT COST          | RESIDENTIAL COST | COMMERCIAL COST | Tax Credit Equity | Tax Exempt Bonds | SDHC Loan (NSF+HOME+C RDG) | Deferred Developer Fee | 30% PVC For Fed Subsidized NC/Rehab | 30% PVC For Acquisition |
|-----------------------------|------------------|-----------------|-------------------|------------------|----------------------------|------------------------|-------------------------------------|-------------------------|
| 262,500                     | 262,500          | -               | -                 | -                | -                          | -                      | 262,500                             | -                       |
| TCAC App/Alloc/Monitor Fees | -                | -               | -                 | -                | -                          | -                      | XXXXXXX                             | XXXXXXX                 |
| Environmental Audit         | 40,000           | -               | -                 | -                | -                          | -                      | 5,000                               | -                       |
| Local Dev. Impact Fees      | 5,000            | -               | -                 | -                | -                          | -                      | 30,000                              | -                       |
| Permit Processing Fees      | 30,000           | -               | -                 | -                | -                          | -                      | 30,000                              | -                       |
| Soil Cost Contingency       | 30,000           | -               | -                 | -                | -                          | -                      | 80,000                              | -                       |
| Marketing                   | 80,000           | -               | -                 | -                | -                          | -                      | XXXXXXX                             | XXXXXXX                 |
| Furnishings                 | 10,000           | -               | -                 | -                | -                          | -                      | 30,000                              | -                       |
| Market Study                | 30,000           | -               | -                 | -                | -                          | -                      | 7,500                               | -                       |
| Other Accounting/Audit      | 7,500            | -               | -                 | -                | -                          | -                      | 20,000                              | -                       |
| Site security               | 20,000           | -               | -                 | -                | -                          | -                      | 70,000                              | -                       |
| Total Other Costs           | 70,000           | -               | -                 | -                | -                          | -                      | 272,500                             | -                       |
| Subtotals                   | 322,500          | -               | -                 | -                | -                          | -                      | 6,305,000                           | 2,030,000               |
| Total Project Cost          | 9,635,000        | -               | -                 | -                | -                          | -                      | 6,305,000                           | 2,030,000               |

**TOTAL CONSTRUCTION CONTINGENCY COSTS**

**OTHER**

**DEVELOPER COSTS**

|                             |                   |                   |   |   |   |   |                  |                  |
|-----------------------------|-------------------|-------------------|---|---|---|---|------------------|------------------|
| Developer Overhead/Profit   | 1,100,000         | -                 | - | - | - | - | 1,100,000        | -                |
| Consultant/Processing Agent | -                 | -                 | - | - | - | - | -                | -                |
| Project Administration      | -                 | -                 | - | - | - | - | -                | -                |
| Broker fees paid by owner   | -                 | -                 | - | - | - | - | -                | -                |
| Const. Mgmt Overright       | -                 | -                 | - | - | - | - | -                | -                |
| Other (specify)             | -                 | -                 | - | - | - | - | -                | -                |
| Total Developer Costs       | 1,100,000         | -                 | - | - | - | - | 1,100,000        | -                |
| <b>TOTAL PROJECT COST</b>   | <b>10,735,000</b> | <b>10,735,000</b> | - | - | - | - | <b>7,405,000</b> | <b>2,030,000</b> |

**BASIS, CREDIT AMOUNTS, OPERATING EXPENSES & INCOME (cont.)**

**Determination of Eligible and Qualified Basis**

|  | 30% PVC for<br>New Construction<br>/Rehabilitation | 30% PVC for<br>Acquisition |
|--|--|----------------------------|
| <b>Total Eligible Basis (from previous page)</b>           | <b>\$ 7,405,000</b>                                | <b>\$ 2,030,000</b>        |
| <i>Deduct From Eligible Basis:</i>                         |  |                            |
| All Grant Proceeds Used to Finance Costs in Eligible Basis | \$ -   | \$ -                       |
| Non-Qualified Non-Recourse Financing                       | \$ -   | \$ -                       |
| Non-Qualifying Portion of Higher Quality Units             | \$ -   | \$ -                       |
| Historic Credit (on residential portion only)              | \$ -   | \$ -                       |
| Total Ineligible Amounts                                   | \$ -   | \$ -                       |
| Total Eligible Amount Voluntarily Excluded                 |  | \$ -                       |
| <b>TOTAL BASIS REDUCTION</b>                               | <b>\$ -</b>  | <b>\$ -</b>                |
| <b>TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS</b>           | <b>\$ 7,405,000</b>                                | <b>\$ 2,030,000</b>        |
| High Cost Area Adjustment (Reg. Section 10327(d)(1))       | x 130%   | 100%                       |
|  | If applicable, otherwise 100%                      |                            |
| <b>TOTAL ADJUSTED ELIGIBLE BASIS</b>                       | <b>\$ 9,626,500</b>                                | <b>\$ 2,030,000</b>        |
|  | x  | x                          |
| Applicable Fraction (from application page 11)             | 100%   | 100%                       |
| <b>QUALIFIED BASIS</b>                                     | <b>\$ 9,626,500</b>                                | <b>\$ 2,030,000</b>        |
| <b>TOTAL COMBINED QUALIFIED BASIS</b>                      | <b>\$</b>  | <b>11,656,500.00</b>       |

**Determination of Federal Credit**

|  | New Construction/<br>Rehabilitation | Acquisition  |
|--|-------------------------------------|--------------|
| C1. Qualified Basis                      | \$ 9,626,500                        | \$ 2,030,000 |
| C2. Applicable Percentage*               | x 3.40%                             | x 3.40%      |
| C3. Subtotal Annual Federal Credit       | 327,301 (a)                         | 69,020 (b)   |
| C4. Total Combined Annual Federal Credit | \$ 396,321 (a + b)                  |              |

\*Re-applications that locked in the applicable credit percentage must use the locked-in rate (IRS TD 8520, Section 1.42-8(a)(4)). All other re-applications shall use the applicable credit percentage as established pursuant to TCAC Regulation Section 10327(e).

**Determination of Minimum Federal Credit Necessary For Feasibility**

|  |                  |
|--|------------------|
| D1. Total Project Cost   | \$ 10,735,000    |
| D2. Permanent Financing (page 13), Excluding Equity from Tax Credits   | ( \$ 7,960,753 ) |
| D3. Funding Gap (D1 - D2)  | \$ 2,774,247     |
| D4. Tax Credits Factor (Reg. Section 10327(c)(4))  | 0.65 or 0.700    |
| Be sure and use the highest tax credit factor in your calculation.<br>Use the higher of the tax credit factor listed in your Investor's letter (attachment 15)<br>or the minimum tax credit factors listed below.<br>The minimum tax credit factor for projects applying under Reg. Section 10326 is 0.65. |                  |
| D5. Total Credits Necessary for Feasibility (D3 divided by D4)   | \$ 3,963,210     |
| D6. Annual Federal Credit Necessary for Feasibility (D5 divided by 10)   | \$ 396,321       |
| D7. Maximum Annual Federal Credits (lesser of C4 or D6)  | \$ 396,321       |
| D8. Equity Raised From Federal Credit (10 x D7 x D4)   | \$ 2,774,247     |
| D9. Remaining Funding Gap (D3 - D8)  | \$ -             |

*If Funding Gap Is Greater Than Zero The Project Is Not Feasible.*

**Determination of State Credit**

E1. Qualified Basis

|                                    |           |
|------------------------------------|-----------|
| \$                                 | 9,626,500 |
| x                                  | 0.13      |
| * (*x .13 if federally subsidized) |           |

E2. Total State Credit

|    |           |
|----|-----------|
| \$ | 1,251,445 |
|----|-----------|

**Determination of Minimum State Credit Necessary for Feasibility**

F1. State Credit Necessary for Feasibility (D9 divided by D4)

|    |           |
|----|-----------|
| \$ | 1,251,445 |
|----|-----------|

F2. Maximum State Credit (lesser of E2 or F1)

|    |           |
|----|-----------|
| \$ | 1,251,445 |
|----|-----------|

F3. Proceeds raised from the state Credit (F2 multiplied by D4)

|    |         |
|----|---------|
| \$ | 759,867 |
|----|---------|

*If Line F3 is less than Line D9 the project is not feasible.*

Income Information

(BREAK OUT UNIT SIZES BY VARYING AFFORDABILITY LEVELS)

| (a)<br># of<br>Bedrooms | (b)<br># of Units | (c)<br>Proposed<br>Monthly Rent<br>(Less Utilities) | (d)<br>Total Monthly<br>Rents<br>(b x c) | (e)<br>Monthly<br>Utility<br>Allowance | (f)<br>Monthly Rent<br>Plus Utilities<br>(c + e) | (g)<br>% of Area<br>Median<br>Income |
|-------------------------|-------------------|---|--|--|--|--------------------------------------|
| <b>Low-Income Units</b> |                   |   |  |  |  |                                      |
| 1 bd                    | 1                 | \$ 762  | \$ 762                                   | \$ 12                                  | \$ 774   | 50%                                  |
| 1 bd                    | 2                 | \$ 917  | \$ 1,834                                 | \$ 12                                  | \$ 929   | 60%                                  |
| 2 bd                    | 2                 | \$ 913  | \$ 1,826                                 | \$ 15                                  | \$ 928   | 50%                                  |
| 2 bd                    | 1                 | \$ 1,006  | \$ 1,006                                 | \$ 15                                  | \$ 1,021   | 60%                                  |
| 3 bd                    | 10                | \$ 1,056  | \$ 10,560                                | \$ 17                                  | \$ 1,073   | 50%                                  |
| 3 bd                    | 14                | \$ 1,164  | \$ 16,296                                | \$ 17                                  | \$ 1,181   | 60%                                  |
|                         |                   |   |  |  |  |                                      |
|                         |                   |   |  |  |  |                                      |
|                         |                   |   |  |  |  |                                      |
|                         |                   |   |  |  |  |                                      |
|                         |                   |   |  |  |  |                                      |
| Total # Units           | 30                | Total   | \$ 32,284                                |  |  |                                      |

**Managers' Units**

|               |   |       |          |
|---------------|---|-------|----------|
| 2 bd (Mgr)    | 1 | 1,400 | \$ 1,400 |
|               |   |       | -        |
|               |   |       | -        |
| Total # Units | 1 | Total | \$ 1,400 |

**Market Rate Units**

|               |   |       |      |
|---------------|---|-------|------|
|               | - | -     | -    |
|               | - | -     | -    |
|               | - | -     | -    |
|               | - | -     | -    |
| Total # Units | - | Total | \$ - |

AGGREGATE MONTHLY RENTS

FOR ALL UNITS

\$ 33,684

x 12

AGGREGATE ANNUAL

RENTS FOR ALL UNITS (column d):

\$ 404,208

2/24/2010

**Income Information (cont.)**

*Rental Subsidy Income/Operating Subsidy, if any.*

Number of units receiving assistance \_\_\_\_\_  
 Length of contract (years) \_\_\_\_\_  
 Expiration date of contract \_\_\_\_\_

TOTAL PROJECTED ANNUAL RENTAL SUBSIDY \$ \_\_\_\_\_

*Miscellaneous Income*

Annual Income from Laundry Facilities \$ 2,784  
 Annual Income from Vending Machines \_\_\_\_\_  
 Annual Interest Income \_\_\_\_\_  
 Other Annual Income (Specify) 4,000

TOTAL MISCELLANEOUS INCOME \$ 6,784

TOTAL ANNUAL POTENTIAL GROSS INCOME \$ 410,992  
 (From Residential Sources)

*Commercial Income*

Annual Income from Professional Space \$ -  
 Annual Income from Commercial Space \$ -

TOTAL ANNUAL COMMERCIAL INCOME \$ -

Monthly Resident Utility Allowance by Unit Size (utility allowances must be itemized and correlate with the PHA utility allowance schedule form in attachment 6(C))

|                 | 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | ( ) BR |
|-----------------|------|------|------|------|------|--------|
| Space Heating   | 0    | 1    | 1    | 1    | 1    |        |
| Water Heating   | 0    | 7    | 9    | 11   | 14   |        |
| Cooking         | 0    | 1    | 1    | 1    | 1    |        |
| Lighting        | 0    | 3    | 4    | 4    | 6    |        |
| Other (Specify) |      |      |      |      |      |        |
| TOTALS          | -    | 12   | 15   | 17   | 22   | -      |

Name of PHA Providing Utility Allowances: 4/10/2009 San Diego Housing Commission utility allowance schedule



# Annual Residential Operating Expenses

## General Administrative

|                                     |                  |               |
|-------------------------------------|------------------|---------------|
| Advertising & Administrative        | \$ 1,000         | \$ 32         |
| Legal                               | \$ 1,000         | \$ 32         |
| Accounting/Audit                    | \$ 7,000         | \$ 226        |
| Security                            | \$ 2,000         | \$ 65         |
| Other                               | \$ 5,000         | \$ 161        |
| <b>Total General Administrative</b> | <b>\$ 16,000</b> | <b>\$ 516</b> |

## Management Fee

|                  |               |
|------------------|---------------|
| <b>\$ 23,000</b> | <b>\$ 795</b> |
|------------------|---------------|

## Utilities

|                          |                  |               |
|--------------------------|------------------|---------------|
| Electricity              | \$ 5,000         | \$ 161        |
| Gas                      | \$ 3,000         | \$ 97         |
| <b>Total Utilities</b>   | <b>\$ 8,000</b>  | <b>\$ 258</b> |
| <b>Total Water/Sewer</b> | <b>\$ 10,000</b> | <b>\$ 323</b> |

## Payroll/Payroll Taxes

|                                    |                  |               |
|------------------------------------|------------------|---------------|
| On-site Manager                    | \$ 9,000         | \$ 290        |
| Maintenance Personnel              | \$ 9,000         | \$ 290        |
| Other                              | \$ 6,000         | \$ 194        |
| <b>Total Payroll/Payroll Taxes</b> | <b>\$ 24,000</b> | <b>\$ 774</b> |
| <b>Total Insurance</b>             | <b>\$ 10,000</b> | <b>\$ 323</b> |

## Maintenance

|                            |                  |               |
|----------------------------|------------------|---------------|
| Painting                   | \$ 5,000         | \$ 161        |
| Repairs                    | \$ 5,000         | \$ 161        |
| Trash Removal              | \$ 5,000         | \$ 161        |
| Exterminating              | \$ 2,000         | \$ 65         |
| Grounds & Parking          | \$ 5,000         | \$ 161        |
| Elevator & Fire Monitoring | \$ 5,000         | \$ 161        |
| Other Maintenance          | \$ -             | \$ -          |
| <b>Total Maintenance</b>   | <b>\$ 27,000</b> | <b>\$ 871</b> |

## Other (specify)

|                    |                  |               |
|--------------------|------------------|---------------|
| Internet           | \$ 5,000         | \$ 161        |
| Bond Issuer fee    | \$ 5,000         | \$ 161        |
| <b>Total Other</b> | <b>\$ 10,000</b> | <b>\$ 323</b> |

**\*TOTAL ANNUAL RESIDENTIAL OPERATING EXPENSES**

a \$ 128,000 \$ 4,129

**\*\*TOTAL NUMBER OF UNITS IN PROJECT**

31

**ANNUAL OPERATING EXPENSES PER UNIT (divide \*/\*\*)**

\$ 4,129

**TOTAL SERVICE AMENITIES BUDGET**

b \$ 5,000

**TOTAL RESERVE FOR REPLACEMENT**

c \$ 9,300

**TOTAL REAL ESTATE TAXES**

d \$ 15,000

sum a+b+c+d 157,300 \$ 5,074

Annual Commercial Operating Expenses

**TOTAL COMMERCIAL SPACE EXPENSES**

\$ -

**TOTAL ANNUAL COMMERCIAL DEBT SERVICE**

\$ -

2/24/2010

## 15-YEAR CASH FLOW PROJECTION

|                                  | Inflation Factor | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    | Year 6    | Year 7    | Year 8    | Year 9    | Year 10   |
|----------------------------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Rental Income                    | 2.5%             | 404,208   | 414,313   | 424,671   | 435,288   | 446,170   | 457,324   | 468,757   | 480,476   | 492,488   | 504,800   |
| Other                            | 2.5%             | 6,784     | 6,934     | 7,127     | 7,366     | 7,618     | 7,875     | 8,137     | 8,404     | 8,676     | 8,952     |
| TOTAL GROSS POTENTIAL REVENUE    |                  | 410,992   | 421,247   | 431,798   | 442,653   | 453,788   | 465,199   | 476,894   | 488,880   | 500,754   | 513,752   |
| Vacancy @ 5%                     |                  | 20,350    | 21,063    | 21,590    | 22,130    | 22,683    | 23,250    | 23,831    | 24,427    | 25,038    | 25,664    |
| TOTAL NET RENTAL INCOME          |                  | 390,642   | 400,183   | 410,209   | 420,523   | 431,105   | 441,949   | 452,793   | 464,113   | 475,716   | 487,509   |
| Advertising                      | 3.5%             | 1,000     | 1,035     | 1,071     | 1,109     | 1,148     | 1,188     | 1,229     | 1,272     | 1,317     | 1,363     |
| Legal                            | 3.5%             | 1,000     | 1,035     | 1,071     | 1,109     | 1,148     | 1,188     | 1,229     | 1,272     | 1,317     | 1,363     |
| Accounting                       | 3.5%             | 7,000     | 7,245     | 7,499     | 7,761     | 8,033     | 8,314     | 8,605     | 8,906     | 9,218     | 9,540     |
| Security                         | 3.5%             | 2,000     | 2,070     | 2,142     | 2,217     | 2,295     | 2,375     | 2,459     | 2,545     | 2,634     | 2,726     |
| Other Administrative             | 3.5%             | 5,000     | 5,175     | 5,356     | 5,544     | 5,738     | 5,938     | 6,146     | 6,361     | 6,584     | 6,814     |
| Management Fee                   | 3.5%             | 23,000    | 23,805    | 24,638    | 25,501    | 26,393    | 27,317    | 28,273    | 29,262    | 30,287    | 31,347    |
| Utilities                        | 3.5%             | 8,000     | 8,280     | 8,570     | 8,870     | 9,180     | 9,501     | 9,834     | 10,178    | 10,534    | 10,903    |
| Water & Sewer                    | 3.5%             | 10,000    | 10,350    | 10,712    | 11,087    | 11,475    | 11,877    | 12,293    | 12,723    | 13,168    | 13,629    |
| On-Site Manager                  | 3.5%             | 9,000     | 9,315     | 9,641     | 9,978     | 10,328    | 10,689    | 11,063    | 11,451    | 11,851    | 12,266    |
| Maintenance Personnel            | 3.5%             | 9,000     | 9,315     | 9,641     | 9,978     | 10,328    | 10,689    | 11,063    | 11,451    | 11,851    | 12,266    |
| Other Payroll                    | 3.5%             | 6,000     | 6,210     | 6,427     | 6,652     | 6,885     | 7,126     | 7,376     | 7,634     | 7,901     | 8,177     |
| Insurance                        | 3.5%             | 10,000    | 10,350    | 10,712    | 11,087    | 11,475    | 11,877    | 12,293    | 12,723    | 13,168    | 13,629    |
| Real Estate Taxes                | 2.0%             | 15,000    | 15,300    | 15,606    | 15,918    | 16,236    | 16,561    | 16,892    | 17,230    | 17,575    | 17,926    |
| Painting                         | 3.5%             | 5,000     | 5,175     | 5,356     | 5,544     | 5,738     | 5,938     | 6,146     | 6,361     | 6,584     | 6,814     |
| Repairs                          | 3.5%             | 5,000     | 5,175     | 5,356     | 5,544     | 5,738     | 5,938     | 6,146     | 6,361     | 6,584     | 6,814     |
| Trash Removal                    | 3.5%             | 5,000     | 5,175     | 5,356     | 5,544     | 5,738     | 5,938     | 6,146     | 6,361     | 6,584     | 6,814     |
| Exterminating                    | 3.5%             | 2,000     | 2,070     | 2,142     | 2,217     | 2,295     | 2,375     | 2,459     | 2,545     | 2,634     | 2,726     |
| Grounds Maintenance              | 3.5%             | 5,000     | 5,175     | 5,356     | 5,544     | 5,738     | 5,938     | 6,146     | 6,361     | 6,584     | 6,814     |
| Other Maintenance                | 3.5%             | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Elevator                         | 3.5%             | 5,000     | 5,175     | 5,356     | 5,544     | 5,738     | 5,938     | 6,146     | 6,361     | 6,584     | 6,814     |
| Other                            | 3.5%             | 15,000    | 15,525    | 16,068    | 16,631    | 17,213    | 17,815    | 18,439    | 19,084    | 19,752    | 20,443    |
| Replacement Reserve              | 0.0%             | 9,300     | 9,300     | 9,300     | 9,300     | 9,300     | 9,300     | 9,300     | 9,300     | 9,300     | 9,300     |
| TOTAL EXPENSES                   | 0                | 157,300   | 162,255   | 167,379   | 172,678   | 178,157   | 183,823   | 189,683   | 195,743   | 202,010   | 208,492   |
| NET OPERATING RENTAL INCOME      |                  | 233,342   | 237,928   | 243,830   | 247,886   | 252,818   | 257,926   | 263,110   | 268,370   | 273,706   | 279,117   |
| DEBT SERVICE                     |                  | 194,690   | 194,690   | 194,690   | 194,690   | 194,690   | 194,690   | 194,690   | 194,690   | 194,690   | 194,690   |
| FORECASTED CASH AVAILABLE        |                  | 38,652    | 43,238    | 49,140    | 53,096    | 58,129    | 63,236    | 68,420    | 73,680    | 79,016    | 84,428    |
| Debt Coverage Ratio              |                  | 1.20      | 1.22      | 1.25      | 1.27      | 1.30      | 1.32      | 1.35      | 1.38      | 1.41      | 1.43      |
| Management Fees                  |                  | 12,000    | 12,420    | 12,855    | 13,305    | 13,770    | 14,252    | 14,751    | 15,267    | 15,802    | 16,355    |
| Cash Available for Distributions |                  | 26,652    | 30,818    | 36,285    | 39,792    | 44,358    | 48,984    | 53,669    | 58,413    | 63,214    | 68,073    |
| Deferred Developer fee           | 215,000          | 215,000   | 199,297   | 178,424   | 152,060   | 119,871   | 81,506    | 36,597    | -         | -         | -         |
| Interest                         | -                | 10,750    | 9,965     | 8,921     | 7,603     | 5,994     | 4,075     | 1,830     | -         | -         | -         |
| Residual Receipts Payment        | -                | (26,453)  | (30,839)  | (35,285)  | (40,792)  | (46,358)  | (52,984)  | (59,681)  | (66,451)  | (73,295)  | (80,215)  |
| Balance                          | 215,000          | 199,297   | 178,424   | 152,060   | 119,871   | 81,506    | 36,597    | -         | -         | -         | -         |
| NSP Loan                         | 5,110,753        | 5,110,753 | 5,264,076 | 5,421,998 | 5,584,658 | 5,752,198 | 5,924,763 | 6,102,506 | 6,291,013 | 6,489,733 | 6,698,215 |
| Interest                         | 0                | 153,323   | 157,922   | 162,660   | 167,540   | 172,566   | 177,743   | 183,075   | 188,560   | 193,892   | 199,346   |
| Residual Receipts Payment @      | -                | (26,453)  | (30,839)  | (35,285)  | (40,792)  | (46,358)  | (52,984)  | (59,681)  | (66,451)  | (73,295)  | (80,215)  |
| Balance                          | 5,110,753        | 5,264,076 | 5,421,998 | 5,584,658 | 5,752,198 | 5,924,763 | 6,102,506 | 6,291,013 | 6,489,733 | 6,698,215 | 6,917,506 |

To Be Named - San Diego

15-YEAR CASH FLOW PROJECTION

|                                       | Inflation Factor | Year 11<br>11  | Year 12<br>12  | Year 13<br>13  | Year 14<br>14  | Year 15<br>15  |
|---------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| Rental Income                         | 2.5%             | 517,420        | 530,356        | 543,615        | 557,205        | 571,135        |
| Other                                 | 2.5%             | 8,684          | 8,901          | 9,124          | 9,352          | 9,586          |
| <b>TOTAL GROSS POTENTIAL REVENUE:</b> |                  | <b>526,105</b> | <b>539,257</b> | <b>552,739</b> | <b>566,557</b> | <b>580,721</b> |
| Vacancy @ 5%                          |                  | 26,305         | 26,963         | 27,637         | 28,328         | 29,036         |
| <b>TOTAL NET RENTAL INCOME</b>        |                  | <b>499,799</b> | <b>512,294</b> | <b>525,102</b> | <b>538,229</b> | <b>551,685</b> |

|                                    |      |                |                |                |                |                |
|------------------------------------|------|----------------|----------------|----------------|----------------|----------------|
| Advertising                        | 3.5% | 1,411          | 1,460          | 1,511          | 1,564          | 1,619          |
| Legal                              | 3.5% | 1,411          | 1,460          | 1,511          | 1,564          | 1,619          |
| Accounting                         | 3.5% | 9,874          | 10,220         | 10,577         | 10,948         | 11,331         |
| Security                           | 3.5% | 2,821          | 2,920          | 3,022          | 3,128          | 3,237          |
| Other Administrative               | 3.5% | 7,053          | 7,300          | 7,555          | 7,820          | 8,093          |
| Management Fee                     | 3.5% | 32,444         | 33,579         | 34,755         | 35,971         | 37,230         |
| Utilities                          | 3.5% | 11,285         | 11,680         | 12,089         | 12,512         | 12,950         |
| Water & Sewer                      | 3.5% | 14,106         | 14,600         | 15,111         | 15,640         | 16,187         |
| On-Site Manager                    | 3.5% | 12,695         | 13,140         | 13,600         | 14,076         | 14,568         |
| Maintenance Personnel              | 3.5% | 12,695         | 13,140         | 13,600         | 14,076         | 14,568         |
| Other Payroll                      | 3.5% | 8,464          | 8,760          | 9,066          | 9,384          | 9,712          |
| Insurance                          | 3.5% | 14,106         | 14,600         | 15,111         | 15,640         | 16,187         |
| Real Estate Taxes                  | 2.0% | 18,285         | 18,651         | 19,024         | 19,404         | 19,792         |
| Painting                           | 3.5% | 7,053          | 7,300          | 7,555          | 7,820          | 8,093          |
| Repairs                            | 3.5% | 7,053          | 7,300          | 7,555          | 7,820          | 8,093          |
| Trash Removal                      | 3.5% | 2,821          | 2,920          | 3,022          | 3,128          | 3,237          |
| Exterminating                      | 3.5% | 7,053          | 7,300          | 7,555          | 7,820          | 8,093          |
| Grounds Maintenance                | 3.5% | 0              | 0              | 0              | 0              | 0              |
| Other Maintenance                  | 3.5% | 7,053          | 7,300          | 7,555          | 7,820          | 8,093          |
| Elevator                           | 3.5% | 7,053          | 7,300          | 7,555          | 7,820          | 8,093          |
| Other                              | 3.5% | 21,159         | 21,900         | 22,666         | 23,459         | 24,280         |
| Replacement Reserve                | 0.0% | 9,300          | 9,300          | 9,300          | 9,300          | 9,300          |
| <b>TOTAL EXPENSES</b>              |      | <b>215,195</b> | <b>222,127</b> | <b>229,296</b> | <b>236,710</b> | <b>244,379</b> |
| <b>NET OPERATING RENTAL INCOME</b> |      | <b>284,605</b> | <b>290,168</b> | <b>295,806</b> | <b>301,519</b> | <b>307,306</b> |

DEBT SERVICE

|                                  |  |         |         |         |         |         |
|----------------------------------|--|---------|---------|---------|---------|---------|
| FORECASTED CASH AVAILABLE        |  | 194,690 | 194,690 | 194,690 | 194,690 | 194,690 |
| Debt Coverage Ratio              |  | 89,915  | 95,478  | 101,116 | 106,829 | 112,617 |
|                                  |  | 1.46    | 1.49    | 1.52    | 1.55    | 1.58    |
| Management Fees                  |  | 16,927  | 17,520  | 18,133  | 18,767  | 19,424  |
| Cash Available for Distributions |  | 72,988  | 77,938  | 82,983  | 88,062  | 93,192  |

Deferred Developer fee

|                             |           |           |           |           |           |           |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Interest                    | 215,000   | -         | -         | -         | -         | -         |
| Residual Receipts Payment   | -         | -         | -         | -         | -         | -         |
| Balance                     | 215,000   | -         | -         | -         | -         | -         |
| NSP Loan                    | 5,110,753 | 6,827,506 | 6,977,391 | 7,128,430 | 7,280,066 | 7,432,422 |
| Interest                    | 0         | 204,825   | 209,328   | 213,853   | 218,402   | 222,973   |
| Residual Receipts Payment @ | -         | (54,741)  | (58,469)  | (62,237)  | (66,046)  | (69,894)  |
| Balance                     | 5,110,753 | 6,977,591 | 7,128,450 | 7,280,066 | 7,432,422 | 7,585,500 |

## DEVELOPMENT BUDGET AND CONSTRUCTION CASH FLOW

**Borrower:** TBD  
**Project Name:** To Be Named - San Diego  
**Proforma Type:** New Construction  
**Location:** San Diego, CA

Maximum RDA Loan Amount \$5,110,753  
 RDA LTC 47.61%  
 Interest Rate 5.50%

Target \$ 5,582,200  
 Calculated \$5,179,206  
 52.00% 48.25%

Construction Loan  
 Loan-to-Value

## CONSTRUCTION USES:

CONSTRUCTION USES:

|                                       | NSP Closing |  | Loan Closing |  | 3       |  | 4       |  | 6         |  | 7         |  | 8         |  | 9         |  | 10        |  |           |  |
|---------------------------------------|-------------|--|--------------|--|---------|--|---------|--|-----------|--|-----------|--|-----------|--|-----------|--|-----------|--|-----------|--|
|                                       | 1           |  | 2            |  | Nov-10  |  | Dec-10  |  | Jan-11    |  | Feb-11    |  | Mar-11    |  | Apr-11    |  | May-11    |  | Jun-11    |  |
|                                       | Apr-10      |  | Oct-10       |  |         |  |         |  |           |  |           |  |           |  |           |  |           |  |           |  |
| Total Budget                          | 2,900,000   |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Land Acquisition                      | 2,900,000   |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Site Work Costs                       | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Structures                            | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Contingency                           | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Interest Reserve -- Bank              | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Bank Loan Fee                         | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Construction Inspections              | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Relocation                            | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Title and Recording                   | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Legal Fees (Bank & Other)             | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Arch. & Eng.                          | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Taxes & Insurance                     | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Gov't Impact & Permit Fees            | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Market Study, Marketing & Furnishings | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Bond Issuance Costs                   | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Developer Fee                         | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| TCAC Fees                             | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Accounting / Audit                    | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Site Security                         | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Environment Remediation               | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Marketing/Rent Reserves               | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| TOTAL BUDGET                          | 10,735,000  |  | 692,818      |  | 633,318 |  | 533,318 |  | 1,163,512 |  | 1,226,095 |  | 669,465   |  | 614,763   |  | 290,101   |  | 503,431   |  |
| Total Monthly Uses                    | 3,182,500   |  | 692,818      |  | 633,318 |  | 533,318 |  | 1,163,512 |  | 1,226,095 |  | 669,465   |  | 614,763   |  | 290,101   |  | 503,431   |  |
| SOURCES:                              |             |  |              |  |         |  |         |  |           |  |           |  |           |  |           |  |           |  |           |  |
| Deferred Developer Fee                | 215,000     |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| SDHC Loan (NSP+HOME+CBDG)             | 5,110,753   |  | 137,969      |  | 633,318 |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Tax Credit Equity                     | 2,774,247   |  | 554,849      |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Tax Exempt Bonds                      | 2,635,000   |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
|                                       | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
|                                       | 0           |  | 0            |  | 0       |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Total Monthly Sources                 | 10,735,000  |  | 692,818      |  | 633,318 |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| LOAN BALANCE:                         | 0           |  | 3,004,000    |  | 633,318 |  | 0       |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  | 0         |  |
| Cumulative Monthly Bank Loan Balance  | 0           |  | 178,500      |  | 178,500 |  | 711,818 |  | 1,875,331 |  | 3,101,426 |  | 3,770,891 |  | 4,385,674 |  | 4,675,775 |  | 5,179,206 |  |

## DEVELOPMENT BUDGET AND CONSTRUCTION CA

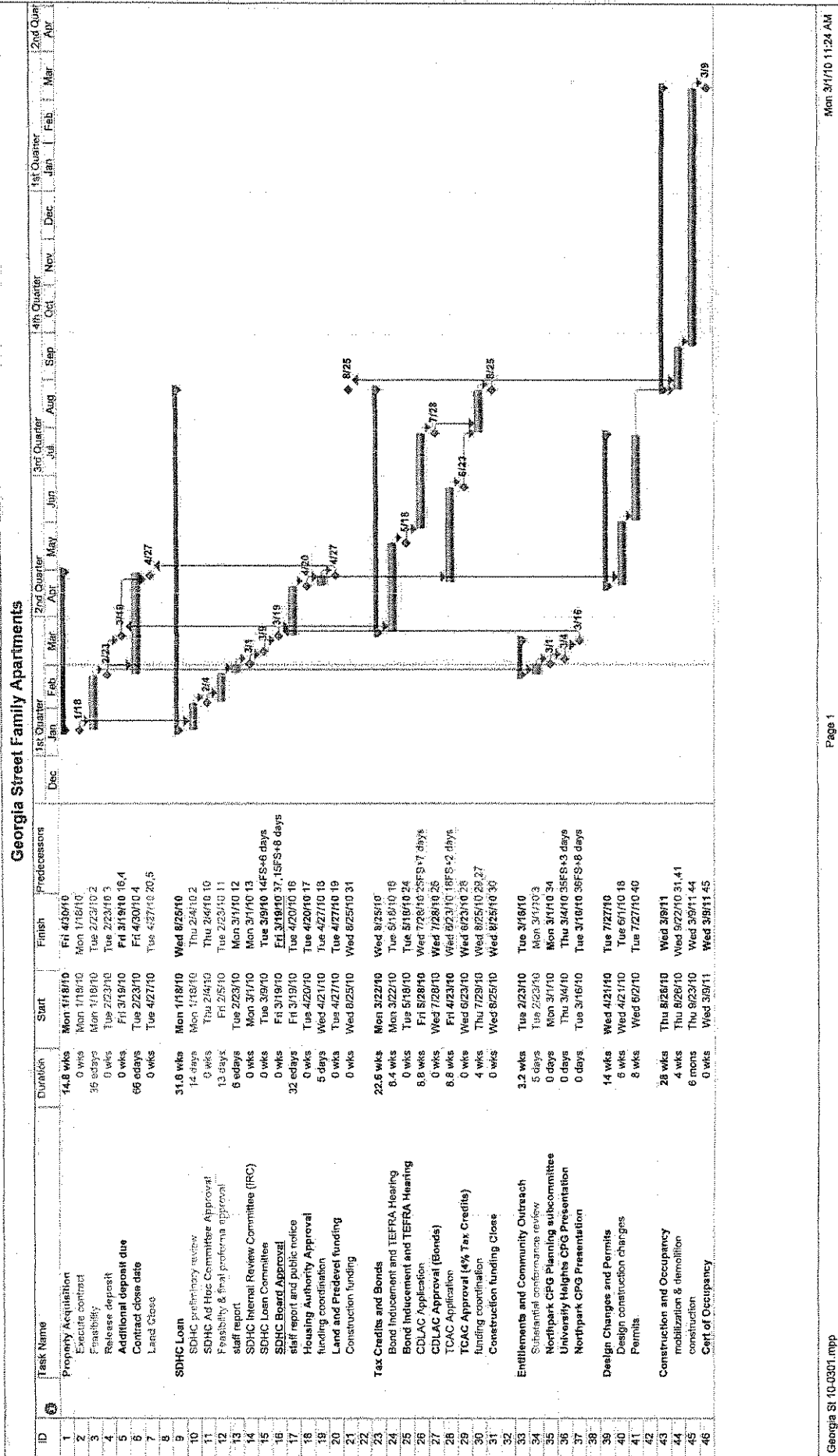
Borrower: TBD  
 Project Name: To Be Named - San Diego  
 Proforma Type: New Construction  
 Location: San Diego, CA

Maximum RDA Loan Amount \$5,110,753  
 RDA LTC 47.61%  
 Interest Rate 5.50%

## CONSTRUCTION USES:

|                                       | 11         | 100% lease up | 13        | 14        | 15        |            |
|---------------------------------------|------------|---------------|-----------|-----------|-----------|------------|
|                                       | Jul-11     | Aug-11        | Sep-11    | Oct-11    | Nov-11    | TOTAL      |
| Land Acquisition                      |            |               |           |           |           | 2,900,000  |
| Site Work Costs                       | 0          | 0             | 0         | 0         | 0         | 0          |
| Structures                            | 5,250,000  | 0             | 0         | 0         | 0         | 5,250,000  |
| Contingency                           | 68,500     | 0             | 0         | 0         | 0         | 342,500    |
| Interest Reserve -- Bank              | 225,000    | 21,518        | 16,931    | 15,687    | 15,782    | 180,998    |
| Bank Loan Fee                         | 0          | 0             | 0         | 0         | 0         | 50,000     |
| Construction Inspections              | 1,000      | 0             | 0         | 0         | 0         | 10,000     |
| Relocation                            | 0          | 0             | 0         | 0         | 0         | 0          |
| Title and Recording                   | 25,000     | 0             | 0         | 0         | 0         | 25,000     |
| Legal Fees (Bank & Other)             | 50,000     | 0             | 0         | 0         | 0         | 50,000     |
| Arch. & Eng.                          | 160,000    | 0             | 0         | 0         | 0         | 160,000    |
| Taxes & Insurance                     | 110,000    | 0             | 0         | 0         | 0         | 110,000    |
| Gov't Impact & Permit Fees            | 60,000     | 0             | 0         | 0         | 0         | 60,000     |
| Market Study, Marketing & Furnishings | 52,500     | 0             | 0         | 0         | 0         | 52,500     |
| Bond Insurance Costs                  | 225,000    | 0             | 0         | 0         | 0         | 225,000    |
| Developer Fee                         | 1,100,000  | 0             | 246,500   | 0         | 215,000   | 1,100,000  |
| TCAC Fees                             | 40,000     | 0             | 0         | 0         | 0         | 40,000     |
| Accounting / Audit                    | 20,000     | 0             | 0         | 5,000     | 0         | 20,000     |
| Site Security                         | 7,000      | 0             | 0         | 0         | 0         | 70,000     |
| Environment Remediation               | 5,000      | 0             | 0         | 0         | 0         | 5,000      |
| Marketing/Rent Reserves               | 40,000     | 0             | 20,000    | 0         | 0         | 40,000     |
| TOTAL BUDGET                          | 10,735,000 |               | 283,431   | 20,687    | 230,782   | 10,690,998 |
| Total Monthly Uses                    | 625,238    | 21,518        |           |           |           |            |
| SOURCES:                              |            |               |           |           |           |            |
| Deferred Developer Fee                | 215,000    | 0             | 0         | 0         | 215,000   | 215,000    |
| SDHC Loan (NSP+HOME+CBDG)             | 5,110,753  | 1,022,151     | 0         | 0         | 313,316   | 5,110,753  |
| Tax Credit Equity                     | 2,774,247  | 0             | 554,849   | 0         | 554,849   | 2,774,247  |
| Tax Exempt Bonds                      | 2,635,000  | 0             | 0         | 0         | 2,635,000 | 2,635,000  |
|                                       | 0          | 0             | 0         | 0         | 0         | 0          |
|                                       | 0          | 0             | 0         | 0         | 0         | 0          |
|                                       | 0          | 0             | 0         | 0         | 0         | 0          |
| Total Monthly Sources                 | 10,735,000 | 1,022,151     | 554,849   | 0         | 3,718,165 | 10,735,000 |
| LOAN BALANCE:                         |            |               |           |           |           |            |
| Cumulative Monthly Bank Loan Balance  | 0          | 3,694,112     | 3,422,694 | 3,443,381 | (44,002)  | 44,002     |

# ATTACHMENT 5



**ATTACHMENT 6**  
**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.