

HOUSING AUTHORITY REPORT

EXECUTIVE SUMMARY SHEET

DATE REPORT ISSUED: June 17, 2008 REPORT NO.: HAR08-25
ATTENTION: Members of the Housing Authority
For the Agenda of June 24, 2008
ORIGINATING DEPARTMENT: San Diego Housing Commission
SUBJECT: Loans For Low-Income Housing
COUNCIL DISTRICT: District 4

REQUESTED ACTION:

Approve a loan to finance acquisition and rehabilitation of a 76-unit rental housing development for very low-income seniors located at 740 South 36th Street.

STAFF RECOMMENDATIONS:

Approve a loan of up to \$3,662,000 to Golden Age Housing Partners, LP as permanent financing for acquisition and rehabilitation of 76 units (one unrestricted unit would be occupied by a resident manager) of rental housing for very low-income seniors and disabled residents and authorize the Interim President and Chief Executive Officer of the Housing Commission or her designee to execute necessary documents.

AFFORDABLE HOUSING IMPACT:

The Housing Commission would record 55-year rent restrictions against the property making 23 units affordable to tenants with annual incomes of 50 percent or less of Area Median Income (currently \$31,600 for a one-person household) and 52 units affordable to tenants with annual incomes of 60 percent or less of AMI (currently \$37,920 for a one-person household).

FISCAL CONSIDERATIONS:

The loan would be deferred and secured by a second trust deed with payments equal to 50 percent of residual receipts estimated to begin in the first year; remaining residual cash split between the managing general partner and the limited partner. This project would be financed in part with tax-exempt bonds. Because CalHFA would be the issuer of the bonds, action by the City Council and the Housing Authority would not be required for bond issuance.

Although there is the risk that residual cash flow would not be adequate to fund payments on the Housing Commission loan, cash flow projections indicate that project income would generate residual receipts (estimated at \$41,546 beginning in the first year) sufficient for payments to the Housing Commission to begin at the end of the first year (estimated at \$20,773). With the approval of the senior lender and the tax credit investor, the Housing Commission would receive an annual payment equal to the greater of 50 percent of residual receipts or half of the estimated residual receipts available at the end of the first year (\$10,387) as a minimum payment. However, a minimum payment to the Housing Commission would be made only to the extent of residual receipts available and payment would not exceed 100 percent of residual receipts. The Housing Commission loan would become due and payable in full at the earlier of the end of the 35-year term of the senior loan or project refinancing.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This loan was approved by the Housing Commission on June 6, 2008.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The proposed development received support from the Mountain View Community Council on April 16, 2008. Because community group action is not required for approval of the proposed acquisition and rehabilitation project, no vote was taken.

ENVIRONMENTAL REVIEW:

Should HOME funds constitute a portion of the funding for the project, a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of any HOME funds to the project is conditioned on the City of San Diego's determination to proceed with, modify, or cancel the project based on the results of subsequent environmental review under NEPA. This project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA guidelines Section 15301 (Existing Facilities).

KEY STAKEHOLDERS & PROJECTED IMPACTS:

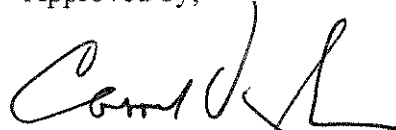
Stakeholders would include Amerland/Golden Age, LLC as the for-profit administrative general partner, Pacific Housing as the nonprofit managing general partner, Red Capital as the tax credit equity investor, and the community of Southeastern San Diego. The project is expected to have a positive impact on the neighborhood because it will contribute to the quality of housing in the surrounding area and provide much-needed affordable rental units for low-income seniors and disabled residents.

Respectfully submitted,



Cissy Fisher
Director of Housing Finance

Approved by,



Carrol M. Vaughan
Interim President and Chief Executive Officer

Information: Mr. Dan Cady (619) 578-7594



HOUSING AUTHORITY REPORT

DATE ISSUED: June 17, 2008 REPORT NO.: HAR08-25
ATTENTION: Members of the Housing Authority
For the Agenda of June 24, 2008
ORIGINATING DEPARTMENT: San Diego Housing Commission
SUBJECT: Loan for Golden Age Garden Apartments
COUNCIL DISTRICT: District 4

REQUESTED ACTION:

Approve a loan to finance acquisition and rehabilitation of a 76-unit rental housing development for very low-income seniors.

STAFF RECOMMENDATION:

Approve a loan of up to \$3,662,000 to Golden Age Housing Partners, LP as permanent financing for acquisition and rehabilitation of 76 units (one unrestricted unit would be occupied by a resident manager) of rental housing for very low-income seniors and disabled residents.

DISCUSSION:

This request is for a Housing Commission loan as gap financing for Golden Age Garden Apartments. The project sponsor, The Amerland Group (Amerland), submitted a loan application in response to a Notice Of Funding Availability (NOFA) for Construction, Acquisition, and Operation of Affordable Rental Housing dated March 14, 2008.

Amerland is a San Diego-based for-profit organization founded in 2001 by Ruben Islas and Jules Arthur. The firm specializes in the development and preservation of affordable multifamily housing and currently owns and operates 2,894 units. The developer's non-profit partner is Pacific Housing, Inc., a 501(c)(3) public benefit corporation serving as the managing general partner.

Amerland worked in cooperation with Housing Commission staff on two previous successful developments. In 2007, the Housing Authority issued bonds for the acquisition and rehabilitation of Bay Vista, a 268-unit affordable housing complex located at 4888 Logan Avenue. In 2001, the Housing Commission worked with Amerland to finance the acquisition and rehabilitation of the 170-unit Bella Vista Apartments located at 4742 Solola Avenue. If the Golden Age Garden Apartments project is approved and four percent tax credits are awarded, Amerland would form Golden Age Housing Partners, LP as a single asset entity to own and operate the development.

Located at 740 South 36th Street in the Mountain View community, the four-story building was designed and constructed as a senior housing facility. There are 75 one-bedroom apartments and

one manager's unit. The development also has a tenant lounge, cafeteria, laundry rooms, meeting space, outdoor recreation area and site offices. It is conveniently located approximately one block south of public transportation access on Ocean View Boulevard and two blocks north of retail grocery and other commercial services on National Avenue (see Attachment 1, Location Map).

In 1981, the City awarded this development a Conditional Use Permit (CUP) for operation of 75 rental housing units for tenants 62 years of age and older. In 1983, construction of the project was completed and the developer obtained a Housing Assistance Payment (HAP) contract from the California Housing Finance Agency (CHFA) which subsidizes the rents. The current HAP contract expires in 2013.

Amerland intends to acquire the property, maintain the HAP contract, and rehabilitate the existing building. The proposed improvements will total approximately \$1.8 million (\$39 per square foot) and would include extensive renovation of unit interiors, roof replacement, exterior painting, window replacement, plumbing and landscaping upgrades, and modernization of the elevators.

The following table outlines the development team:

ROLE/FIRM	CONTACT	OWNED BY
Owner- Golden Age Housing Partners, LP	Mr. Ruben Islas	Amerland/Golden Age, LLC would be the administrative general partner.
Fee Developer- Islas Development, LLC	Mr. Ruben Islas	Mr. Ruben Islas, Chief Executive Officer
Construction Manager/Contractor- Phase 3 Construction	Mr. Michael Hagigeorgiou, Senior Project Manager	Mr. Jeremy Turner, President
Property Manager- Logan Property Management, Inc.	Ms. Martha Enriquez	Ms. Martha Enriquez, President

AFFORDABLE HOUSING IMPACT:

The Housing Commission would record 55-year rent restrictions against the property making 23 units affordable to tenants with annual incomes of 50 percent or less of Area Median Income (currently \$31,600 for a one-person household) and 52 units affordable to tenants with annual incomes of 60 percent or less of AMI (currently \$37,920 for a one-person household). The proposed rents are outlined in the San Diego Housing Commission General Application Form (see Attachment 4).

FISCAL CONSIDERATIONS:

The "as is" market value of the property was appraised at \$8,760,000 on April 28, 2008, which results in a 98 percent loan-to-value ratio before completion of rehabilitation. The \$8,600,000 purchase price is below the appraised market value.

The developer requested a loan of \$3,662,000 (\$48,184 per unit for 76 units) from the Housing Commission as permanent gap financing for this project. With an estimated total development cost of \$13,580,705 (\$178,693 per unit for 76 units), approval of the proposed 55-year residual receipts loan would leverage \$9,918,705 from other sources including four percent tax credits and tax-exempt private activity bonds (see Attachment 4, General Application Form).

The first position debt would be an estimated \$5,500,000, 5.75 percent interest, 35-year amortized loan from the California Housing Finance Agency's (CalHFA) Permanent Financing Program. Because CalHFA would be the issuer of the tax-exempt bonds, action by the City Council and the Housing Authority would not be required for bond issuance. As the current first position lender, CalHFA would issue the bonds as a condition of refinancing because its previous loan to the development cannot be prepaid.

The Housing Commission loan would be a deferred loan secured by a second trust deed with payments equal to 50 percent of residual receipts estimated to begin in the first year of the project. The remaining residual cash would be split between the managing general partner and the limited partner.

Although there is the risk that residual cash flow would not be adequate to fund payments on the Housing Commission loan, cash flow projections indicate that project income would generate residual receipts (estimated at \$41,546 beginning in the first year) sufficient for payments to the Housing Commission to begin at the end of the first year (estimated at \$20,773). With the approval of the senior lender and the tax credit investor, the Housing Commission would receive an annual payment equal to the greater of 50 percent of residual receipts or half of the estimated residual receipts available at the end of the first year (\$10,387) as a minimum payment.

However, a minimum payment to the Housing Commission would be made only to the extent of residual receipts available and payment would not exceed 100 percent of residual receipts. The Housing Commission loan would become due and payable in full at the earlier of the end of the 35-year term of the senior loan or project refinancing.

The following table outlines the estimated sources of financing:

Debt Position	Sources of Financing	Amount	Terms
1st	Cal HFA	\$ 5,500,000	35 yrs. @ 5.75 % interest; amortized
2nd	Housing Commission Loan	\$ 3,662,000	55 yrs. @ 3% interest; residual receipts
	4% Tax Credits	\$ 4,418,705	
	Total Development Cost	\$13,580,705	

Approval of this proposal would result in a Housing Commission investment of up to \$3,662,000. Although cash flow projections indicate that the Housing Commission is unlikely to be repaid in full until after the first position loan matures or the project is refinanced, this is a relatively low-risk investment because the developer is experienced and would bring equity to the project in the form of tax credits, and would maintain a rental income subsidy in the form of a HAP contract. If there is an increase in the amount of the HUD per-unit rent subsidy that would allow an increase of alternative debt to the project, the amount of the Housing Commission loan would be decreased accordingly.

As an alternative, the Housing Authority could deny loan approval. Without the Housing Commission financing, the project would likely not move forward because project income would not support significantly increased institutional debt. The City could lose an opportunity to preserve and extend the affordability of 75 units of much needed rental housing for low-income seniors and disabled residents with improvements to the property that would have a positive influence on the neighborhood.

PREVIOUS ACTIONS:

On June 6, 2008, the Housing Commission voted to recommend this loan to the Housing Authority for approval.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The proposed development received support from the Mountain View Community Council on April 16, 2008. Because community group action is not required for approval of the proposed acquisition and rehabilitation project, no vote was taken.

ENVIRONMENTAL REVIEW:

Should HOME funds constitute a portion of the funding for the project, a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of NEPA. The parties agree that the provision of any HOME funds to the project is conditioned on the City of San Diego's determination to proceed with, modify, or cancel the project based on the results of subsequent environmental review under the National Environmental Policy Act (NEPA). This project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA guidelines Section 15301 (Existing Facilities).

KEY STAKEHOLDERS & PROJECTED IMPACTS:

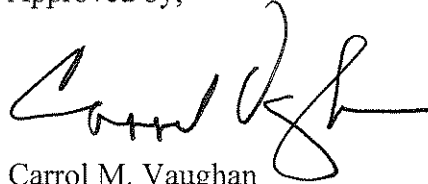
Stakeholders would include Amerland/Golden Age, LLC as the for-profit administrative general partner, Pacific Housing as the nonprofit managing general partner, Red Capital as the tax credit equity investor, and the community of Southeastern San Diego. The project is expected to have a positive impact on the neighborhood because it will contribute to the quality of housing in the surrounding area and provide much-needed affordable rental units for low-income seniors and disabled residents.

Respectfully submitted,



Cissy Fisher
Director of Housing Finance

Approved by,



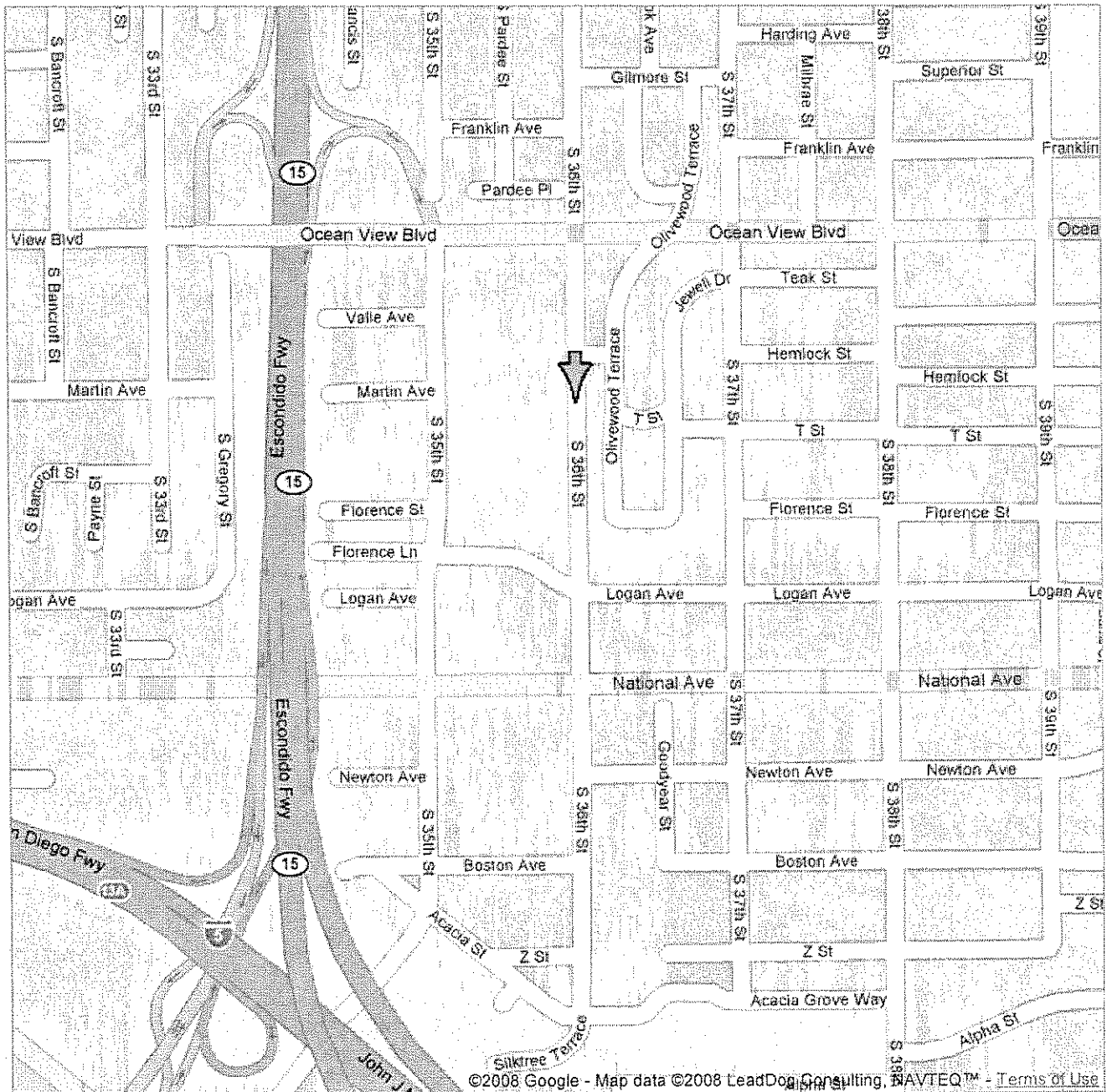
Carrol M. Vaughan
Interim President and Chief Executive Officer

- Attachments:
1. Location Map
 2. Development Summary
 3. Development Timeline
 4. General Application
 5. General Partner Disclosure Statement *
 6. Partner Financial Information *
 7. Housing Commission Loan Terms
 8. Commitment Letter

*Distribution of this attachment is limited. 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 2nd floor of 202 "C" Street.

Information: Mr. Dan Cady (619) 578-7594

Address 740 S 36th St
San Diego, CA 92113



ATTACHMENT - 2

DEVELOPMENT SUMMARY LOW-INCOME RENTAL HOUSING FOR SENIORS June 17, 2008

Name: Golden Age Garden Apartments
Location: 740 South 36th Street
Description: Permanent Loan For Senior Housing
Sponsor: Amerland Group, LLC

Unit Affordability

Total # of units: 76
Assisted units: 75
Restricted rents: 50 percent to 60 percent of AMI as imposed by TCAC
Market rent: \$978 per month
Percent of AMI: occupancy of 23 one-bedroom units restricted at 50 percent or less of AMI
occupancy of 52 one-bedroom units restricted at 60 percent or less of AMI

Affordability: 55 years

Development Cost

Total development cost: \$13,580,705
HC development cost (loan): \$ 3,662,000
Total development cost per unit: \$ 178,693 per unit / 76 units
HC cost per unit (loan): \$ 48,184 per unit / 76 units

Sources of Funds

Housing Commission Loan \$ 3,662,000
CalHFA Loan \$ 5,500,000
4 percent Tax Credits \$ 4,418,705

Pro Forma Summary

Estimated annual income: \$ 801,853 (year 1)
Estimated annual expense: \$ 379,997 (year 1)
Annual debt service: \$ 365,310
Annual reserves: \$ 30,400 (an expense per investor requirements)
Estimated residual cash flow: \$ 41,546 (year 1)

ATTACHMENT - 3

**GOLDEN AGE GARDEN APARTMENTS
LOAN FOR LOW-INCOME SENIOR HOUSING
ESTIMATED TIMELINE**

September 15, 2008	Housing Commission loan closing
October 1, 2008	Start of rehabilitation
April 30, 2009	Completion of Rehabilitation

SAN DIEGO HOUSING COMMISSION
GENERAL APPLICATION FORM - Project Overview

Page 1

Last revised: November 27, 2007

ATTACHMENT - 4

DATE: May 30, 2008

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED IN SHADED CELLS (Check all boxes that apply)

REQUEST FOR: ☐ EARLY ASSISTANCE ☒ PROJECT FUNDING \$ 3,662,000
☐ TECHNICAL ASSISTANCE ☐ PREDEVELOPMENT LOAN \$ _____
☐ ☐ PROJECT SUPPORT GRANT \$ _____

PROJECT TYPE: ☐ ACQUISITION ☒ ACQUISITION & REHABILITATION ☒ RENTAL
☐ NEW CONSTRUCTION ☐ REHABILITATION ☐ OWNERSHIP

PROJECT CONDITION: ☐ UNIMPROVED SITE ☒ RESIDENTIAL ☐ COMMERCIAL

YEAR BUILT: 1982 ☒ EXISTING STRUCTURE ☐ OTHER (DESCRIBE) _____

PROJECT NAME: Golden Age Garden Apartments

ADDRESS: 740 South 36th Street San Diego CA 92113
STREET CITY STATE ZIP

LEGAL DESCRIPTION: 546-340-060-00
LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSORS PARCEL NO. CENSUS TRACT

SITE CONTROL: ☐ DEED ☐ OPTION ☒ OTHER (DESCRIBE) purchase and sale agreement

DWELLING UNITS: 76 76
0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS BEDROOMS

HC Assisted Units: 75 75
0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS BEDROOMS

EXISTING USES OF PROPERTY: multi-family rental housing

DESCRIPTION OF PROPOSED PROJECT: preservation of 75 affordable housing units for seniors through acquisition, renovation, and renewal of a Housing Assistance Payment (HAP) contract.

NO. OF BUILDINGS: 1

APPLICANT/BORROWER:

NAME: The Amerland Group, LLC CONTACT PERSON: Mr. Ruben Islas

ADDRESS: 1927 Adams Avenue, Suite 200 San Diego CA 92116
STREET CITY STATE ZIP

TELEPHONE: (619) 260-5562 FAX NO. () E-mail address: _____

LEGAL DESCRIPTION OF APPLICANT:

☒ FOR PROFIT CORPORATION ☐ NONPROFIT CORPORATION ☐ PARTNERSHIP ☐ INDIVIDUAL OWNER
☐ CHDO ☐ OTHER _____
DESCRIBE

TAXPAYER IDENTIFICATION NUMBER: 20-1591015

CURRENT OWNER/SELLER INFORMATION:

NAME: Golden Age Apartments, LP LEGAL DESCRIPTION: _____

ADDRESS: 6849 Federal Boulevard Lemon Grove CA 91945
STREET CITY STATE ZIP

TELEPHONE: (619) 262-2621 FAX NO. (619) 265-5886

ZONING: MF-3000 COMMUNITY PLAN AREA: Southeast San Diego

COUNCIL DISTRICT: 4 SCHOOL DISTRICT: San Diego Unified

SIGNATURE _____ PRINT NAME _____ TITLE _____ DATE _____

SAN DIEGO HOUSING COMMISSION

APPLICANT INTEREST FORM - AI

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED

NAME, ADDRESS, TITLE/POSITION, TELEPHONE, NATURE OF INTEREST AND PERCENT OF INTEREST
FOR PROPOSED OWNERS, OFFICERS AND GENERAL PARTNERS - LIST ALL
FOR SHAREHOLDERS, INVESTORS, LIMITED PARTNERS AND OTHERS - LIST ALL WITH A 10% OR HIGHER INTEREST

PROJECT NAME: Golden Age Garden ApartmentsADDRESS: 740 South 36th StreetSan DiegoCA92113

ADDRESS

CITY

STATE

ZIP

OWNERSHIP NAME: Golden Age Garden Housing Partners, LP (to be formed)DATE: May 30, 2008

1.	<u>Mr. Ruben Islas</u> NAME <u>1927 Adams Avenue, Suite 200</u> STREET/PO <u>San Diego</u> <u>CA</u> <u>92116</u> CITY STATE ZIP	<u>Chief Executive Officer</u> TITLE/POSITION <u>(619) 840-6305</u> BUSINESS TELEPHONE NO.	<u>41</u> NATURE OF INTEREST <u>41</u> PERCENT INTEREST
2.	<u>Mr. Jules Arthur</u> NAME <u>1927 Adams Avenue, Suite 200</u> STREET/PO <u>San Diego</u> <u>CA</u> <u>92116</u> CITY STATE ZIP	<u>Chief Financial Officer</u> TITLE/POSITION <u>(619) 260-5562 ext. 12</u> BUSINESS TELEPHONE NO.	<u>39</u> NATURE OF INTEREST <u>39</u> PERCENT INTEREST
3.	<u>Mr. Casey Haeling</u> NAME <u>1927 Adams Avenue, Suite 200</u> STREET/PO <u>San Diego</u> <u>CA</u> <u>92116</u> CITY STATE ZIP	<u>Director of Acquisitions</u> TITLE/POSITION <u>(619) 260-5562 ext. 12</u> BUSINESS TELEPHONE NO.	<u>10</u> NATURE OF INTEREST <u>10</u> PERCENT INTEREST
4.	<u>NAME</u> <u>STREET/PO</u> <u>CITY</u> <u>STATE</u> <u>ZIP</u>	<u>TITLE/POSITION</u> <u>BUSINESS TELEPHONE NO.</u>	<u>NATURE OF INTEREST</u> <u>PERCENT INTEREST</u>
5.	<u>NAME</u> <u>STREET/PO</u> <u>CITY</u> <u>STATE</u> <u>ZIP</u>	<u>TITLE/POSITION</u> <u>BUSINESS TELEPHONE NO.</u>	<u>NATURE OF INTEREST</u> <u>PERCENT INTEREST</u>
6.	<u>NAME</u> <u>STREET/PO</u> <u>CITY</u> <u>STATE</u> <u>ZIP</u>	<u>TITLE/POSITION</u> <u>BUSINESS TELEPHONE NO.</u>	<u>NATURE OF INTEREST</u> <u>PERCENT INTEREST</u>
7.	<u>NAME</u> <u>STREET/PO</u> <u>CITY</u> <u>STATE</u> <u>ZIP</u>	<u>TITLE/POSITION</u> <u>BUSINESS TELEPHONE NO.</u>	<u>NATURE OF INTEREST</u> <u>PERCENT INTEREST</u>
8.	<u>NAME</u> <u>STREET/PO</u> <u>CITY</u> <u>STATE</u> <u>ZIP</u>	<u>TITLE/POSITION</u> <u>BUSINESS TELEPHONE NO.</u>	<u>NATURE OF INTEREST</u> <u>PERCENT INTEREST</u>

USE ADDITIONAL SHEETS AS NECESSARY

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

DATE: May 30, 2008

PROJECT TYPE ☐ ACQUISITION ☒ ACQUISITION & REHABILITATION ☒ RENTAL
 ☐ NEW CONSTRUCTION ☐ REHABILITATION ☐ OWNERSHIP

PROJECT NAME:	Golden Age Garden Apartments		
ADDRESS:	740 South 36th Street	San Diego	CA
	STREET	CITY	STATE
			92113
			ZIP

UTILITY INFORMATION [Input X, G, E, T, or L where indicated]

Type (X) in ONE box	Gas (G) or Electricity (E) FILL IN ALL BOXES G or E	Paid by Tenant (T) or Owner/Landlord (L) FILL IN ALL BOXES T or L
<input checked="" type="checkbox"/> Apartment	Heat <input type="text"/>	<input type="text"/>
	Cooking <input type="text"/>	<input type="text"/>
<input type="checkbox"/> Duplex, Townhouse	Water Heater <input type="text"/>	<input type="text"/>
	Water/Sewer <input type="text"/>	<input type="text"/>
<input type="checkbox"/> House, Mobile Home	Basic Electric <input type="text"/>	<input type="text"/>

INCOME BY UNIT TYPE

COLUMN:

A	B	C	D	E	F	G	H	I	J	K	L	M
BASIS FOR RENT*	NO. OF UNITS	BED- ROOMS PER UNIT	BATH- ROOMS PER UNIT	SQ FT PER UNIT	CURRENT RENT	MONTHLY HOUSING COST PER UNIT	LESS: MONTHLY UTILITY ALLOW. PER UNIT	EQUALS: MONTHLY Tenant Paid RENT PER UNIT	COMPARE TO: MONTHLY MARKET RENT PER UNIT	AFFORDABILITY LEVEL: PERCENT MEDIAN INCOME**	YEARLY GROSS RENTS ALL UNITS	YEARLY MARKET RENTS
TC	52	1	1.00	600	\$ 888 \$	\$ 888	\$	\$ 888	\$ 978	60 %	\$ 554,112	\$ 610,272
TC	23	1	1.00	600	\$ 740 \$	\$ 740	\$	\$ 740	\$ 978	51 %	\$ 204,240	\$ 269,928
					\$ \$		\$	\$	\$	%	\$	\$
					\$ \$		\$	\$	\$	%	\$	\$
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					\$ \$		\$	\$	\$	%	\$	\$
MGR	1	1	1.00	600	\$ 888 \$	\$ 888	\$	\$ 888	\$ 978	62 %	\$ 10,656	\$ 11,736
MGR					\$ \$		\$	\$	\$	%	\$	\$

** This calculation is based on a household size of one plus the bedroom type;
Please note that using tax credit rents may produce a different AMI percentage.

TOTAL RENT (YEAR)	\$ 769,008	\$ 891,936
Comp. to 90% of Market:	\$ 769,008	\$ 802,742

OTHER INCOME

HAP contract	\$	70,032
laundry and miscellaneous	\$	5,016
	\$	

TOTAL ANNUAL INCOME	\$844,056
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TOTAL UNITS	76
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TOTAL UNIT SQ. FT. 45,600 + TOTAL COMMUNITY FACILITIES SQ. FT. 800

TOTAL SQ. FT.	46,400
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**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - OPERATING EXPENSE - OE**

Page 4

DATE: May 30, 2008

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

Last revised: November 27, 2007

PROJECT TYPE: ☐ ACQUISITION ☒ ACQUISITION & REHABILITATION ☒ RENTAL
☐ NEW CONSTRUCTION ☐ REHABILITATION ☐ OWNERSHIP

PROJECT NAME: Golden Age Garden Apartments
ADDRESS: 740 South 36th Street San Diego CA 92113
STREET CITY STATE ZIP
TOTAL NUMBER OF UNITS: 76

OPERATING EXPENSE ITEM	ANNUAL COST	COST PER UNIT	COST PER SQ. FT.
Administrative Expenses			
Office Supplies & Equipment	\$ 14,212	\$ 187	\$ 0.31
Telephone	\$	\$	\$
Training & Travel	\$	\$	\$
Payroll Services	\$ 92,112	\$ 1,212	\$ 1.99
Program Services	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>28%</u>	\$ 106,324	\$ 1,399	\$ 2.29
Marketing Expenses			
Advertising	\$ 11,400	\$ 150	\$ 0.25
Other:	\$	\$	\$
Subtotal Percent of Total <u>3%</u>	\$ 11,400	\$ 150	\$ 0.25
Professional Fees			
Property Management	\$ 31,300	\$ 412	\$ 0.67
Auditing Services	\$	\$	\$
Legal Services	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>8%</u>	\$ 31,300	\$ 412	\$ 0.67
Utilities			
Electric	\$ 20,000	\$ 263	\$ 0.43
Gas	\$ 21,419	\$ 282	\$ 0.46
Water/Sewer	\$ 36,860	\$ 485	\$ 0.79
Other:	\$	\$	\$
Subtotal Percent of Total <u>21%</u>	\$ 78,279	\$ 1,030	\$ 1.69
Contract Services			
Exterminating	\$	\$	\$
Trash Removal	\$ 22,800	\$ 300	\$ 0.49
Security Patrol	\$	\$	\$
Building/Grounds Maintenance	\$	\$	\$
Janitorial Services	\$	\$	\$
Repair Services	\$ 34,200	\$ 450	\$ 0.74
Elevator & Other Equipment	\$	\$	\$
Garage Operations/Maintenance	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>15%</u>	\$ 57,000	\$ 750	\$ 1.23
Cleaning & Decorating			
Painting Supplies	\$ 26,600	\$ 350	\$ 0.57
Grounds Supplies	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>7%</u>	\$ 26,600	\$ 350	\$ 0.57
Taxes & Insurance			
Real Property Tax Assessment	\$ 9,000	\$ 118	\$ 0.19
Property Insurance	\$ 25,514	\$ 336	\$ 0.55
Director's & Officer's Insurance	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>9%</u>	\$ 34,514	\$ 454	\$ 0.74
Other			
SDHC Monitoring Fees	\$ 4,180	\$ 55	\$ 0.09
Other: replacement reserve	\$ 30,400	\$ 400	\$ 0.66
Other:	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>9%</u>	\$ 34,580	\$ 455	\$ 0.75
Total Annual Operating Costs	\$ 379,997	\$ 5,000	\$ 8.19

Last revised: November 27, 2007

PROJECT TYPE: ☐ ACQUISITION ☒ ACQUISITION & REHABILITATION ☒ RENTAL
☐ NEW CONSTRUCTION ☐ REHABILITATION ☐ OWNERSHIP

PROJECT NAME:	Golden Age Garden Apartments			
ADDRESS:	740 South 36th Street	San Diego	CA	92113
	STREET	CITY	STATE	ZIP
Number of Units	76			

<u>DEVELOPMENT COST ITEM</u>	<u>PERCENT</u>	<u>AMOUNT</u>
ACQUISITION / LAND COST		
LAND		\$ 570,000
BUILDINGS		\$ 8,030,000
SUBTOTAL		\$ 8,600,000
LEGAL/BROKER'S FEE/TITLE		\$
OTHER		\$
TOTAL ACQUISITION / LAND COST		\$ 8,600,000

SITE WORK		\$	
DEMOLITION		\$	
STRUCTURES		\$	1,630,531
TOTAL HARD COSTS		\$	1,630,531
GENERAL REQUIREMENTS	6.0 %	\$	97,832
CONTRACTOR'S OVERHEAD	2.0 %	\$	32,610
CONTRACTOR'S PROFIT	6.0 %	\$	97,832
TOTAL REHABILITATION / CONSTRUCTION		\$	1,858,805

CONSTRUCTION CONTINGENCY	10.0 %	\$ 185,872
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CONSTRUCTION INTEREST COST	\$	
APPLICATION FEE	\$	8,000
LOAN ORIGINATION FEE	\$	26,250
OTHER	\$	40,000
	\$	74,250

APPLICATION FEE	\$ 10,000
LOAN ORIGINATION FEE	\$ 13,375
OTHER	\$ 1,100
	<u>\$ 24,225</u>

DESIGN	\$	35,000
SUPERVISION	\$	
TOTAL ARCHITECTURAL FEES	0.0 % \$	35,000

<u>DEVELOPMENT COST ITEM</u>	<u>PERCENT</u>	<u>AMOUNT</u>
LEGAL, PERMIT, & AUDIT		
SDHC'S LEGAL (not to exceed)		\$ 5,000
BORROWER'S LEGAL		\$ 175,000
LENDERS' LEGAL		\$ 10,000
PERMITS		\$
TITLE & RECORDING		\$ 30,000
INSURANCE		\$ 35,000
AUDIT		\$ 85,000
TAXES DURING CONSTRUCTION		\$
OTHER	<u>Nonprofit LP expenses</u>	\$ 15,000
TOTAL LEGAL, PERMIT, & AUDIT		\$ 355,000

DEVELOPER'S FEE	9.6 %	\$ 1,300,000
CONSULTANT FEE	1.1 %	\$ 150,000
APPRAISAL COSTS		\$ 6,500
ENVIRONMENTAL STUDY		\$ 8,500
MARKET STUDY		\$ 6,000
MARKETING & RENT-UP		\$ 150,000
SDHC MONITOR SET-UP		\$ 500
SDHC LOAN ORIGATION FEE		\$ 2,000
REPLACEMENT RESERVES	MONTHS	\$ 38,000
OPERATING RESERVES	MONTHS	\$ 285,187

[illegible]

TOTAL OTHER COSTS	\$	2,306,887
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SOFT COSTS CONTINGENCY	%	\$ 500,000
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TOTAL DEVELOPMENT COST	\$	13,580,705
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SAN DIEGO HOUSING COMMISSION DEVELOPMENT FORM - PRO FORMA - PF

Last revised: November 27, 2007

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

Date: May 30, 2008

PROJECT TYPE: ☐ ACQUISITION ☒ ACQUISITION & REHABILITATION ☒ RENTAL
☐ NEW CONSTRUCTION ☐ REHABILITATION ☐ OWNERSHIP

PROJECT NAME: Golden Age Garden Apartments
 ADDRESS: 740 South 36th Street San Diego CA 92113
 STREET CITY STATE ZIP

Replacement Reserve	\$		LP Asset Mgmt Fee	\$	7,500	GP Management Fee	\$	7,500
Rental Income	\$	769,008	Project Income Increase		2.50 %	Mortgage Amount	\$	5,500,000 %
Other Income	\$	75,048	Operating Exp. Increase		3.50 %	Mortgage Rate		5.750
Operating Expenses	\$	379,997	Vacancy Loss		5.00 %	Mortgage Term(Years)		35
LP & GP Annual Increase		3.5 %	Deferred Dev. Fee	\$		Interest on Deff. Dev. Fee		%

SDHC Participation	\$	3,662,000	Residual Receipts	<input checked="" type="checkbox"/>	Interest Rate		3.000 %
Percent of Residual to HC		50%	or		Term (Years)		55
			Amortize	<input type="checkbox"/>			

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 844,056	\$ 865,157	\$ 886,786	\$ 908,956	\$ 931,680
Vacancy	\$ 42,203	\$ 43,258	\$ 44,339	\$ 45,448	\$ 46,584
Effective Gross Income	\$ 801,853	\$ 821,900	\$ 842,447	\$ 863,508	\$ 885,096
Operating Expense	\$ 379,997	\$ 393,297	\$ 407,062	\$ 421,309	\$ 436,055
Net Operating Income	\$ 421,856	\$ 428,603	\$ 435,385	\$ 442,199	\$ 449,041
Debt Service (1st)	\$ 365,310	\$ 365,310	\$ 365,310	\$ 365,310	\$ 365,310
Coverage (1st)	1.15	1.17	1.19	1.21	1.23
Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow	\$ 56,546	\$ 63,292	\$ 70,074	\$ 76,888	\$ 83,730
LP Asset Management Fee	\$ 7,500	\$ 7,763	\$ 8,034	\$ 8,315	\$ 8,606
GP Management Fee	\$ 7,500	\$ 7,763	\$ 8,034	\$ 8,315	\$ 8,606
Deferred Dev. Fee Pmt.	\$ -	\$ -	\$ -	\$ -	\$ -
SDHC Residual Receipts	\$ 20,773	\$ 23,884	\$ 27,003	\$ 30,129	\$ 33,259
Net Cash Flow	\$ 20,773	\$ 23,884	\$ 27,003	\$ 30,129	\$ 33,259

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 954,972	\$ 978,846	\$ 1,003,317	\$ 1,028,400	\$ 1,054,110
Vacancy	\$ 47,749	\$ 48,942	\$ 50,166	\$ 51,420	\$ 52,706
Effective Gross Income	\$ 907,223	\$ 929,904	\$ 953,151	\$ 976,980	\$ 1,001,405
Operating Expense	\$ 451,317	\$ 467,113	\$ 483,462	\$ 500,383	\$ 517,897
Net Operating Income	\$ 455,906	\$ 462,791	\$ 469,689	\$ 476,597	\$ 483,508
Debt Service (1st)	\$ 365,310	\$ 365,310	\$ 365,310	\$ 365,310	\$ 365,310
Coverage (1st)	1.25	1.27	1.29	1.30	1.32
Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow	\$ 90,596	\$ 97,480	\$ 104,379	\$ 111,286	\$ 118,197
LP Asset Management Fee	\$ 8,908	\$ 9,219	\$ 9,542	\$ 9,876	\$ 10,222
GP Management Fee	\$ 8,908	\$ 9,219	\$ 9,542	\$ 9,876	\$ 10,222
Deferred Dev. Fee	\$ -	\$ -	\$ -	\$ -	\$ -
SDHC Residual Receipts	\$ 36,390	\$ 39,521	\$ 42,647	\$ 45,767	\$ 48,877
Net Cash Flow	\$ 36,390	\$ 39,521	\$ 42,647	\$ 45,767	\$ 48,877

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 1,080,463	\$ 1,107,475	\$ 1,135,161	\$ 1,163,541	\$ 1,192,629
Vacancy	\$ 54,023	\$ 55,374	\$ 56,758	\$ 58,177	\$ 59,631
Effective Gross Income	\$ 1,026,440	\$ 1,052,101	\$ 1,078,403	\$ 1,105,363	\$ 1,132,998
Operating Expense	\$ 536,023	\$ 554,784	\$ 574,202	\$ 594,299	\$ 615,099
Net Operating Income	\$ 490,417	\$ 497,317	\$ 504,202	\$ 511,065	\$ 517,899
Debt Service (1st)	\$ 365,310	\$ 365,310	\$ 365,310	\$ 365,310	\$ 365,310
Coverage (1st)	1.34	1.36	1.38	1.40	1.42
Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow	\$ 125,106	\$ 132,006	\$ 138,891	\$ 145,754	\$ 152,588
LP Asset Management Fee	\$ 10,579	\$ 10,950	\$ 11,333	\$ 11,730	\$ 12,140
GP Management Fee	\$ 10,579	\$ 10,950	\$ 11,333	\$ 11,730	\$ 12,140
Deferred Dev. Fee	\$ -	\$ -	\$ -	\$ -	\$ -
SDHC Residual Receipts	\$ 51,974	\$ 55,053	\$ 58,113	\$ 61,148	\$ 64,154
Net Cash Flow	\$ 51,974	\$ 55,053	\$ 58,113	\$ 61,148	\$ 64,154

PROJECT TYPE: ☐ ACQUISITION ☒ ACQUISITION & REHABILITATION ☒ RENTAL ☐ NEW CONSTRUCTION ☐ REHABILITATION ☐ OWNERSHIP
 NUMBER OF UNITS: 76

PROJECT NAME: Golden Age Garden Apartments
 ADDRESS: 740 South 36th Street San Diego CA 92113
 STREET CITY STATE ZIP

SOURCES

POSITION	TERMS	COMMITMENT	AMORTIZED	DEFERRED	TAX CREDIT	GRANT	EQUITY
1ST CalHFA	35 YRS. 5.75% RATE	<input checked="" type="checkbox"/> N DATE OR EXPECTED	\$ 5,500,000				
2ND SDHC	55 YRS. 3.00% RATE	<input checked="" type="checkbox"/> N DATE OR EXPECTED	\$	3,662,000			
(Select one) Residual Receipts or Amortized deferred dev. Fee	<input checked="" type="checkbox"/> <input type="checkbox"/>	Subsidy/Assisted Unit \$ 48,827 Subsidy/Assisted Bdrr \$ 48,827					
	<input type="checkbox"/> YRS. <input type="checkbox"/> RATE <input type="checkbox"/> % <input type="checkbox"/> Y/N	DATE OR EXPECTED	\$	\$	\$		
	<input type="checkbox"/> YRS. <input type="checkbox"/> RATE <input type="checkbox"/> % <input type="checkbox"/> Y/N	DATE OR EXPECTED	\$	\$	\$		
TAX CREDITS: 4% Tax Credits	<input type="checkbox"/> YRS. <input type="checkbox"/> RATE <input type="checkbox"/> % <input type="checkbox"/> Y/N	DATE OR EXPECTED			\$ 4,418,705		
EQUITY	<input type="checkbox"/> YRS. <input type="checkbox"/> RATE <input type="checkbox"/> % <input type="checkbox"/> Y/N	DATE OR EXPECTED					\$
TOTAL \$ 13,580,705 \$ 5,500,000 \$ 3,662,000 \$ 4,418,705 \$							

FUNDING SCHEDULE FOR SOURCES

	TOTAL	CLOSING	CONSTRUCTION PERIOD			COMPLETION	RENT UP
			1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	QTRS 5 & 6
CalHFA	\$ 5,500,000	\$ 5,500,000	\$	\$	\$	\$	\$
SDHC	\$ 3,662,000	\$ 3,662,000	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$	\$
	\$ -	\$	\$	\$	\$	\$	\$
4% Tax Credits	\$ 4,418,705	\$ 510,050	\$	\$	\$ 3,908,655	\$	\$
	\$	\$	\$	\$	\$	\$	\$
	\$ 13,580,705	\$ 9,672,050	\$ -	\$ -	\$ 3,908,655	\$ -	\$ -

INFORMATION ON CONSTRUCTION LOAN

CONSTRUCTION LENDER: CalHFA
 CONSTRUCTION TIME: 6 (MONTHS)
 CONSTRUCTION INTEREST: 5.000 %
 COMMITTED: ☐ YES ☒ NO
 DATE OF COMMITMENT/EXPECTED: October 1, 2008

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE**

- August 19th 2004

- | Name, Address and
Zip Code | Position Title (if any) and
percent of interest or description
of character and extent of interest |
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10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail. NO.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR): NA

Name, Address and
Zip Code

Position Title (if any and
extent of interest

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above: NA

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature. If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity. NA

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position. Enclosed.

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project: See Attached.

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

a. In banks/savings and loans:

Name, Address & Zip Code of Bank/Savings & Loan: First Republic Bank; La Jolla Financial Bldg. 1200 Prospect Street, Suite 125, La Jolla , CA 92037

Amount: \$ 524,840.87

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

Name, Address & Zip Code of Bank/Savings & Loan: First Republic Bank; La Jolla Financial Bldg. 1200 Prospect Street, Suite 125, La Jolla , CA 92037

Amount: \$ 1,000,000

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

Name, Address & Zip Code of Bank/Savings & Loan: Red Capital Markets, Inc. Two Miranova Place, 12th Floor Columbus, OH 43215

Amount: \$ 2,000,000

c. By sale of readily salable assets/including marketable securities:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
	\$	\$

17. Names and addresses of bank references, and name of contact at each reference:

First Republic Bank;
La Jolla Financial Bldg. 1200 Prospect Street, Suite 125, La Jolla , CA 92037
JoAnna Habib – 858-793-3115
jhabib@firstrepublic.com

Red Capital Group
Joseph DeGaetano
JVDeGaetano@redcapitalgroup.com
310-367-1310
402 West Broadway, Ste. 2020
San Diego, CA 92101

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years? Yes X No

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

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years? Yes X No

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

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond: See Attachments for completed projects. No actions taken on bonds.

<u>Type Bond</u>	<u>Project Description</u>	<u>Date of Completion</u>	<u>Amount of Bond</u>	<u>Action on Bond</u>
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21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

- a. Name and addresses of such contractor or builder:

Phase 3 Construction Inc.

P.O. Box 880367, San Diego, CA 92168

- 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 X No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years:
Currently under contract and performing work for Bay Vista Methodist Heights, San Diego, CA \$8,054,520.00

General description of such work: General apartment renovation

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

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

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
Bay Vista Methodist Heights	San Diego, CA	<u>\$8,054,520.00</u>	<u>12/08</u>

- e. Outstanding construction-contract bids of such contractor or builder:

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

22. Provide a detailed and complete 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: See attached resume for Phase 3 Construction, Inc. Phase 3 subcontract's 100% of work.

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor? ___ Yes X No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows: See attached resume for Phase 3 Construction, Inc.

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation? ___ Yes X No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category: Please contact John Dorris at Westland Insurance Brokers. JDorris@westlandib.com. 619-641-3245 3838 Camino Del Rio N. Suite 315, San Diego, CA 92108

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)] Enclosed.

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☒ Premises - Operations
- ☒ Explosion and Collapse Hazard
- ☒ Underground Hazard
- ☒ Products/Completed Operations Hazard
- ☒ Contractual Insurance
- ☒ Broad Form Property Damage
- ☒ Independent Contractors
- ☒ Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)] Enclosed.

Check coverage(s) carried:

- ☒ Comprehensive Form
☒ Owned
☒ Hired
☒ Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)] Enclosed.
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] Enclosed.
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause. Agreed.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES. Agreed.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof. Agreed.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state: NONE.

Government Entity
Making Complaint

Date

Resolution

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state: None.

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

<u>Governmental Agency</u>	<u>Description License</u>	<u>License Number</u>	<u>Date Issued (original)</u>	<u>Status (current)</u>	<u>Revocation (yes/no)</u>
State of California Contractors State License Board	'B' Classification (General Construction)	#907525	12/06/07	Active	NO

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION. None.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

The Amerland Group, LLC currently holds nearly 3000 units in California (primarily), Colorado, and New Mexico. All projects have been of an acquisition/rehab nature and are also primarily low-income housing or senior deals. The Amerland Group's expertise in acquiring these properties through the use of Tax Credits and Bond issuances and the fact that projects are completed on time and on budget speak favorably for it's ability to successfully complete this project. Most recently, The Amerland Group acquired Bay Vista Methodist Heights in San Diego, CA. The property is currently undergoing a extensive rehab to the tune of approximately \$8,054,520.00.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years:

<u>Date</u>	<u>Entity Involved</u> (i.e., CITY, <u>COMMISSION, etc.</u>)	<u>Status</u> (Current, delinquent <u>repaid, etc.</u>)	<u>Dollar</u> <u>Amount</u>
3/2008	SDHC	Current	City issued bonds but made no loan to the property

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? ___ Yes X No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?
___ Yes X No
- If yes, explain:
38. List three local references who would be familiar with your previous construction project:
- Name: Peter Armstrong
- Address: San Diego Housing Commission: 1122 Broadway, #300, San Diego, CA 92101
- Phone: (619) 578-7556
- Project Name and Description: Bay Vista Methodist Heights - 268 units, low income HUD project currently undergoing a \$8,054,520 rehab.
- Name: Roger Ibarra
- Address: San Diego HUD Office 750 "B" Street, Suite 1600, San Diego, CA 92101-8131
- Phone: 619-557-5305
- Project Name and Description: Bay Vista Methodist Heights - 268 units, low income HUD project currently undergoing a \$8,054,520 rehab.
- Name: Tony Young
- Address: San Diego City Council - anthonyyoung@sandiego.gov
- Phone: 619-236-6644
- Project Name and Description: Bay Vista Methodist Heights - 268 units, low income HUD project currently undergoing a \$8,054,520 rehab.
39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor 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. See attached resume for The Amerland Group and Phase 3 Construction, Inc.
40. Give the name and experience of the proposed Construction Superintendent. Jeremy Turner. See attached resume for Phase 3 Construction, Inc.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 24TH day of APRIL, 20 08, at San Diego, California.

CONTRACTOR

By:

Signature



Ruben Islas

Managing Member, The Amerland Group, LLC

CERTIFICATION

The CONTRACTOR, The Amerland Group, LLC, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: [Signature]

By: _____

Title: _____

Title: _____

Dated: 4/25/08

Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

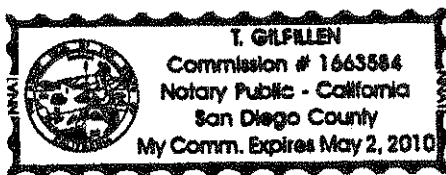
JURAT

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 25 day of April, 2008

by Ruben Islas, Jr. personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



SEAL

[Signature]
Signature of Notary

DISCLOSE.PUB

5:28 PM
12/10/07
Cash Basis

The Amerland Group
Balance Sheet
As of November 30, 2007

	<u>Oct 31, 07</u>
ASSETS	
Current Assets	
Checking/Savings	
Amerland Group	<u>143,634.49</u>
Total Checking/Savings:	<u>143,634.49</u>
Other Current Assets	
Due from/(to) Affiliates	(258,907.40)
due from/(to) greene king	(3,539.75)
Due from/(to) Members	22,940.00
Due from/(to) Pacific Housing	14,032.01
Due from/(to) Paul Buxbaum	0.00
Due from/(to) Team Pollack	(0.02)
Operating and Predevol Advances	575,167.46
Payroll Receivables	<u>29,796.31</u>
Total Other Current Assets	<u>379,508.61</u>
Total Current Assets	523,143.10
Other Assets	
Investment	(35,362.00)
Total Other Assets	<u>(35,362.00)</u>
TOTAL ASSETS	<u><u>487,781.10</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
MBNA Credit Card	<u>12,621.58</u>
Total Credit Cards	<u>12,621.58</u>
Other Current Liabilities	
LOC-Amerland Group	475,000.00
LOC-Mike Cott	325,090.87
LOC-Red Capital Revolving	125,000.00
Predevelopment Payables	<u>57,650.00</u>
Total Other Current Liabilities	<u>982,750.87</u>
Total Current Liabilities	<u>995,372.45</u>
Total Liabilities	995,372.45
Equity	
Capital Contributions	(838.04)
Opening Bal Equity	(0.05)
Operating Disbursements	(16,576.00)
Retained Earnings	(345,592.20)
Net Income	<u>(144,585.06)</u>
Total Equity	<u>(507,591.35)</u>

5:28 PM
12/10/07
Cash Basis

The Amerland Group
Balance Sheet
As of November 30, 2007

Oct 31, 07

TOTAL LIABILITIES & EQUITY


487,781.10

A handwritten signature in black ink, appearing to be 'J. A. L.' or similar, written in a cursive style.

12-10-2007

The Amerland Group
Profit & Loss
January through October 2007

	<u>Jan - Oct 07</u>
Ordinary Income/Expense	
Income	
Interest Income	190.42
Uncategorized Income	<u>9,075.00</u>
Total Income	9,265.42
Expense	
Bank Service Charges	111.36
Computer Expense	593.95
Contributions	7,450.00
Dead Deal Costs	5,151.25
Interest Expense	90,860.96
Legal	14,056.00
Miscellaneous	13,459.63
Payroll Expenses	3,716.22
Taxes	3,378.02
Travel & Entertainment	11,973.09
Website Development	<u>3,000.00</u>
Total Expense	<u>153,850.48</u>
Net Ordinary Income	<u>(144,585.06)</u>
Net Income	<u>(144,585.06)</u>


12/10/2007

9:08 AM
08/20/07
Accrual Basis

Pacific Housing
Profit & Loss
January through June 2007

	Jan - Jun 07
Ordinary Income/Expense	
Income	
Miscellaneous Income	39,260.00
Program Fees	
MGP Fee - One Time	12,500.00
Managing General Partner Fees	331,043.04
Tenant Services Administration	23,400.00
Total Program Fees	366,943.04
Van Services	25,200.00
Total Income	431,403.04
Expense	
Advertising	100.00
Van Expenses	
Cell Phone	283.52
Fuel	3,754.83
Service	281.38
Total Van Expenses	4,319.73
Continuing Education	296.82
Donation	2,850.00
Meals/Entertainment	3,537.36
Automobile Expense	
Auto Allowance	4,350.00
Auto Repairs/Maint.	2,568.37
Gas	3,130.96
Parking	73.45
Total Automobile Expense	10,122.78
Bank Charges	309.60
Bank Service Charges	410.00
Communications	
Cell Phone	1,085.70
Cell Phone Allowance	2,850.00
Telephone	1,405.37
Total Communications	5,341.07
Contract Labor	2,299.05
Director's Compensation	11,000.00
Dues and Subscriptions	869.00
Gifts	1,327.94
Insurance	
Liability Insurance	3,748.22
Life Insurance	1,570.00
Total Insurance	5,318.22
Interest Expense	
Van Interest	583.28
Finance Charge	1,710.12
Loan Interest	393.43
Interest Expense - Other	28.10
Total Interest Expense	2,714.93
Licenses and Permits	1,334.00
Miscellaneous	90.00
Office Expense	122.24
Office Supplies	1,322.62
Outside Services	1,049.53

9:08 AM
08/20/07
Accrual Basis

Pacific Housing
Profit & Loss
January through June 2007

	Jan - Jun 07
Payroll Expenses	
Salaries - Van	10,357.75
Bonus	10,000.00
Health Insurance	16,465.06
Payroll Taxes Expense	12,099.59
Salaries	124,701.00
Worker's Compensation	3,788.85
Payroll Expenses - Other	289.00
Total Payroll Expenses	177,701.25
Postage and Delivery	1,055.39
Professional Fees	
Accounting	2,262.00
Legal Fees	11,043.36
Total Professional Fees	13,305.36
Promotion	269.40
Rent	
Rent - Office	6,600.00
Total Rent	6,600.00
Repairs	
Computer Repairs	112.50
Total Repairs	112.50
Supplies	
Office	228.00
Supplies - Other	373.97
Total Supplies	601.97
Suspense	81,964.84
Tenant Services	45,332.05
Travel Expense	4,280.84
Website	234.00
Total Expense	386,192.49
Net Ordinary Income	45,210.55
Net Income	45,210.55

9:08 AM
08/20/07
Accrual Basis

Pacific Housing Balance Sheet As of June 30, 2007

	<u>Jun 30, 07</u>
ASSETS	
Current Assets	
Checking/Savings	
Wells Fargo Checking	-28,813.38
Wells Fargo Savings	169.93
Bank of America - Checking	-25.08
Total Checking/Savings	-28,668.53
Accounts Receivable	
Accounts Receivable	329,078.61
Total Accounts Receivable	329,078.61
Total Current Assets	300,410.08
Fixed Assets	
Computers	1,012.82
Digital Camera	663.58
Office Equipment	4,751.17
Office Furniture	6,482.62
Accumulated depreciation	-11,280.00
Total Fixed Assets	1,630.19
Other Assets	
Improvements in Building	369.08
Due From M. Wiese	-3,049.01
1997 Ford Shuttle Bus	22,680.57
Pre-Development Fees Paid	204,005.04
Investment in Churchill Sac LLP	50.00
Investment in Crocker Rsl	25.00
Investment in Dover	140.00
Investment in Florin Meadows	2,166.00
Investment in Rancho Cordova	2,475.00
Investment in Valli Hi	1,361.00
Total Other Assets	230,222.68
TOTAL ASSETS	<u>532,262.95</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
WFB Visa - Bryan 2	1,159.26
WFB Visa - Bryan	-225.66
WFB Visa - Cynthia	704.20
WFB Visa - Mark's	7,491.75
Total Credit Cards	9,129.55
Other Current Liabilities	
Peter Germia	50,000.00
Payroll Liab.	256.00
St. Anton Van Loan	13,687.91
St. Anton Capital Loan	10,003.65
Due To M. Wiese	8,000.00
Total Other Current Liabilities	81,947.56
Total Current Liabilities	91,077.11
Long Term Liabilities	
Investment-Crocker Rsl	25.00
Investment-Dover	140.00
Investment-Florin Meadows	2,166.00
Investment-Rancho Cordova	2,475.00
Investment-Valli Hi	1,361.00
Total Long Term Liabilities	6,167.00
Total Liabilities	97,244.11

9:08 AM
08/20/07
Accrual Basis

Pacific Housing
Balance Sheet
As of June 30, 2007

	<u>Jun 30, 07</u>
Equity	
Opening Bal Equity	-30,983.96
Retained Earnings	420,792.25
Net Income	<u>45,210.55</u>
Total Equity	<u>435,018.84</u>
TOTAL LIABILITIES & EQUITY	<u><u>532,262.95</u></u>

ATTACHMENT - 7

**HOUSING COMMISSION LOAN TERMS
AND
PAYMENT PROCEDURES**

Total Development Cost:	The estimated total development cost of \$13,580,705 includes rehabilitation, interest costs, builder overhead and profit, and a developer's fee.
Developer Equity:	Four percent tax credits.
Housing Commission Loan Amount:	A \$3,662,000 loan leverages \$9,918,705 from other sources.
Security:	The Housing Commission loan would be secured by a second trust deed recorded against the property.
Recourse:	The Housing Commission loan would be recourse until timely completion of rehabilitation, after which it would become non-recourse because of tax credit rules.
Cure Rights:	The Housing Commission would maintain the right to cure defaults in accordance with the requirements of the tax credit investor and the first position lender.
Housing Commission Loan Payments:	Subject to the approval of the senior lender and the tax credit investor, annual payments equal to the greater of fifty percent (50%) of the total residual receipts of the project or one half (50 percent) of the Housing Commission's share of the estimated residual receipts at the end of the first year of the project (estimated at \$10,387) as a minimum annual payment. The minimum payment would be to the extent of total residual receipts available and would not exceed 100 percent of the total residual receipts of the project. Any unpaid principal and interest would be due and payable upon the earlier of senior loan maturity or project refinancing.
Affordability Restrictions:	A Housing Commission Declaration of Covenants, Conditions, and Restrictions with a 55-year term would be recorded against the property to restrict rents and occupancy for 23 units at 50 percent of

AMI and rents and occupancy of 52 units at 60 percent of AMI.

First Deed of Trust:

The Housing Commission loan would be subordinate to an estimated \$5,500,000, 5.75 percent interest, 35-year amortized loan from CalHFA.

Second Deed of Trust:

Up to \$3,662,000 from the Housing Commission at three percent simple interest per year with payments from residual receipts and 55-year affordability restrictions.

Management Plan:

The Management Plan is subject to periodic review and approval by the Housing Commission in its reasonable discretion.

Operating Expense:

Annual operating expenses are estimated at \$5,000 per unit for 76 units (\$417 per month).

Pro Forma Assumptions:

Income increases are projected at 2.5 percent per year; operating expenses at 3.5 percent per year; the vacancy rate at 5 percent per year. Any shortfall in project income available for operating expenses would be funded from reserves with the permission of the President and Chief Executive Officer of the Housing Commission.

Reserves:

Subject to the approval of the senior lender and the tax credit investor, annual replacement reserves of \$30,400 would be a project expense. Use of reserves would require the reasonable approval of the President and Chief Executive Officer of the Housing Commission.



May 22, 2008

Mr. Ruben Islas
Golden Age Housing Partners, LP
1927 Adams Avenue, Suite 200
San Diego, California 92116

Re: 740 South 36th Street
Subject: Golden Age Garden Apartments

Dear Mr. Islas:

I am pleased to offer a partnership to be formed by The Amerland Group, LLC a loan, under the terms and conditions outlined below, subject to the approval of the Housing Commission Board and the Housing Authority and subject to the receipt of an allocation of four percent tax credits.

The parameters of this loan commitment are as follows:

Ownership:	Golden Age Housing Partners, LP (Borrower) as the sole owner and operator of the project. Subject to approval by the Housing Commission, Amerland Golden Age, LLC would be the administrative general partner and Pacific Housing, Inc. would be the nonprofit managing co-general partner.
Use of Loan Proceeds:	The loan shall be used by Borrower to finance the acquisition and rehabilitation conditional upon the receipt of four percent tax credits, the senior loan, any other sources of financing.
Terms of the Loan:	A residual receipts loan of up to \$3,662,000. If an increase in the amount of the HUD rent subsidy increases the amount of alternate financing available, the Housing Commission loan would be reduced accordingly. The interest rate shall be three percent (3%) simple interest per year. With the approval of the senior lender and the tax credit investor, Borrower shall make annual payments equal to the greater of fifty percent (50%) of the total residual receipts of the project or one half (50 percent) of the Housing Commission's share of the estimated residual receipts at the end of the first year of the project (estimated at \$10,387) as a minimum annual payment. The minimum payment would be to the extent of total residual receipts available and would not exceed 100 percent of the total residual receipts of the project. Any unpaid principal and interest would be due and payable

upon the earlier of senior loan maturity or project refinancing.

Acceleration Upon Default:

In the event of a default of the Housing Commission loan, the tax credits, the senior loan or any other sources of funds secured by the project or rental restrictions on the project the Housing Commission loan shall be due and payable in full including any applicable interest penalties.

Insurance:

Borrower shall at all times during the term of the loan maintain General Liability and Property Insurance in a form and in amounts acceptable to the Housing Commission and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as an additional insured for General Liability Insurance and Property Insurance and the San Diego Housing Commission shall be endorsed as a loss payee of the Property Insurance.

Number of Units:

76 units. With one unit used as a manager's residence, there shall be a minimum of 75 units of permanent rental housing for seniors and the disabled.

Affordability Terms:

The Housing Commission will record 55-year rent restrictions against the property making 23 units affordable to tenants with annual incomes of 50 percent of Area Median Income (AMI) and 52 units affordable to tenants with incomes of 60 percent of AMI. The actual rents shall be the more restrictive of the Housing Commission rents, the tax credit rents, or rents imposed by CalHFA, HUD, or any other source of funds or rent restrictions on the project.

Loan Security:

The Housing Commission loan shall be evidenced by a deed of trust, in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions, made in favor of the Housing Commission and secured by the value of the property.

Senior Financing:

The Housing Commission loan will be subordinate to an estimated senior loan of \$5,500,000 from CalHFA.

Fees and Expenses

All fees and expenses of this project shall be approved by the Housing Commission in its sole discretion. The partnership management fee shall not exceed \$7,500 in the first year and may increase at an inflation factor of not more than 3.5 percent per year. The developer's fee shall not exceed

\$1,300,000 and disbursements shall be made as specified in the Tax Credit Partnership Agreement.

Reserves	Subject to the approval of the senior lender and tax credit investor, Borrower shall deposit a minimum of \$30,400 per year into a dedicated replacement reserve account. Use of reserves shall be subject to the reasonable approval of the Housing Commission's President and Chief Executive Officer or designee.
Recourse:	The Housing Commission loan shall be a recourse loan until timely completion of rehabilitation, after which it may become non-recourse under tax credit rules.
Cure Rights:	The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordination agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
Management Plan:	The Management Plan shall be subject to periodic approval by the Housing Commission, in its reasonable discretion.
Approval of Management:	The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the project.
Monitoring Fees:	The Housing Commission shall be entitled to its standard yearly monitoring fees calculated on a per-unit basis during the affordability period.
Loan Funding:	The Housing Commission will fund its loan upon satisfaction of all conditions set forth in the Housing Commission loan documents, including approval of a guaranteed maximum price contract for rehabilitation. All documentation, including any senior loan documents, construction loan documents, or documents of other lenders shall be subject to review and approval of the Housing Commission's President and Chief Executive Officer or designee and General Counsel, in their sole discretion.
ALTA Lender's Policy:	The Borrower shall acquire, at its sole cost and expense, ALTA Lender's Policies for the loan with endorsements acceptable to the Housing Commission insuring the Housing Commission's lien position.

Prevailing Wages:

Borrower shall comply with any requirements to pay Federal and/or State Prevailing Wage Rates and shall pay the higher of the two in the event of a conflict on a trade-by-trade basis.

Environmental Requirements:

Notwithstanding any provision of this Letter, the parties agree and acknowledge that this Letter constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). Should HOME funds constitute a portion of the funding for the project, a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a Release Of Funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of NEPA. The parties agree that the provision of any HOME funds to the project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the project based on the results of subsequent environmental review under NEPA. By execution of this Letter, you acknowledge no legal claim to any amount of HOME funds to be used for the project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this project.

Other Terms:

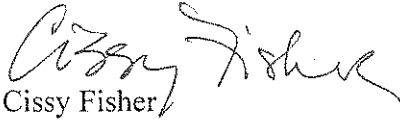
The Housing Commission reserves the right to impose any additional conditions in the Housing Commission Loan Documents that may be necessary, in its reasonable discretion, to protect the interests of the Housing Commission and fulfill the intent of this commitment. Such documentation shall be approved by the President and Chief Executive Officer, or designee, and the General Counsel of the Housing Commission.

Acceptance:

This commitment is conditional upon the Borrower receiving approval from its other lenders and investors for the financing of this development. Signing and delivering to the Housing Commission of this letter by May 30, 2008, shall evidence Borrower's acceptance of this commitment. Until receipt of such acceptance by the Housing Commission, the Housing Commission shall have no liability hereunder, and unless acceptance is made by that date, this commitment shall be null and void.

If Borrower wishes to obtain a Housing Commission loan under the terms described herein, please accept this commitment by signing below and returning this signed original to my office.

Sincerely,



Cissy Fisher
Director of Housing Finance
619.578.7585
619.578.7356 fax

Agreed to and accepted this ____ day of _____, 2008 by:

Authorized Representative