

REPORT

DATE ISSUED: March 28, 2008 REPORT NO.: HCR08-35

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of April 4, 2008

SUBJECT: Loan Request for COMM 22 Senior Housing
(Council District 8)

REQUESTED ACTION:

Recommend that the San Diego Housing Commission facilitate the construction of a 70-unit rental housing development for seniors by funding a loan in the amount of up to \$4,200,000 to COMM 22, LLC, as further described below.

STAFF RECOMMENDATION:

Subject to the conditions described below, recommend Housing Authority approval of:

- (a) The funding of a 55-year, residual receipts loan of up to \$4,200,000 to COMM 22, LLC as permanent financing for development of 70 units (two two-bedroom units would be occupied by resident managers) of rental housing for very low-income seniors and disabled residents to be located at 22nd Street and Commercial Street; and,
- (b) Authorize the Interim President and Chief Executive Officer of the Housing Commission, or their designee, to execute all documents necessary to make the approved loan.

DISCUSSION:The Project

COMM 22, LLC submitted this senior housing application for construction financing under the Housing Commission's current Notice of Funding Availability (NOFA) for the Construction, Acquisition, and Operation of Affordable Rental Housing. The 70 senior apartments are one component of a proposed transit oriented, mixed-use development that will include 127 affordable family rental housing units, 17 for-sale row homes, 38 live/work lofts in a refurbished warehouse, childcare facilities, commercial and retail space to be located along Commercial Street between 21st Street and Harrison Avenue in the neighborhood of Logan Heights. The development will be done in phases. The 3.45 acre mixed-use site will be leased from the San Diego Unified School District (SDUSD) by COMM 22 under multiple long term ground leases.

COMM 22 intends to apply for 9% tax-credit financing for the senior development from the California Tax Credit Allocation Committee (TCAC) during the latter half of 2008 or early 2009;

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Loan Request for COMM 22 Senior Housing

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the proposed Housing Commission loan for the senior housing would be contingent upon the receipt of nine-percent tax credit financing and the State funding described below. It is also anticipated that a funding request will be made for the 127-unit family housing phase in a future report.

COMM 22 has also applied to the State of California Department of Housing and Community Development (HCD) for Transit Oriented Development (TOD) Housing Program funds made available under the state approved Proposition 1C. The purpose of the TOD Housing Program is to stimulate the production of housing development near transit stations that include affordable housing units and increase public transit ridership to minimize automobile trips. The proposed development is an excellent TOD candidate due to its site location along the light rail transit corridor and next to the 25th and Commercial Street trolley station. The developer is applying for the maximum amount possible for the project through the TOD application (\$5,037,584 in a three-percent simple interest, first position loan).

Affordable Housing Impact

The Housing Commission would record 55-year rent restrictions against the property making 68 units affordable to tenants with annual incomes of 50 percent or less of Area Median Income (AMI), currently \$27,650 for a one-person household. Occupancy restrictions will be recorded at 60 percent of AMI, currently \$33,180 for a one-person household, allowing units to be available to residents with a wider range of incomes. The actual rents are subject to the more stringent restrictions of the California Tax Credit Allocation Committee (TCAC) and, as a result, would be affordable to tenants with incomes of between 30 percent and 50 percent of AMI. The proposed tax credit rents are outlined in the San Diego Housing Commission General Application Form (Attachment 5).

The Development Team

The owner and operator of the proposed development is currently a limited liability company (LLC) formed for the initial development phase. COMM 22 LLC will be subdivided into separate Limited Partnerships based on each of the individual development components. COMM 22 Senior Apartments will become a 9% tax credit limited partnership formed to develop, own, and operate the senior development in conformance with standard tax credit requirements and practice. The limited partnership will consist of BRIDGE Housing Corporation (BHC) as the co-general partner with a 60% share, and the Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc. (MAAC Project) as the co-general partner with a 40% share. The tax credit investor would be competitively selected by the general partners.

MAAC Project is a long established local nonprofit housing developer and social service provider. MAAC Project has been active in the San Diego area since 1965. Their mission is to promote self-sufficiency for low and moderate income families. MAAC Project has completed 844 units of multi-family rental housing in seven developments, including the 144-unit Mercado Apartments and the 70-unit Mayberry Townhomes which have received assistance from the San Diego Housing Commission. MAAC Project recently completed construction of the 42-unit

Seniors on Broadway development in Chula Vista located on a site leased from that area's local school district.

BHC began its nonprofit operation in 1983; BHC has completed 86 developments consisting of 10,562 units. It currently owns 69 developments that consist of 8,469 units throughout California. BHC successfully developed the 112 unit Torrey Del Mar Apartments with San Diego Housing Commission assistance. Under the proposed development plan, BHC will take the lead in partnership with MAAC Project for the site development.

The following table outlines the development team:

ROLE/FIRM	CONTACT
Owner- a California Limited Partnership to be formed later with % share shown	Mr. Brad Wiblin, Director Bridge Housing Corporation Co-General Partner (60%) Mr. Arnulfo Manriquez, COO MAAC Project Co-General Partner (40%)
Fee Developer- Owner	per above
General Contractor- to be determined	to be determined
Architects- McLarand Vasquez Emsiek + Partners (MVE)	Mr. Paul Zaleski
Tax Credit Investor- to be determined	to be determined

The Development

COMM 22 Senior Housing will be developed on a .77-acre portion of Site A and will be the first development phase. (See Attachment 1a for site orientation.) The three-story, 70-unit apartment development will be constructed over ground floor retail with a 59-space subterranean parking garage and 26 surface parking spaces. The senior housing will consist of eight studio units, 58 one-bedroom units, and four two-bedroom units. The site will be leased from SDUSD for a term of 65 years. The site and improvements would revert back to SDUSD at the end of the term. Please see Attachment 4 for a brief description of other Ground Lease terms. COMM 22 will refinance at the end of the 15-year partnership period and/or at the end of the 30-year mortgage. With a 65-year lease term all financing should be paid off before the site and improvements revert to SDUSD.

There is a significant amount of soils remediation and public infrastructure replacement work to be done over all sites included in the mixed-use development. The costs have been broken out and spread over all components. The remediation and infrastructure costs are allowable costs for the TOD application. The preconstruction site work over all components includes a 5-foot

diameter sewer, a subterranean 5-foot high by 15-foot wide storm drain adjacent to the parking garage, a 25-foot wide sidewalk easement, and the installation of an underground 69 kilo vector (kV) transformer and electrical power line. Per the proposed timeline, the senior development is anticipated to break ground in the Spring of 2009.

FISCAL CONSIDERATIONS:

The total development cost of the project is \$24,435,369 (\$349,077 per unit). While this is a high cost per unit, approximately \$2,443,537 (\$34,908 per unit) is for costs associated with the soils remediation, infrastructure improvements and soft costs. This amount is proposed to be funded by TOD. Without these extraordinary expenses, the cost per unit is \$314,169. The developer is requesting a \$4,200,000 (\$60,000 per unit) 55-year residual receipts loan from the Housing Commission to fill its development funding gap and would leverage \$20,235,369 from other sources.

The proposed financing sources include a \$5,037,584 first position State HCD TOD loan. The 55-year, three percent, simple-interest loan requires the payment of an annual administrative fee at the current rate of 0.42% and a share of the residual receipts as discussed in the pro rata formula calculation below. Additional financing sources include equity from the sale of 9% tax credits in the amount of \$15,196,266, a general partner equity contribution of \$1,519; and, the Housing Commission loan.

It is expected that the developer will apply to the State of California for \$1 million of Mental Health Services Act (MHSA) funding to help subsidize approximately 15% of the units for eligible tenants. The developer is also expected to apply to the Centre City Development Corporation (CCDC) for approximately \$1 million of its special purpose funding. (CCDC is expected to commit a total of approximately \$8.2 million to the COMM 22 Senior and Family housing projects. The senior housing is the subject of this report.)

Should the MHSA application be successful, the Housing Commission loan will be reduced by the amount of the MHSA funding. Should the developer receive a commitment from CCDC for \$1 million in special purpose funding, the Housing Commission's commitment on the seniors project would be reduced by another \$1 million; however the Housing Commission's \$1 million would be transferred to the family housing site to round out the need for a total of \$8.2 million in CCDC gap financing. The family housing project funding matter will be presented to the Housing Commission as a separate action.

The Housing Commission loan will be a 55-year, 3 % interest, residual receipts loan secured by a second trust deed against the property. The Housing Commission loan would be contingent upon the project receiving the TOD loan and 9% tax credits. Debt service on the Housing Commission loan will be a pro rata share of residual receipts between public agency lenders. Payments will be based on the greater of 50% of residual receipts or \$16,606, which is equal to half of the estimated residual receipts at year one. The residual receipts payment share would be between the State (54% or \$8,967), the Housing Commission (35% or \$5,812), and CCDC (11% or \$1,827) if CCDC approves funding for the development. The Housing Commission payment

would increase to \$7,639 (46%) if CCDC does not invest in the development. In the event that the annual residual receipts are less than \$16,606, the pro rata payment between the public agency lenders will be based on 100% of annual residual receipts received.

The Housing Commission loan approval will extend through calendar year 2009 to allow the project to be considered by TCAC for the 2008 second round and the 2009 rounds with any further extension to be approved by the Chief Executive Officer of the Housing Commission.

The 65-year Ground Lease for the senior development between COMM 22 LLC and the property owner, SDUSD, requires a first year annual payment of \$46,208 with a 0.5% annual increase. As part of the development of the seniors site, SDUSD is relying on the developer's expertise to perform environmental remediation and to realign infrastructure to make the site developable. SDUSD has agreed to pay an amount equal to the costs of the environmental remediation and half of the infrastructure costs. SDUSD will pay this amount through a reduction in ground lease payments it would otherwise receive from the developer/lessee. Because the exact costs are uncertain at this time, the amount of lease payment reduction could not be determined. It is anticipated however that in order for the development to be reimbursed within the 15-year tax credit period, the lease payment reductions will be substantial. As a result, the Housing Commission may receive loan payments larger than those indicated in the 15-year proforma. SDUSD acknowledges that the lease payments will be re-visited once the remediation and infrastructure costs have been incurred.

The following table outlines the estimated sources of financing:

Debt Position	Sources of Financing	Amount	Terms
1st	State Prop1C TOD loan	\$ 5,037,584	55 yrs. @ 3% interest, res. receipts loan
2nd	Housing Commission Loan	\$ 4,200,000	55 yrs. @ 3% interest; res. receipts loan
	9% Tax Credits	\$15,196,266	
	General Partner Equity	\$ 1,519	
	Total Development Cost	\$24,435,369	

The proposed financing would not be funded until the project receives an award of the TOD funds and nine percent tax credits. The potential of bringing tax credits into this development makes this a desirable investment for the Housing Commission.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The proposed development was approved by the Southeastern San Diego Planning Committee on September 10, 2007 by a unanimous vote of seven with no abstentions. COMM 22 has performed outreach and provided updates to community groups such as the Sherman Heights Revitalization Committee, Barrios Unidos Hoy Organizados (BUHO) Community Organization, the Environmental Health Coalition, and bilingual community meetings at Bronze Triangle Community Development Corporation (development partner for the retail/commercial component). The team has also conducted an on-site community meeting and has gone door-to-

door to meet with local residents and business owners. There is also a project website at www.comm22.com for all interested parties.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS

On March 4, 2008, the Loan Committee recommended approval of a residual receipts loan of up to \$4,200,000 for the COMM 22 Senior Housing development.

ENVIRONMENTAL REVIEW:

The California Environmental Quality Act (CEQA) process has been initiated with the City of San Diego Development Services Division. On December 4, 2007, the City Council unanimously approved the following pertinent actions for COMM 22 including: Certification of Mitigated Negative Declaration No. 122002; approval of the land use rezone for residential and retail/commercial purposes; adoption of an amendment of the Southeastern San Diego Community Plan and Community Plan and Progress Guide and General Plan, approved Tentative Map No. 415855; and granted to SDUSD the following permits: Site Development Permit No. SDP 415853, Planned Development Permit No. PDP454025, and Conditional Use Permit No. CUP431367. The site has previously been served by all required utilities and public services.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

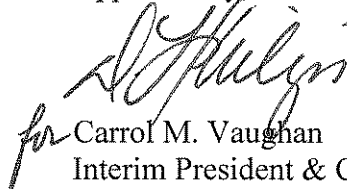
Stakeholders include BHC as the nonprofit administrative general partner, MAAC Project as the nonprofit managing general partner, the San Diego Housing Commission as a lender, and SDUSD as the owner and lessor of the land to the partnership. The project is expected to have a positive impact on the two communities of Logan Heights and Sherman Heights that COMM 22 is located between as it will contribute to the quality of the surrounding neighborhood and provide much-needed affordable housing for low-income seniors and disabled residents.

Respectfully submitted,



Cissy Fisher
Director of Housing Finance & Development

Approved by



for Carrol M. Vaughan
Interim President & Chief Executive Officer

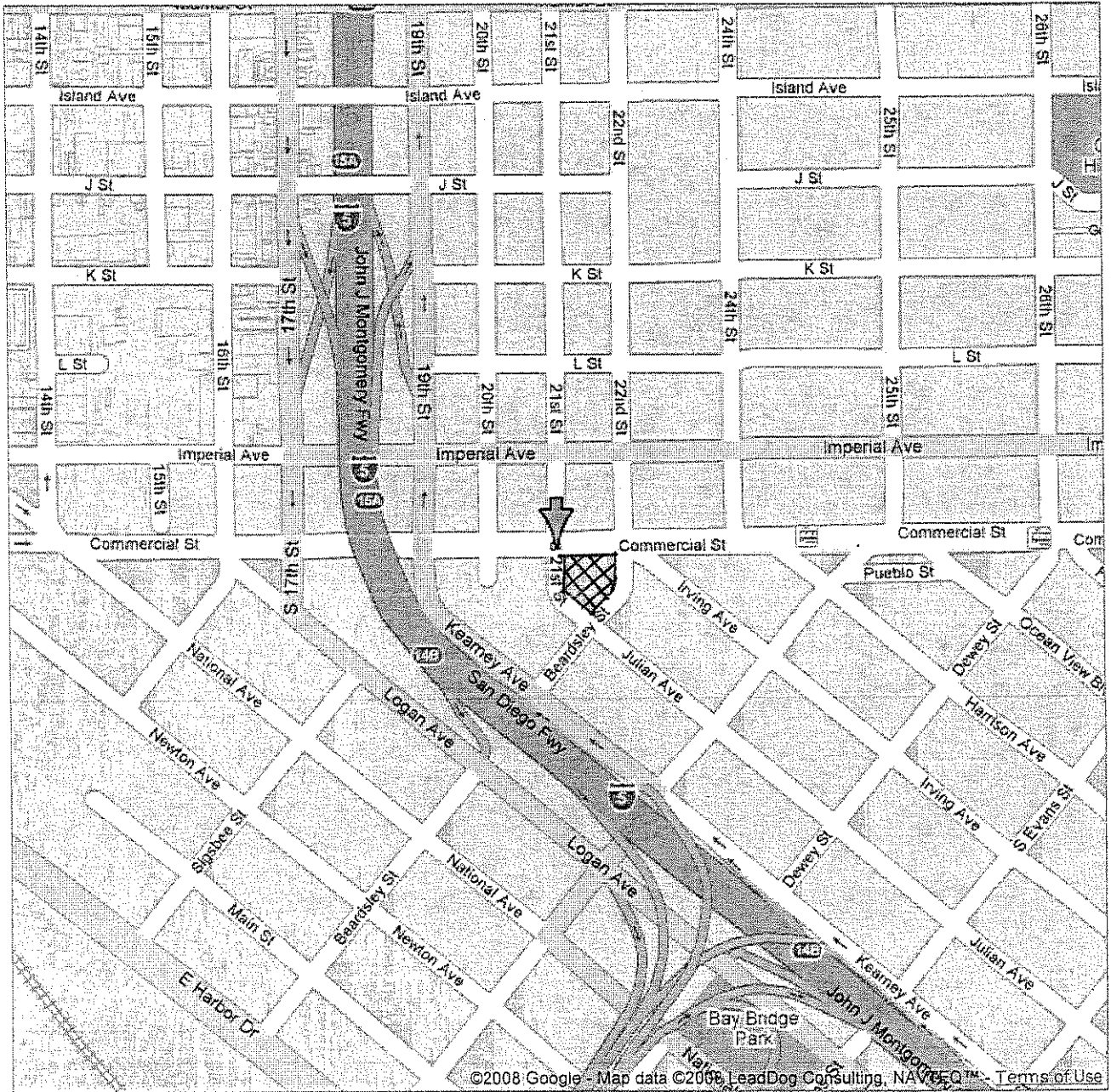
- Attachments:
1. Location Map
 - 1a. Site Map
 2. Development Summary
 3. Estimated Development Timeline
 4. Housing Commission Loan Terms
 5. SDHC General Application Form
 6. Disclosure Statements (Two)*
 - A. Bridge
 - B. MAAC
 7. Financial Statements (Two)*
 - A. Bridge
 - B. MAAC
 8. Letter of Commitment*

*Distribution of this attachment is limited. A copy is available for review at the Housing Commission office at 1122 Broadway and the office of the City Clerk, 2nd floor, 202 "C" Street.

Information: Mr. Carlos C. de Baca (619) 578-7586

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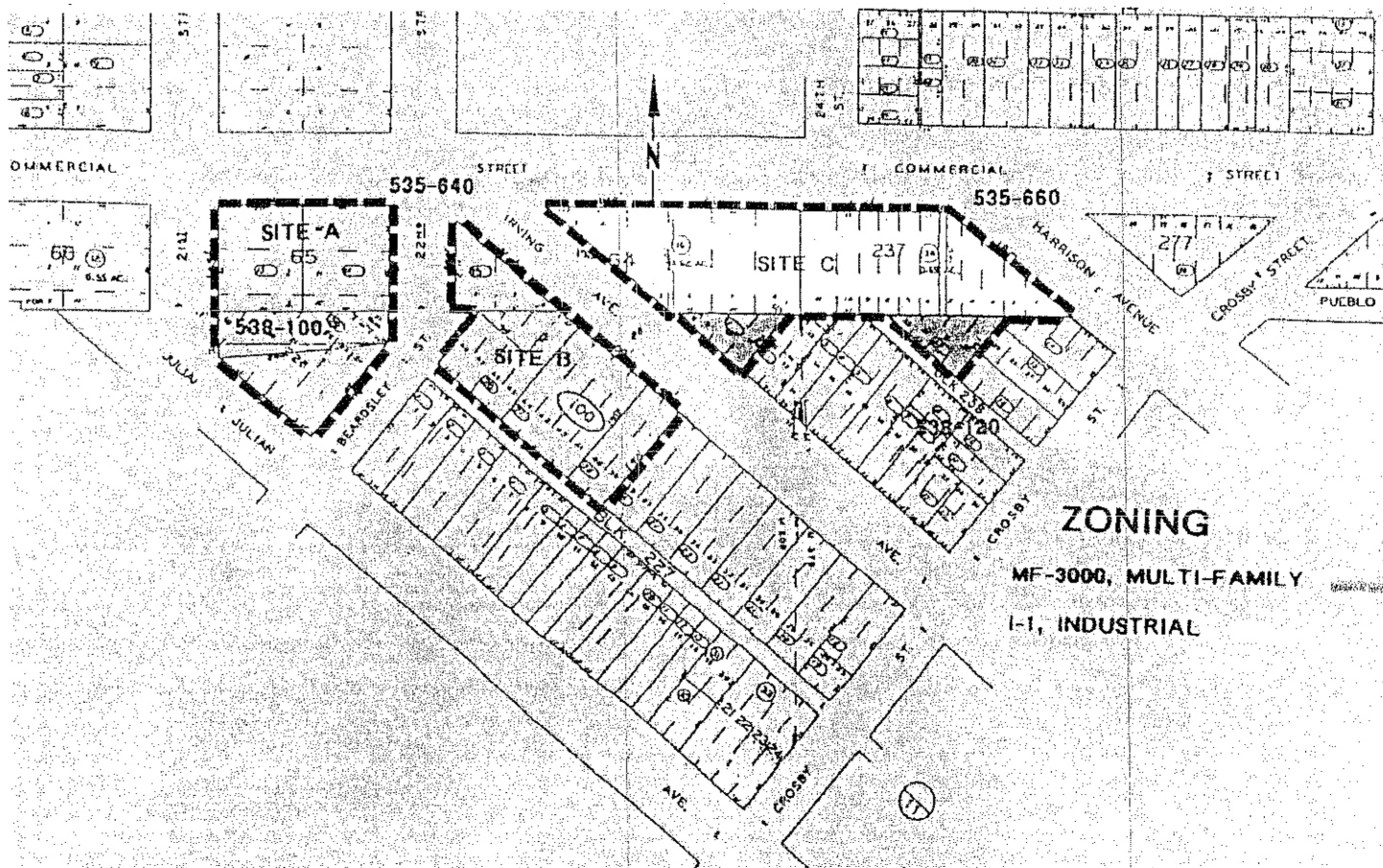
ATTACHMENT 1



LOCATION MAP COMM 22 SENIOR HOUSING

ATTACHMENT 1a

SITE MAP



SITE A = COMM 22 Senior Housing Development/ Phase 1

SITE B & C = COMM 22 Family Housing Development/ Phase 2

ATTACHMENT 2

**DEVELOPMENT SUMMARY
LOW-INCOME RENTAL HOUSING FOR SENIORS
March 28, 2008**

Name: COMM 22 Senior Housing Apartments
Location: 2100 block of Commercial Street
Description: 70 Unit, New Construction Senior Housing Development
Sponsor: COMM 22, LLC

Unit Affordability

Total # of units: 70
Assisted units: 68
Restricted rents: At or below 50 percent of Area Median Income (AMI) as imposed by TCAC
Market rent: \$673 to \$1,035 per month
Percent of AMI: occupancy of 8 studio units restricted at 60 percent or less of AMI
occupancy of 58 one-bedroom units restricted at 60 percent or less of AMI
occupancy of 3 two-bedroom units restricted at 60 percent or less of AMI
Affordability: 55 years

Development Cost

Total development cost: \$24,435,369
HC development cost (loan): \$ 4,200,000
Total development cost per unit: \$ 349,077 per unit / 70 units
HC cost per unit (loan): \$ 60,000 per unit / 70 units

Sources of Funds

Housing Commission Loan \$ 4,200,000
State HCD Transit Oriented Dev. Loan \$ 5,037,584
9 percent Tax Credits \$15,196,266
General Partner Equity \$ 1,519

Pro Forma Summary

Estimated annual income: \$ 496,835 (year 1)
Estimated annual expense: \$ 387,614 (year 1)
Annual debt service: \$ 21,158
Annual reserve deposit: \$ 24,850
LP Asset Management Fee \$ 5,000
GP Management Fee \$ 25,000
Estimated residual cash flow: \$ 33,212 (year 1)

50% Residual Receipt Payment \$ 16,606 (100%)
State TOD pro rata share \$ 8,967 (54%)
Housing Commission pro rata share \$ 7,639 (46%)

ATTACHMENT 3

**COMM-22 SENIOR HOUSING APARTMENTS
LOAN FOR LOW-INCOME SENIOR HOUSING**

ESTIMATED TIMELINE

March 3, 2008	Loan Committee Loan Recommendation
March 7, 2008	State HCD Transit Oriented Development Application submittal
April 4, 2008	Housing Commission Consideration*
May 20, 2008	Housing Authority for Final Authorization*
Fall 2008/Spring 2009	Tax Credit Application.
4 th Quarter 2008	Tax Credit Award
4 th Quarter 2008	Housing Commission Loan Closing
1 st Quarter 2009	Start of Construction
4 th Quarter 2010	Estimated Full Occupancy

* Each subsequent consideration is contingent on affirmation of the project from the prior recommending or approval body.

ATTACHMENT - 4

**HOUSING COMMISSION LOAN TERMS
AND
PAYMENT PROCEDURES**

Total Development Cost:	The total development cost of \$24,435,369 includes construction, interest costs, builder overhead and profit, and builder fees.
Developer Equity:	Nine percent tax credits.
General Partner Equity:	\$1,519.00
Housing Commission Loan Amount:	A \$4,200,000 loan leverages \$20,235,369 from other sources.
Security:	The Housing Commission loan would be secured by the value of the ground lease during construction and by the value of the ground lease and the property improvements following completion of construction.
Recourse:	The Housing Commission loan would be recourse until completion of construction, 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 State TOD program.
Housing Commission Loan Payments:	An annual payment equal to a pro rated share of 50 percent of residual cash flow. Payments will equal the greater of 50% of residual receipts or \$16,606, which is equal to half of the estimated residual receipts at year one. In the event the residual receipts are less than \$16,606, the payment will be satisfied by a prorated 100% of residual receipts. Any unpaid principal and interest would be due as a balloon payment upon loan maturity.
Affordability Restrictions:	Tax credit rents would be affordable at or below 50 percent of Area Median Income (AMI). A Housing Commission Declaration of Covenants, Conditions, and Restrictions with a 55-year term would be recorded against the property to restrict occupancy

for 68 units to tenants with incomes of 60 percent or less of AMI.

First Deed of Trust:	The Housing Commission loan would be subordinate to a State HCD Transit Oriented Development loan estimated at \$5,037,584, three percent, simple-interest, 55-year non-amortized loan with an annual administrative fee payment equal to 0.42 percent interest, or, \$21,158.
Second Deed of Trust:	A \$4,200,000, 55-year, 3% interest, residual receipts Housing Commission loan.
Ground Lease Terms:	A 65-year Ground Lease between COMM 22 LLC and the property owner, San Diego Unified School District (USD), requires a first year annual payment of \$46,208 with a .5% annual increase.
Management Plan:	The Management Plan is subject to periodic review and approval by the Housing Commission in its reasonable discretion.
Operating Expense:	Monthly operating expenses are estimated at \$32,299 (\$461 per unit per month for 70 units).
Pro Forma Assumptions:	Income increases are projected at 2.5 percent per year; operating expenses at 3.5 percent per year; the vacancy rate is 5 percent per year. Any shortfall in project income available for operating expenses will be funded from reserves with the permission of the Housing Commission.
Reserves:	Subject to the approval of the tax credit investor and institutional lender, the borrower would make minimum annual payments of \$24,850 into a reserve account. Use of reserves would require the reasonable approval of the President and Chief Executive Officer of the Housing Commission.

**SAN DIEGO HOUSING COMMISSION
GENERAL APPLICATION FORM - Project Overview**

Last revised: November 27, 2007

ATTACHMENT 5 DATE: March 17, 2008

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

REQUEST FOR: EARLY ASSISTANCE PROJECT FUNDING \$ 4,200,000
 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: _____ EXISTING STRUCTURE OTHER (DESCRIBE) _____

PROJECT NAME: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
ADDRESS: Commercial Street San Diego CA 92113
STREET CITY STATE ZIP
LEGAL DESCRIPTION: see attached legal description
LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSORS PARCEL NO. CENSUS TRACT

SITE CONTROL: DEED OPTION OTHER (DESCRIBE) _____

DWELLING UNITS:	<u>8</u>	<u>58</u>	<u>4</u>				<u>70</u>	<u>66</u>
	0-BEDROOM	1-BEDROOM	2-BEDROOM	3-BEDROOM	4-BEDROOM	5-BEDROOM	TOTAL UNITS	BEDROOMS
HC Assisted Units:	<u>8</u>	<u>58</u>	<u>4</u>				<u>70</u>	<u>66</u>
	0-BEDROOM	1-BEDROOM	2-BEDROOM	3-BEDROOM	4-BEDROOM	5-BEDROOM	TOTAL UNITS	BEDROOMS

EXISTING USES OF PROPERTY: Former school district warehouse/distribution

DESCRIPTION OF PROPOSED PROJECT: The senior housing component includes 70 rental units.
NO. OF BUILDINGS: 1

APPLICANT/BORROWER:
NAME: COMM 22, LLC CONTACT PERSON: Steve Sutton
ADDRESS: 9191 Towne Centre Drive, Suite 310 San Diego Ca 92122
STREET CITY STATE ZIP
TELEPHONE: (858) 535-0552 FAX NO. (858) 535-0652 E-mail address: _____

LEGAL DESCRIPTION OF APPLICANT:
 FOR PROFIT CORPORATION NONPROFIT CORPORATION PARTNERSHIP INDIVIDUAL OWNER
 CHDO OTHER Limited Liability Company
DESCRIBE

TAXPAYER IDENTIFICATION NUMBER: 73-1728124

CURRENT OWNER/SELLER INFORMATION:
NAME: San Diego Unified School District LEGAL DESCRIPTION: School District
ADDRESS: 4860 Ruffner Street San Diego Ca 92111
STREET CITY STATE ZIP
TELEPHONE: (858) 637-3603 FAX NO. (858) 573-5856

ZONING: CC-3-5 COMMUNITY PLAN AREA: Southeastern San Diego
COUNCIL DISTRICT: 8 SCHOOL DISTRICT: San Diego Unified School District

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: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: COMM 22, LLC DATE: #####

<p>1. <u>BRIDGE Economic Development Corp. (E)</u> <small>NAME</small> <u>9191 Towne Centre Drive, Suite 310</u> <small>STREET/PO</small> <u>San Diego</u> <u>CA</u> <u>92122</u> <small>CITY STATE ZIP</small></p>	<p><u>Contact: Brad Wiblin, Vice President</u> <small>TITLE/POSITION</small> <u>858-535-0552</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Partner</u> <small>NATURE OF INTEREST</small> <u>60</u> <small>PERCENT INTEREST</small></p>
<p>2. <u>MAAC Project</u> <small>NAME</small> <u>1355 Third Avenue</u> <small>STREET/PO</small> <u>Chula Vista</u> <u>CA</u> <u>91911</u> <small>CITY STATE ZIP</small></p>	<p><u>Contact: Arnulfo Manriquez, COO</u> <small>TITLE/POSITION</small> <u>619-426-4592</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Partner</u> <small>NATURE OF INTEREST</small> <u>40</u> <small>PERCENT INTEREST</small></p>
<p>3. <u>BRIDGE Housing Corporation (BHC)</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Contact: Lydia Tan, Exec. Vice Pres</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Parent Company of BHC</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>4. <u>Carol Galante</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>President/CEO</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Officer - BHC</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>5. <u>Susan Johnson</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>EVP/Assistant Secretary</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Officer - BHC</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>6. <u>Lydia Tan</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>EVP</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Officer - BHC</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>7. <u>D. Kemp Valentine</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Senior VP/CFO</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Officer - BHC</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>8. <u>Richard Holliday</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Vice Chair</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BHC</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>

USE ADDITIONAL SHEETS AS NECESSARY

**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: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: COMM 22, LLC DATE: #####

<p>1. <u>Alan L. Stein</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Chair</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>2. <u>Douglas D. Abbey</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>3. <u>Richard Bender</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>4. <u>Ray C. Carlisle</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>5. <u>Kent L. Colwell</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>6. <u>Harry Haigood</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>7. <u>Bradley Inman</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>
<p>8. <u>Ron Nahas</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small></p>	<p><u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small></p>	<p><u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small></p>

USE ADDITIONAL SHEETS AS NECESSARY

**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: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: COMM 22, LLC DATE: #####

1.	Dennis O'Brien	Member	Board of Directors - BH
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<u>345 Spear Street, Suite 700</u>	<u>415-989-1111</u>	<u>n/a</u>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<u>San Francisco</u> <u>CA</u> <u>94105</u>		
	<small>CITY STATE ZIP</small>		

2.	Peter Palmisano	Member	Board of Directors - BH
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<u>345 Spear Street, Suite 700</u>	<u>415-989-1111</u>	<u>n/a</u>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<u>San Francisco</u> <u>CA</u> <u>94105</u>		
	<small>CITY STATE ZIP</small>		

3.	Lynn Sedway	Member	Board of Directors - BH
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<u>345 Spear Street, Suite 700</u>	<u>415-989-1111</u>	<u>n/a</u>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<u>San Francisco</u> <u>CA</u> <u>94105</u>		
	<small>CITY STATE ZIP</small>		

4.	Angelo Siracusa	Member	Board of Directors - BH
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<u>345 Spear Street, Suite 700</u>	<u>415-989-1111</u>	<u>n/a</u>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<u>San Francisco</u> <u>CA</u> <u>94105</u>		
	<small>CITY STATE ZIP</small>		

5.	Paul Stein	Member	Board of Directors - BH
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<u>345 Spear Street, Suite 700</u>	<u>415-989-1111</u>	<u>n/a</u>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<u>San Francisco</u> <u>CA</u> <u>94105</u>		
	<small>CITY STATE ZIP</small>		

6.	William Stipek	Member	Board of Directors - BH
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<u>345 Spear Street, Suite 700</u>	<u>415-989-1111</u>	<u>n/a</u>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<u>San Francisco</u> <u>CA</u> <u>94105</u>		
	<small>CITY STATE ZIP</small>		

7.	Phil Tagami	Member	Board of Directors - BH
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<u>345 Spear Street, Suite 700</u>	<u>415-989-1111</u>	<u>n/a</u>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<u>San Francisco</u> <u>CA</u> <u>94105</u>		
	<small>CITY STATE ZIP</small>		

8.	Ernie Vasquez	Member	Board of Directors - BH
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<u>345 Spear Street, Suite 700</u>	<u>415-989-1111</u>	<u>n/a</u>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<u>San Francisco</u> <u>CA</u> <u>94105</u>		
	<small>CITY STATE ZIP</small>		

USE ADDITIONAL SHEETS AS NECESSARY

15-20

**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: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: COMM 22, LLC DATE: #####

1.	<u>Clark Wallace</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small>	<u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small>
2.	<u>Susanne B. Wilson</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small>	<u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small>
3.	<u>Mary King</u> <small>NAME</small> <u>345 Spear Street, Suite 700</u> <small>STREET/PO</small> <u>San Francisco</u> <u>CA</u> <u>94105</u> <small>CITY STATE ZIP</small>	<u>Member</u> <small>TITLE/POSITION</small> <u>415-989-1111</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Board of Directors - BH</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small>
4.	<u>Antonio V. Pizano</u> <small>NAME</small> <u>1355 Third Avenue</u> <small>STREET/PO</small> <u>Chula Vista</u> <u>CA</u> <u>91911</u> <small>CITY STATE ZIP</small>	<u>President / CEO</u> <small>TITLE/POSITION</small> <u>619-426-3595</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Officer-MAAC Project</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small>
5.	<u>E. Roger Caldwell</u> <small>NAME</small> <u>1355 Third Avenue</u> <small>STREET/PO</small> <u>Chula Vista</u> <u>CA</u> <u>91911</u> <small>CITY STATE ZIP</small>	<u>Senior Vice President</u> <small>TITLE/POSITION</small> <u>619-426-3595</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Officer-MAAC Project</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small>
6.	<u>Austin Foye</u> <small>NAME</small> <u>1355 Third Avenue</u> <small>STREET/PO</small> <u>Chula Vista</u> <u>CA</u> <u>91911</u> <small>CITY STATE ZIP</small>	<u>Chief Financial Officer</u> <small>TITLE/POSITION</small> <u>619-426-3599</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Officer-MAAC Project</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small>
7.	<u>Arnulfo Manriquez</u> <small>NAME</small> <u>1355 Third Avenue</u> <small>STREET/PO</small> <u>Chula Vista</u> <u>CA</u> <u>91911</u> <small>CITY STATE ZIP</small>	<u>Chief Operations Officer</u> <small>TITLE/POSITION</small> <u>619-426-3599</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Officer-MAAC Project</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small>
8.	<u>Paul Hernandez</u> <small>NAME</small> <u>1355 Third Avenue</u> <small>STREET/PO</small> <u>Chula Vista</u> <u>CA</u> <u>91911</u> <small>CITY STATE ZIP</small>	<u>Chief Programs Officer</u> <small>TITLE/POSITION</small> <u>619-426-3599</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Officer-MAAC Project</u> <small>NATURE OF INTEREST</small> <u>n/a</u> <small>PERCENT INTEREST</small>

**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
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PROJECT NAME: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: COMM 22, LLC DATE: #####

1. Arturo Rivera Chairperson Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

2. Carmen Spurling Vice-Chairperson Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

3. Carmen Herrera Secretary Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3595 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

4. Jesse Q. Allen Treasurer Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

5. Carmen Hood PPC Representative Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

6. Jimmy Ayala Director Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

7. Ernie Cardoza Director Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

8. Ricardo Aguirre Director Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

USE ADDITIONAL SHEETS AS NECESSARY

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
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PROJECT NAME: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
ADDRESS CITY STATE ZIP
OWNERSHIP NAME: COMM 22, LLC DATE: #####

1. Arlie Ricasa-Bagaporo Director Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

2. Salvador Saucedo Director Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

3. Yvonne Silva Director Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3595 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

4. Stephen Tadlock Director Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

5. Daniel Mangarin Director Board of Directors - MA
NAME TITLE/POSITION NATURE OF INTEREST
1355 Third Avenue 619-426-3599 n/a
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST
Chula Vista CA 91911
CITY STATE ZIP

6.
NAME TITLE/POSITION NATURE OF INTEREST

STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST

CITY STATE ZIP

7.
NAME TITLE/POSITION NATURE OF INTEREST

STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST

CITY STATE ZIP

8.
NAME TITLE/POSITION NATURE OF INTEREST

STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST

CITY STATE ZIP

USE ADDITIONAL SHEETS AS NECESSARY

5-7f

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - RENTAL INCOME - RI**

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

DATE: March 17, 2008

PROJECT TYPE ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
 STREET CITY STATE 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 e t	
<input type="checkbox"/> Duplex, Townhouse	Cooking e t	
<input type="checkbox"/> House, Mobile Home	Water Heater g l	
	Water/Sewer l t	
	Basic Electric t l	

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	8	1	1.00	504	\$	\$ 552	\$ 13	\$ 539	\$ 673	44 %	\$ 51,744	\$ 64,608		
TC	6	1	1.00	564	\$	\$ 394	\$ 17	\$ 377	\$ 950	27 %	\$ 27,144	\$ 68,400		
TC	1	1	1.00	564	\$	\$ 592	\$ 17	\$ 575	\$ 950	41 %	\$ 6,900	\$ 11,400		
TC	51	1	1.00	564	\$	\$ 658	\$ 17	\$ 641	\$ 950	46 %	\$ 392,292	\$ 581,400		
TC	1	2	1.00	817	\$	\$ 474	\$ 22	\$ 452	\$ 1,035	29 %	\$ 5,424	\$ 12,420		
TC	1	2	1.00	817	\$	\$ 711	\$ 22	\$ 689	\$ 1,035	44 %	\$ 8,268	\$ 12,420		
TC	2	2	1.00	817	\$	\$ 790	\$ 22	\$ 768	\$ 1,035	49 %	\$ 18,432	\$ 24,840		
					\$	\$	\$	\$	\$	%	\$	\$		
					\$	\$	\$	\$	\$	%	\$	\$		
					\$	\$	\$	\$	\$	%	\$	\$		
					\$	\$	\$	\$	\$	%	\$	\$		
					\$	\$	\$	\$	\$	%	\$	\$		
					\$	\$	\$	\$	\$	%	\$	\$		
MGR					\$	\$	\$	\$	\$	%	\$	\$		
MGR					\$	\$	\$	\$	\$	%	\$	\$		

* Indicate Tax Credit Rents with "TC", Housing Commission Rents with "SDHC", HOME rents with "HOME", and Resident Manager's unit(s) with "MGR (bottom two rows)."
 ** 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)	\$ 510,204	\$ 775,488
Comp. to 90% of Market:	\$ 510,204	\$ 697,939

OTHER INCOME	Laundry	\$ 12,780
		\$
		\$

TOTAL ANNUAL INCOME \$522,984

TOTAL UNITS 70

TOTAL UNIT SQ. FT. 40,012 + TOTAL COMMUNITY FACILITIES SQ. FT.

TOTAL SQ. FT. 40,012

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - OPERATING EXPENSE - OE**

DATE: March 17, 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: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component

ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
STREET CITY STATE ZIP

TOTAL NUMBER OF UNITS 70

OPERATING EXPENSE ITEM	ANNUAL COST	COST PER UNIT	COST PER SQ. FT.
Administrative Expenses			
Office Supplies & Equipment	\$ 3,500	\$ 50	\$ 0.09
Telephone	\$ 5,200	\$ 74	\$ 0.13
Training & Travel	\$	\$	\$
Payroll Services	\$ 92,876	\$ 1,327	\$ 2.32
Program Services	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>26%</u>	\$ 101,576	\$ 1,451	\$ 2.54
Marketing Expenses			
Advertising	\$ 1,500	\$ 21	\$ 0.04
Other:	\$ 500	\$ 7	\$ 0.01
Subtotal Percent of Total <u>1%</u>	\$ 2,000	\$ 29	\$ 0.05
Professional Fees			
Property Management	\$ 31,080	\$ 444	\$ 0.78
Auditing Services	\$ 14,670	\$ 210	\$ 0.37
Legal Services	\$ 1,500	\$ 21	\$ 0.04
Other:	\$	\$	\$
Subtotal Percent of Total <u>12%</u>	\$ 47,250	\$ 675	\$ 1.18
Utilities			
Electric	\$ 25,641	\$ 366	\$ 0.64
Gas	\$ 6,549	\$ 94	\$ 0.16
Water/Sewer	\$ 18,475	\$ 264	\$ 0.46
Other:	\$	\$	\$
Subtotal Percent of Total <u>13%</u>	\$ 50,665	\$ 724	\$ 1.27
Contract Services			
Exterminating	\$ 5,400	\$ 77	\$ 0.13
Trash Removal	\$ 10,000	\$ 143	\$ 0.25
Security Patrol	\$ 9,000	\$ 129	\$ 0.22
Building/Grounds Maintenance	\$ 11,000	\$ 157	\$ 0.27
Janitorial Services	\$ 14,100	\$ 201	\$ 0.35
Repair Services	\$ 14,000	\$ 200	\$ 0.35
Elevator & Other Equipment	\$	\$	\$
Garage Operations/Maintenance	\$	\$	\$
Other: HVAC maintenance and misc.	\$ 7,500	\$ 107	\$ 0.19
Subtotal Percent of Total <u>18%</u>	\$ 71,000	\$ 1,014	\$ 1.77
Cleaning & Decorating			
Painting Supplies	\$	\$	\$
Grounds Supplies	\$ 2,000	\$ 29	\$ 0.05
Other:	\$	\$	\$
Subtotal Percent of Total <u>1%</u>	\$ 2,000	\$ 29	\$ 0.05
Taxes & Insurance			
Real Property Tax Assessment	\$	\$	\$
Property Insurance	\$ 30,000	\$ 429	\$ 0.75
Director's & Officer's Insurance	\$	\$	\$
Other: Workers Comp, Employee Benefits	\$ 30,000	\$ 429	\$ 0.75
Subtotal Percent of Total <u>15%</u>	\$ 60,000	\$ 857	\$ 1.50
Other			
SDHC Monitoring Fees	\$ 3,850	\$ 55	\$ 0.10
Other: Misc	\$ 3,065	\$ 44	\$ 0.08
Other: Ground Lease Payment	\$ 46,208	\$ 660	\$ 1.15
Other:	\$	\$	\$
Subtotal Percent of Total <u>14%</u>	\$ 53,123	\$ 759	\$ 1.33
Total Annual Operating Costs	\$ 387,614	\$ 5,537	\$ 9.69

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - DEVELOPMENT COST - DC**

Last revised: November 27, 2007

Page 5

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

DATE: March 17, 2008

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

PROJECT NAME: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
STREET CITY STATE ZIP
 Number of Units 70

DEVELOPMENT COST ITEM	PERCENT	AMOUNT
ACQUISITION / LAND COST		
LAND		\$ 98,616
BUILDINGS		\$
SUBTOTAL		\$ 98,616
LEGAL/BROKER'S FEE/TITLE		\$
OTHER		\$
TOTAL ACQUISITION / LAND COST		\$ 98,616
REHABILITATION / CONSTRUCTION		
SITE WORK		\$ 3,219,101
DEMOLITION		\$ 367,262
STRUCTURES		\$ 10,569,860
TOTAL HARD COSTS		\$ 14,156,223
GENERAL REQUIREMENTS	4.8 %	\$ 683,022
CONTRACTOR'S OVERHEAD	2.0 %	\$ 281,357
CONTRACTOR'S PROFIT	2.0 %	\$ 281,357
TOTAL REHABILITATION / CONSTRUCTION		\$ 15,401,959
CONSTRUCTION CONTINGENCY	10.0 %	\$ 1,540,196
BOND PREMIUM		\$ 254,898
CONSTRUCTION LOAN		
CONSTRUCTION INTEREST COST		\$ 1,481,208
APPLICATION FEE		\$ 109,460
LOAN ORIGINATION FEE		\$
OTHER		\$
		\$ 1,590,668
PERMANENT LOAN		
APPLICATION FEE		\$
LOAN ORIGINATION FEE		\$
OTHER		\$
		\$
RELOCATION COST		\$
ARCHITECTURAL FEES		
DESIGN		\$ 461,596
SUPERVISION		\$
TOTAL ARCHITECTURAL FEES	0.0 %	\$ 461,596
SURVEYS, SOIL BORINGS, & ENGINEERING		\$ 763,255

DEVELOPMENT COST ITEM	PERCENT	AMOUNT
LEGAL, PERMIT, & AUDIT		
SDHC'S LEGAL (not to exceed)		\$ 5,000
BORROWER'S LEGAL		\$ 201,562
LENDERS' LEGAL		\$
PERMITS		\$ 1,386,639
TITLE & RECORDING		\$ 49,213
INSURANCE		\$ 343,765
AUDIT		\$ 38,000
TAXES DURING CONSTRUCTION		\$ 60,000
OTHER		\$
TOTAL LEGAL, PERMIT, & AUDIT		\$ 2,084,179
OTHER COSTS		
DEVELOPER'S FEE	5.7 %	\$ 1,400,000
CONSULTANT FEE	0.1 %	\$ 35,000
APPRAISAL COSTS		\$ 14,317
ENVIRONMENTAL STUDY		\$
MARKET STUDY		\$ 8,948
MARKETING & RENT-UP		\$ 156,588
SDHC MONITOR SET-UP		\$ 500
SDHC LOAN ORIGINATION FEE		\$ 2,000
REPLACEMENT RESERVES _____ MONTHS		\$
OPERATING RESERVES <u>5</u> MONTHS		\$ 161,277
		\$
REHABILITATION PROJECTS:		
SDHC TECHNICAL SERVICES FEE (\$5,000)		\$ 5,000
Personal Property in Construction Contract		\$ 70,000
Furnishings		\$ 116,323
		\$
		\$
TCAC Fees		\$ 100,049
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
TOTAL OTHER COSTS		\$ 2,070,002
SOFT COSTS CONTINGENCY	3.16 %	\$ 170,000
TOTAL DEVELOPMENT COST		\$ 24,435,369

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL NUMBER OF UNITS 70
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harrison San Diego CA 92113
STREET CITY STATE ZIP

SOURCES

POSITION	TERMS	COMMITMENT	AMORTIZED	DEFERRED	TAX CREDIT	GRANT	EQUITY
1ST HCD/TOD	55 YRS. 0.42 RATE	<input type="checkbox"/> Y/N <input checked="" type="checkbox"/> N DATE OR EXPECTED 6/1/2008	\$ 5,037,584	Not amortizing, INTEREST ONLY			
2ND SDHC	55 YRS. 3.00 RATE	<input type="checkbox"/> Y/N <input checked="" type="checkbox"/> N DATE OR EXPECTED 6/1/2008	\$	4,200,000			
(Select one) Residual Receipts or Amortized	<input type="checkbox"/>	Subsidy/Assisted Unit \$ 60,000 Subsidy/Assisted Bdri \$ 63,636					
3RD		<input type="checkbox"/> Y/N <input type="checkbox"/> N DATE OR EXPECTED	\$	\$		\$	
4TH		<input type="checkbox"/> Y/N <input type="checkbox"/> N DATE OR EXPECTED	\$	\$		\$	
TAX CREDIT: LP Capital		<input type="checkbox"/> Y/N <input checked="" type="checkbox"/> N DATE OR EXPECTED 6/1/2008			\$ 15,196,266		
EQUITY GP Capital		<input type="checkbox"/> Y/N <input checked="" type="checkbox"/> N DATE OR EXPECTED 6/1/2008					\$ 1,519
TOTAL \$ 24,435,369			\$ 5,037,584	\$ 4,200,000	\$ 15,196,266		\$ 1,519

24,435,369

FUNDING SCHEDULE FOR SOURCES

	TOTAL	CLOSING	CONSTRUCTION PERIOD			COMPLETION 4TH QUARTER	RENT UP QTRS 5 & 6
			1ST QUARTER	2ND QUARTER	3RD QUARTER		
HCD/TOD	\$ 5,037,584	\$	\$	\$	\$	\$	\$ 5,037,584
SDHC	\$ 4,200,000	\$ 4,200,000	\$	\$	\$	\$	\$
	\$ -	\$	\$	\$	\$	\$	\$
	\$ -	\$	\$	\$	\$	\$	\$
LP Capital	\$ 15,196,266	\$ 100,000	\$	\$	\$	\$ 1,400,000	\$ 13,696,266
GP Capital	\$ 1,519	\$	\$	\$	\$	\$	\$ 1,519
	\$ 24,435,369	\$ 4,300,000	\$ -	\$ -	\$ -	\$ 1,400,000	\$ 18,735,369

INFORMATION ON CONSTRUCTION LOAN

CONSTRUCTION LENDER: TBD 9237584
 CONSTRUCTION TIME: 18 (MONTHS) 45.47%
 CONSTRUCTION INTEREST: 7.000 % 54.53%
 COMMITTED: YES NO 22.73%
 DATE OF COMMITMENT/EXPECTE: June 1, 2008 27.27%

**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: March 17, 2008

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

PROJECT NAME: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component
 ADDRESS: Commercial Street btw 21st and Harris San Diego CA 92113
STREET CITY STATE ZIP

Replacement Reserve	\$ 24,850	LP Asset Mgmt Fee	\$ 5,000	GP Management Fee	\$ 25,000
Rental Income	\$ 510,204	Project Income Increase	2.50 %	Mortgage Amount	\$ 5,037,584
Other Income	\$ 12,780	Operating Exp. Increase	3.50 %	Mortgage Rate	0.420
Operating Expenses	\$ 387,614	Vacancy Loss	5.00 %	Mortgage Term (Years)	55
LP & GP Annual Increase	3 %	Deferred Dev. Fee		Interest on Deff. Dev. Fee	

SDHC Participation	\$ 4,200,000	Residual Receipts or Amortize	<input type="checkbox"/>	Interest Rate	3.000 %
Percent of Residual to HC	50%	Term (Years)	<input type="checkbox"/>	55	

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 522,984	\$ 536,059	\$ 549,460	\$ 563,197	\$ 577,276
Vacancy	\$ 26,149	\$ 26,803	\$ 27,473	\$ 28,160	\$ 28,864
Effective Gross Income	\$ 496,835	\$ 509,256	\$ 521,987	\$ 535,037	\$ 548,413
Operating Expense	\$ 387,614	\$ 401,180	\$ 415,222	\$ 429,755	\$ 444,796
Net Operating Income	\$ 109,221	\$ 108,075	\$ 106,765	\$ 105,282	\$ 103,617
Debt Service (HCD TOD I)	\$ 21,158	\$ 21,158	\$ 21,158	\$ 21,158	\$ 21,158
Coverage (1st)	5.16	5.11	5.05	4.98	4.90
Replacement Reserve	\$ 24,850	\$ 24,850	\$ 24,850	\$ 24,850	\$ 24,850
Cash Flow	\$ 63,213	\$ 62,067	\$ 60,757	\$ 59,274	\$ 57,609
LP Asset Management Fee	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628
GP Management Fee	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138
SDHC Residual Receipts	\$ 16,606	\$ 15,584	\$ 14,465	\$ 13,246	\$ 11,922
Net Cash Flow	\$ 16,606	\$ 15,584	\$ 14,465	\$ 13,246	\$ 11,922

NOTE: Debt Service for the 1st loan has been modified to reflect an interest only payment to HCD.

NOTE: An annual ground lease payment to the School District has been added. This payment grows annually at 0.5%.

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 591,708	\$ 606,501	\$ 621,664	\$ 637,205	\$ 653,135
Vacancy	\$ 29,585	\$ 30,325	\$ 31,083	\$ 31,860	\$ 32,657
Effective Gross Income	\$ 562,123	\$ 576,176	\$ 590,580	\$ 605,345	\$ 620,479
Operating Expense	\$ 460,364	\$ 476,477	\$ 493,153	\$ 510,414	\$ 528,278
Net Operating Income	\$ 101,759	\$ 99,699	\$ 97,427	\$ 94,931	\$ 92,200
Debt Service (HCD TOD I)	\$ 21,158	\$ 21,158	\$ 21,158	\$ 21,158	\$ 21,158
Coverage (1st)	4.81	4.71	4.60	4.49	4.36
Replacement Reserve	\$ 24,850	\$ 24,850	\$ 24,850	\$ 24,850	\$ 24,850
Cash Flow	\$ 55,751	\$ 53,692	\$ 51,419	\$ 48,923	\$ 46,193
LP Asset Management Fee	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334	\$ 6,524
GP Management Fee	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669	\$ 32,619
SDHC Residual Receipts	\$ 10,487	\$ 8,935	\$ 7,262	\$ 5,460	\$ 3,525
Net Cash Flow	\$ 10,487	\$ 8,935	\$ 7,262	\$ 5,460	\$ 3,525

#DIV/0!

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 669,464	\$ 686,200	\$ 703,355	\$ 720,939	\$ 738,963
Vacancy	\$ 33,473	\$ 34,310	\$ 35,168	\$ 36,047	\$ 36,948
Effective Gross Income	\$ 635,991	\$ 651,890	\$ 668,188	\$ 684,892	\$ 702,015
Operating Expense	\$ 546,768	\$ 565,905	\$ 585,711	\$ 606,211	\$ 627,429
Net Operating Income	\$ 89,223	\$ 85,986	\$ 82,476	\$ 78,681	\$ 74,586
Debt Service (1st)	\$ 21,158	\$ 21,158	\$ 21,158	\$ 21,158	\$ 21,158
Coverage (1st)	4.22	4.06	3.90	3.72	3.53
Replacement Reserve	\$ 24,850	\$ 24,850	\$ 24,850	\$ 24,850	\$ 24,850
Cash Flow	\$ 43,215	\$ 39,978	\$ 36,468	\$ 32,673	\$ 28,578
LP Asset Management Fee	\$ 6,720	\$ 6,921	\$ 7,129	\$ 7,343	\$ 7,563
GP Management Fee	\$ 33,598	\$ 34,606	\$ 35,644	\$ 36,713	\$ 37,815
SDHC Residual Receipts	\$ 1,449	\$ (775)	\$ (3,152)	\$ (5,691)	\$ (8,400)
Net Cash Flow	\$ 1,449	\$ (775)	\$ (3,152)	\$ (5,691)	\$ (8,400)

**SAN DIEGO HOUSING COMMISSION
ENVIRONMENTAL REVIEW REQUEST**

Date: March 17, 2008

Last revised: November 27, 2007

PROPOSED PROJECT NAME: Commercial and 22nd Street Mixed Use (COMM 22) - Senior Housing Component

PROJECT STREET ADDRESS: Commercial Street btw 21st and Harrison ZIP CODE: 92113

ASSESSOR'S PARCEL NO: _____ ZONING: CC-3-5

COMMUNITY PLANNING AREA: Southeastern San Diego

Attach map page with arrow showing location of site. Attach assessor's parcel map if available. Attach labeled photos if available.

DEVELOPER/SPONSOR OF PROPOSED PROJECT: COMM 22, LLC

DEVELOPER'S ADDRESS: 9191 Towne Centre Drive, Suite 310 San Diego Ca 92122
STREET CITY STATE ZIP

CONTACT PERSON: Steve Sutton

PHONE: (858) 535-0552 FAX: (35-065) _____

EXISTING USE OF SITE (Check all that apply):

Vacant Residential Commercial Industrial Other (specify) Former whse/maint.

If residential, number of units: _____ Studio _____ 1-bedroom 2-bedroom
_____ 3-bedroom 4-bedroom 5-bedroom _____ TOTAL

Number of buildings: 2 Number of stories: 2

Size of site (acres or square ft): 23,967 Age of structure(s): 70 Years

PROPOSED PROJECT TYPE (check all that apply):

New Construction Rehabilitation: Major Minor
 Acquisition Acquisition & Rehabilitation Exterior Interior

Other (describe): _____

PROPOSED PROJECT DESCRIPTION (be brief, but attach additional sheets if necessary)

(describe differences in use, density, unit sizes, etc. between existing use and proposed use):

The senior housing component of COMM 22 consists of 70 affordable rental units. These units will range from 504-817 square feet and will serve households earning between 30-50% AMI. The density of the overall COMM 22 development is 63 du/ac. The overall COMM 22 project will redevelop the former Maintenance and Operations Center into a mixed-use, transit-oriented development combining workforce family and senior housing with day care facilities, community-serving retail and commercial space, office space, market rate live-work lofts, and for-sale townhomes. The existing warehouse building will be rehabilitated to provide office and live-work uses. Other existing buildings will be demolished to accommodate new construction of the residential and retail uses.

ATTACHMENT 6(A) - BRIDGE

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

1. Name of CONTRACTOR: COMM 22, LLC
BRIDGE Economic Development Corporation (BREDCO)

2. Address and Zip Code: 9191 Towne Centre Drive. Suite 310
San Diego, CA 92122

3. Telephone Number: (858) 535-0552

4. Name of Principal Contact for CONTRACTOR: Brad Wiblin

5. Federal Identification Number or Social Security Number of CONTRACTOR: 73-1728124

6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

 A corporation (Attach Articles of Incorporation)

 A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

 A partnership known as:

(Name)

Check one

General Partnership (Attach statement of General Partnership)

Limited Partnership (Attach Certificate of Limited Partnership)

 A business association or a joint venture known as:

_____ (Attach joint venture or business association agreement)

 A Federal, State or local government or instrumentality thereof.

 Other (explain) COMM 22, LLC is a limited liability corporation (LLC) which will be subdivided into separate entities. Articles of Organization for COMM 22, LLC have been provided in the original NOFA submittal in December 2007.

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization: Articles of Organization were filed on 11/5/04 and were included in the original NOFA submittal in December 2007.
8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
 - If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
 - If the CONTRACTOR 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.
 - If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and Zip Code _____	Position Title (if any) and percent of interest or description of character and extent of interest
-------------------------------------	--

(Attach extra sheet if necessary)

Name: BRIDGE Economic Development Corporation
Address: 9191 Towne Centre Drive, Suite 310
 San Diego, CA 92122
Phone: 858-535-0552
Relationship: Partner
Officers: See Parent Company
Directors: See Parent Company
% of Interest: 60%

Name: BRIDGE Housing Corporation
Address: 345 Spear Street, Suite 700
 San Francisco, CA 94105
Phone: 415-989-1111
Relationship: Parent Company
Officers: Chair: Alan L. Stein
 Vice Chair: Richard Holliday
 President: Carol J. Galante
 Treasurer: Kent Colwell
 Secretary: Angelo Siracusa
 EVP/Asst. Sec: Susan M. Johnson
 EVP: Lydia Tan
 Senior VP/CFO: D. Kemp Valentine
Directors: Alan L. Stein, Douglas D. Abbey, Richard Bender, Ray C. Carlisle, Kent L. Colwell, Harry Haigood, Richard Holliday,

Bradley Inman, Ron Nahas, Dennis O'Brien, Peter Palmisano, Lynn Sedway, Angelo Siracusa, Paul Stein, Willian Stipek, Phil Tagami, Ernie Vasquez, Clark Wallace, Susanne B. Wilson, Mary King.

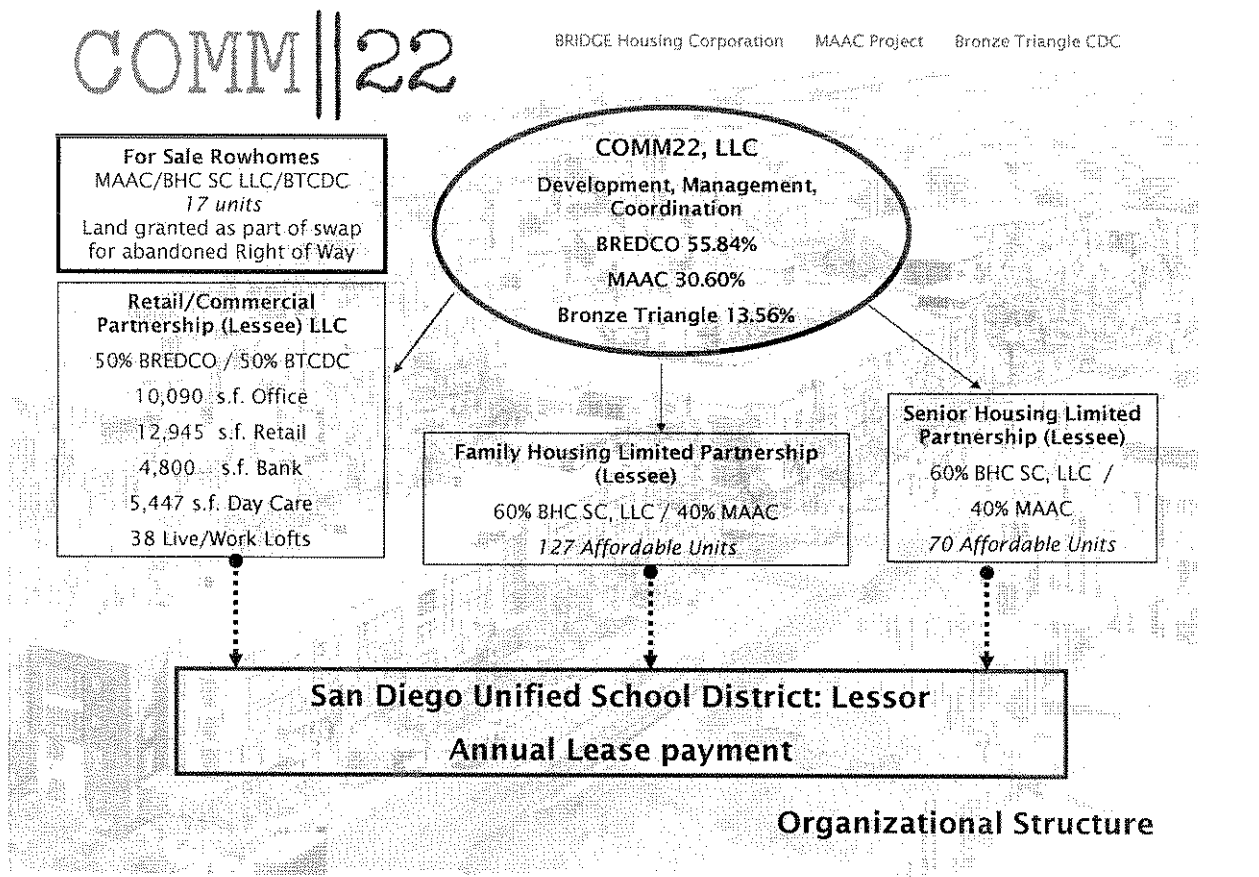
% of Interest: 0% Interest.

Officers and Directors are in common. Both corporations form many subsidiaries for the purposes of developing affordable housing.

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months. If yes, please explain in detail. NO.

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.

Yes, upon exercise of the Option to Lease with San Diego City Schools (SDCS), COMM 22, LCL will assign its interest to three entities that will build, own, and operate various aspects of the project under individual ground leases. Please see the flowchart below for a summary of the relationship between the development entities and SDSCS.



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):

<u>Name, Address and</u>	<u>Position Title (if any and</u>
<u>Zip Code</u>	<u>extent of interest</u>

Name: BRIDGE Economic Development Corporation
Address: 9191 Towne Centre Drive, Suite 310
 San Diego, CA 92122
Phone: 858-535-0552
Relationship: Partner
Officers: See Parent Company
Directors: See Parent Company
% of Interest: 60%

Name: BRIDGE Housing Corporation
Address: 345 Spear Street, Suite 700
 San Francisco, CA 94105
Phone: 415-989-1111
Relationship: Parent Company
Officers: Chair: Alan L. Stein
 Vice Chair: Richard Holliday
 President: Carol J. Galante
 Treasurer: Kent Colwell
 Secretary: Angelo Siracusa
 EVP/Asst. Sec: Susan M. Johnson
 EVP: Lydia Tan
 Senior VP/CFO: D. Kemp Valentine
Directors: Alan L. Stein, Douglas D. Abbey, Richard Bender, Ray C. Carlisle, Kent L. Colwell, Harry Haigood, Richard Holliday, Bradley Inman, Ron Nahas, Dennis O'Brien, Peter Palmisano, Lynn Sedway, Angelo Siracusa, Paul Stein, Willian Stipek, Phil Tagami, Ernie Vasquez, Clark Wallace, Susanne B. Wilson, Mary King.
% of Interest: 0% Interest.
 Officers and Directors are in common. Both corporations form many subsidiaries for the purposes of developing affordable housing.

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:

See item 11 above.

6(A)-4

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.

See item 11 above.

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.

The 2006 audited financial statement for BRIDGE Housing Corporation was included in the original NOFA submittal in December 2007.

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:

Financing for the proposed development(s) will include City of San Diego funds, Prop 1C funds, and tax credit equity.

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:

Amount: \$

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

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$

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

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

Please refer to BRIDGE Housing Corporation 2006 audited financial statement included in original NOFA submittal in December 2007.

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

1. Union Bank of California
200 Pringle Avenue, Suite 200
Walnut Creek, Ca 94596
Contact: Jim Francis
Phone: (925) 947-2407
2. Wells Fargo
420 Montgomery Street, 11th Floor
San Francisco, Ca 94104
Contact: Jeff Bennett
Phone: (415) 396-0966

3. National Equity Fund
1055 Wilshire Blvd., Suite 1600
Los Angeles, Ca 90017
Contact: Todd Fabian
Phone: (213) 240-3144

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 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 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:

<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:

NOT APPLICABLE

- a. Name and addresses 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, 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: \$

General description of such work:

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>
--	-----------------	---------------	-----------------------------

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

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

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:

BRIDGE Housing Corporation (BRIDGE) has dedicated itself to the mission of producing large volumes of high quality affordable homes since 1983. Our diverse portfolio includes over 11,000 housing units in service, over 2,000 units under construction, and over 2,500 units scheduled for construction. We build a range of housing types that not only fit comfortably into their surroundings, but are the catalyst for revitalizing and strengthening neighborhoods. BRIDGE believes in capitalizing on local knowledge and experience in all of the communities we work in. We regularly partner with cities and redevelopment agencies as well as with local service providers in order to create communities that complement the neighborhood and are responsive to our residents' needs.

BRIDGE has won 41 Gold Nugget Awards from the Pacific Coast Builders Conference as well as two Awards of Excellence from the Urban Land Institute. BRIDGE was honored with the World Habitat Award in 1992, presented by the United Nations in Hiroshima, Japan. And, BRIDGE and World Savings together were awarded the 1995 World Habitat Award for their innovative World/BRIDGE Initiative. We have won multiple Builder's Choice awards from Builder Magazine, Fannie Mae Maxwell Awards of Excellence and two AIA awards. For our green building and energy conservation work, we have won awards from Flex Your Power, AIA Sustainable Development, Green Roofs for Healthy Cities, US EPA Energy Star and ULI Smart Growth.

COMM 22, LLC has formed a development team that can provide the creativity, expertise, and capacity needed to plan and execute a quality development. Key BRIDGE staff members form part of the COMM 22 team, including Brad Wiblin as Vice President of Development, Steve Sutton as the Project Manager, and Vanessa Ng as the Project Administrator, with guidance and oversight from Lydia Tan (Executive Vice President) and Carol Galante (CEO).

Outlines of each BRIDGE team member's qualifications are provided below.

Carol Galante, President and CEO

Ms. Galante is responsible for the overall direction of BRIDGE, including real estate development, property and asset management, and corporate administration, as well as its major affiliates such as BUILD, an investment advisor to CalPERS under the California Urban Real Estate Program, and BASS, a licensed life care provider. She joined BRIDGE as Vice President in 1987. Prior to BRIDGE, she was the Executive Director of Eden Housing, Inc., where she developed affordable homes and formed a property management subsidiary. Ms. Galante has also worked for the cities of Santa Barbara, Richmond and Philadelphia. She is a licensed real estate broker and holds a B.A. from Ohio Wesleyan and a Master of City Planning from U.C. Berkeley. Ms. Galante serves as Vice Chair of the National Housing Partnership Network and is a Director of the California Housing Consortium and the Center for Creative Land Recycling. In June 2005, the State Senate appointed Ms. Galante to the California Housing Finance Agency Board of Directors. She is also a member of the Advisory Board for the Bay Area Council, sits on the advisory committees of several banks, and is active in the Urban Land Institute. Ms. Galante co-chaired California's

successful Proposition 1C campaign in 2006 that garnered approval for a \$2.85 billion bond for affordable housing and urban infill development.

Lydia Tan, Executive Vice President

Ms. Tan oversees real estate development and project finance activities for the company. In her 15 years at BRIDGE, Ms. Tan has managed or overseen a wide range of developments throughout the State, including mixed income, mixed use and transit oriented development, resulting in the production of more than 8,500 new homes. Ms. Tan is a registered architect, with an A.B. Architecture degree from the University of California, Berkeley, and a Masters in Business Administration from Stanford University. She currently serves on the Board of Directors of SPUR, the Northern California Community Loan Fund and the California Organized Investment Network. She is also the Planning Commissioner for Santa Clara County and a member of the Urban Land Institute.

Brad Wiblin, Vice President

Mr. Wiblin joined BRIDGE in 1994. Prior to joining BRIDGE, Mr. Wiblin worked as a land planner and urban designer primarily responsible for the design elements of residential and mixed-use communities. Since joining BRIDGE, Mr. Wiblin has completed the development of over 1,500 units of affordable and market-rate housing in San Jose, Irvine, Carlsbad, San Marcos and San Diego, and is currently managing the development of over 500 units of market rate and affordable housing. Mr. Wiblin holds a Bachelor of Science in Design from Arizona State University and a Masters of City Planning from the University of California Berkeley.

Steven Sutton, Project Manager

Mr. Sutton joined BRIDGE Housing Corporation's San Diego office as a Project Manager in 2005 and is currently working on the mixed use project on Commercial and 22nd Street. Prior to joining BRIDGE, Mr. Sutton was with the San Diego non profit Community HousingWorks where he managed the development of acquisition/rehab and new construction. Prior to his work in development Mr. Sutton's experience also includes several years working in public affairs both in San Diego and the Bay Area. Mr. Sutton holds a Juris Doctorate from Tulane School of Law and Bachelor of Arts from the University of San Francisco.

Vanessa Ng, Project Administrator

Ms. Ng joined BRIDGE in November 2006 as a Project Administrator and is involved with various aspects of the development process for all Southern California projects. Prior to joining BRIDGE, Ms. Ng worked as a land use consultant for the County of Riverside, where she managed the entitlement process for over 100 major development proposals. Her work at the County was highly specialized in the entitlements of master-planned communities. Ms. Ng earned a Bachelor of Science in Public Policy, Management, and Planning from the University of Southern California in 2004.

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 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:

No additional items are attached.

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

If yes, explain:

LITIGATION INFORMATION

BRIDGE Housing Corporation

Date	2005
Place	San Mateo County, CA
General Description	Wrongful death & breach of contract claim by surviving family of resident of senior care facility
Current Status	Court verdict in our favor

Date	2004
Place	Marin County, CA
General Description	Claim BY BRIDGE against contractor for construction defects
Current Status	Terms Settled - Agreement under negotiation

Date	2004
Place	Alameda County, CA
General Description	Claim BY BRIDGE against contractor for construction defects
Current Status	Terms Settled - Agreement under negotiation

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:

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

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)]

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)]

- 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)]

- 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.

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.

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.

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.

<u>Government Entity</u> <u>Making Complaint</u>	<u>Date</u>	<u>Resolution</u>
---	-------------	-------------------

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</u> <u>Agency</u>	<u>Description</u> <u>License</u>	<u>License</u> <u>Number</u>	<u>Date Issued</u> <u>(original)</u>	<u>Status</u> <u>(current)</u>	<u>Revocation</u> <u>(yes/no)</u>
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NOT APPLICABLE.

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.

NO FACTORS IDENTIFIED.

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.

NO FACTORS IDENTIFIED.

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, COMMISSION, etc.)	<u>Status</u> (Current, delinquent repaid, etc.)	<u>Dollar</u> <u>Amount</u>
2001	Housing Commission	Current	\$910,000

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 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 No

If yes, explain:

38. List three local references who would be familiar with your previous construction project:

Name: Wemers Multifamily Corp. – Tom Wermers

Address: 5120 Shoreham Place, Suite 150, San Diego, CA 92122

Phone: (858) 535-1475

Project Name and Description:

Woodbury Walk Apartments is a 150-unit family rental development recently completed in Irvine, CA.

Name: KTG Y Group – Chris Texter

Address: 17992 Mitchell South, Irvine, CA 92614

Phone: (949) 851-2133

Project Name and Description:

Sage Canyon Apartments is a 72-unit family rental development in San Marcos, CA.

Name: City of Carlsbad – Debbie Fountain

Address: 2965 Roosevelt Street, Suite B, Carlsbad, CA 92008

Phone: (760) 434-2815

Project Name and Description:

Villa Loma Apartments is a 344-unit family rental development in Carlsbad, CA.

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 narrative provided in item #22.

40. Give the name and experience of the proposed Construction Superintendent.

A construction superintendent has not been selected at this time.

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).

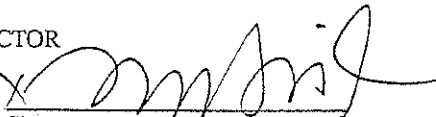
CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information 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 19 day of December, 2007, at San Francisco, California.

CONTRACTOR

By:



Signature

Executive Vice President

Title

CERTIFICATION

The CONTRACTOR, COMM 22, 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: Executive Vice President Title: _____

Dated: December 19, 2007 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.

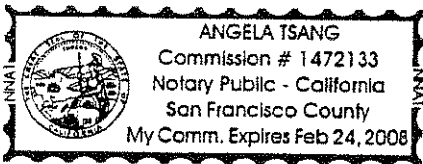
JURAT

State of California

County of San Francisco

Subscribed and sworn to (or affirmed) before me on this 19th day of December, 2007

by Lydia Tan personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



[Signature]
Signature of Notary

SEAL

State of California



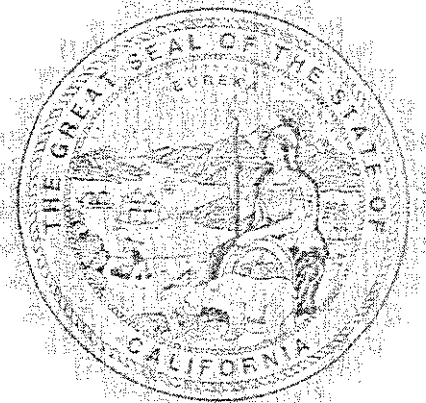
SECRETARY OF STATE

I, *Kevin Shelley*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

NOV 09 2004



Kevin Shelley

Secretary of State



State of California
Kevin Shelley
Secretary of State

File # 200431310257

LIMITED LIABILITY COMPANY
ARTICLES OF ORGANIZATION

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

NOV 05 2004

KEVIN SHELLEY
Secretary of State

NOTE: A limited liability company is not permitted to render professional services.

A \$70.00 filing fee must accompany this form.

IMPORTANT - Read instructions before completing this form.

This Space For Filing Use Only

1. NAME OF THE LIMITED LIABILITY COMPANY (END THE NAME WITH THE WORDS "LIMITED LIABILITY COMPANY," "LTD. LIABILITY CO.," OR THE ABBREVIATIONS "LLC" OR "L.L.C.")
COMM 22, LLC

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

INITIAL AGENT FOR SERVICE OF PROCESS - If the agent is an individual, the agent must reside in California and both items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and item 3 must be completed (leave item 4 blank).

3. NAME OF THE INITIAL AGENT FOR SERVICE OF PROCESS Carol Galante

4. IF AN INDIVIDUAL, THE ADDRESS OF THE INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA
ADDRESS 345 Spear Street, Ste. 700
CITY San Francisco STATE CA ZIP CODE 94105

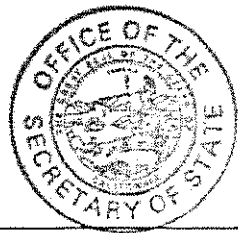
5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY: (CHECK ONLY ONE)
 ONE MANAGER
 MORE THAN ONE MANAGER
 ALL LIMITED LIABILITY COMPANY MEMBER(S)

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

7. TYPE OF BUSINESS OF THE LIMITED LIABILITY COMPANY (FOR INFORMATIONAL PURPOSES ONLY)
Facilitate and coordinate, among other things, economic development and housing activities in San Diego County.

8. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.
Kevin Lutz November 5, 2004
SIGNATURE OF ORGANIZER DATE
Kevin Lutz, Organizer
TYPE OR PRINT NAME OF ORGANIZER

9. RETURN TO:
NAME [Jenny Collins]
FIRM Goldfarb & Lipman
ADDRESS 1300 Clay Street, 9th Floor
CITY/STATE Oakland, CA 94612
ZIP CODE []



6(A)-19

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
02/14/08

PRODUCER 0726293 1-415-546-9300
Arthur J. Gallagher & Co.
Insurance Brokers of California, Inc., License #0726293
One Market Plaza, Spear Tower
Suite 200
San Francisco, CA 94105

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
Bridge Housing Corporation
Bridge Property Management
345 Spear Street Suite 700

San Francisco, CA 94105

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Travelers Property Casualty Company of	25674
INSURER B: Federal Ins Co	20281
INSURER C: Zenith Ins Co	13269
INSURER D: Fidelity & Deposit Co Of MD	39306
INSURER E: Great American Ins Co	16691

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BA435H825907	07/01/07	07/01/08	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
B	EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ Nil	93631899	02/01/08	01/01/09	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$ \$ \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	Z065173405 Z065173305	10/14/07 10/14/07	10/14/08 10/14/08	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
D	OTHER Crime	CCP0064328	08/01/07	08/01/10	Ea Occur/Aggregate 1,000,000
E	Excess Crime Directors & Officers**	SAA5594680 NHP625633	08/01/07 07/01/07	08/01/10 07/01/08	Ea Occur/Aggregate 2,000,000 Ea Occur/Aggregate 5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
RE: Evidence of Coverage

CERTIFICATE HOLDER

COMM 22, LLC

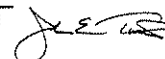
345 Spear Street
Suite 700
San Francisco, CA 94105

USA

CANCELLATION *10 days notice for non-payment of premium.

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

SUPPLEMENT TO CERTIFICATE OF INSURANCE

DATE
02/14/08

NAME OF INSURED: Bridge Housing Corporation
Bridge Property Management

Additional Description of Operations/Remarks from Page 1:

Additional Information:

**Insurer for the Directors & Officers is as follows:
RSUI Indemnity Company

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
02/14/08

PRODUCER
IMA of Colorado, Inc.
 1550 17th Street, Suite 600
 Denver, CO 80202
 303 534-4567

INSURED
BRIDGE Housing Corporation
 345 Spear St, Ste 700
 San Francisco, CA 94105

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURER A: **Lexington Insurance Company**

INSURER B:

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	6992534	01/01/08	01/01/09	EACH OCCURRENCE \$1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire) \$1,000,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$10,000
					PERSONAL & ADV INJURY \$1,000,000
					GENERAL AGGREGATE \$2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC				PRODUCTS - COMP/OP AGG \$2,000,000
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC AGG \$
	EXCESS LIABILITY				EACH OCCURRENCE \$
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE \$
	<input type="checkbox"/> DEDUCTIBLE				\$
	RETENTION \$				\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU-TORY LIMITS OTHER
					E.L. EACH ACCIDENT \$
					E.L. DISEASE - EA EMPLOYEE \$
					E.L. DISEASE - POLICY LIMIT \$
A	OTHER Buildings Personal Property Bld Ordinance and	8258236C Bus. Income/Rents Boiler & Machinery	01/01/08	01/01/09	\$75,000,000 Loss Limit \$5,000 Deductible SPC/Agreed Value/RC

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Named Insured: COMM 22, LLC

CERTIFICATE HOLDER

ADDITIONAL INSURED; INSURER LETTER: _____

CANCELLATION

COMM 22, LLC
 345 Spear Street, Suite 700
 San Francisco, CA 94105

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

6(A)-23

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

ATTACHMENT 6(B) -MAAC

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

1. Name of CONTRACTOR: COMM 22, LLC
 Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County,
 Inc., (MAAC Project).

2. Address and Zip Code: 1355 Third Avenue
 Chula Vista, CA 91911

3. Telephone Number: (619) 426-3595 x.256

4. Name of Principal Contact for CONTRACTOR: Arnulfo Manriquez

5. Federal Identification Number or Social Security Number of CONTRACTOR: 95-2457354

6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

A corporation (Attach Articles of Incorporation)

A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

A partnership known as:

(Name)

Check one

General Partnership (Attach statement of General Partnership)

Limited Partnership (Attach Certificate of Limited Partnership)

A business association or a joint venture known as:

_____ (Attach joint venture or business association agreement)

A Federal, State or local government or instrumentality thereof.

Other (explain) COMM 22, LLC is a limited liability corporation (LLC) which will be subdivided into separate entities. Articles of Organization for COMM 22, LLC have been provided in the original NOFA submittal in December 2007.

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7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

Articles of Organization were filed on 11/5/04 and were included in the original NOFA submittal in December 2007.

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR 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.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

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

(Attach extra sheet if necessary)

Organization Information:

Name: MAAC Project
Address: 1355 Third Avenue
Chula Vista, CA 91911
Phone: 619-426-3595
Relationship: Partner
% of Interest: 60%

Executive Staff:

President & CEO:	Antonio V. Pizano
Senior VP:	E. Roger Caldwell
CFO:	Austin Foye
CPO:	Paul Hernandez
COO:	Arnulfo Manriquez

Board of Directors:

Last Name	First Name	Board Position	Professional Occupation	Company	Address		
					Street Address	City	State
Rivera	Arturo	Chair	Finance	Business Consultant	1355 Third Avenue	Chula Vista	CA
Spurling	Carmen	Vice Chair	Community Rep	Community at Large	1355 Third Avenue	Chula Vista	CA
Herrera	Carmen	Secretary	Finance	Sempre	1355 Third Avenue	Chula Vista	CA
Allen	Jesse	Treasurer	Finance	Countrywide Financial	1355 Third Avenue	Chula Vista	CA
Cardoza	Ernest	Director	Finance	Retired CPA	1355 Third Avenue	Chula Vista	CA
Ricasa Bagaporo	Arlie	Director	Counselor	Southwestern College	1355 Third Avenue	Chula Vista	CA
Mangarin	Dan	Director	Attorney	San Diego County	1355 Third Avenue	Chula Vista	CA
Silva	Yvonne	Director	Marketing	SD Union Tribune	1355 Third Avenue	Chula Vista	CA
Roberts	Lucy	Director	Marketing	Self Employed	1355 Third Avenue	Chula Vista	CA
Saucedo	Sal	Director	Community Rep	Retired	1355 Third Avenue	Chula Vista	CA
Tadlock	Steve	Director	Workforce	Southwestern College	1355 Third Avenue	Chula Vista	CA
Hood	Carmen	Director	Community Rep	Head Start Parent	1355 Third Avenue	Chula Vista	CA
Aguirre	Ricardo	Director	Technology	Qualcomm	1355 Third Avenue	Chula Vista	CA
Ayala	Jimmy	Director	Housing Dev.	Pardee Homes	1355 Third Avenue	Chula Vista	CA

% of Interest: 0% Interest.
Officers and Directors are in common.

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months. If yes, please explain in detail. **NO.**

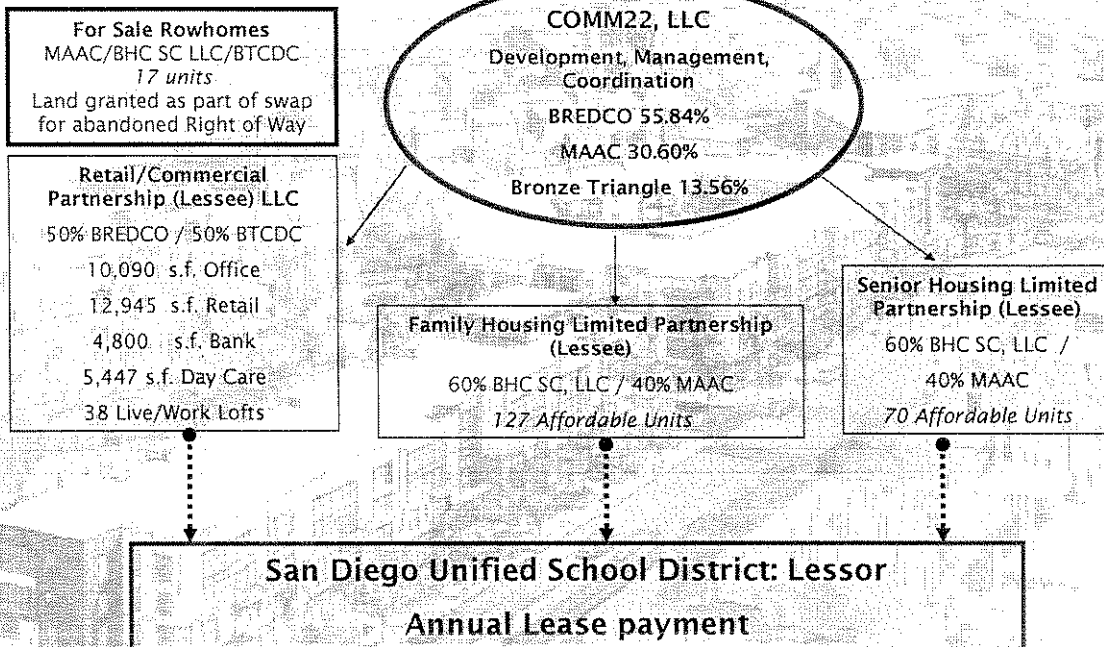
10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

Yes, upon exercise of the Option to Lease with San Diego City Schools (SDCS), COMM 22, LCL will assign its interest to three entities that will build, own, and operate various aspects of the project under individual ground leases. Please see the flowchart below for a summary of the relationship between the development entities and SDSCS.

See diagram below.

COMM||22

BRIDGE Housing Corporation MAAC Project Bronze Triangle CDC



Organizational Structure

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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):

Name, Address and
Zip Code _____ Position Title (if any and
extent of interest

Organization Information:

Name: MAAC Project
Address: 1355 Third Avenue
Chula Vista, CA 91911
Phone: 619-426-3595
Relationship: Partner
% of Interest: 60%

Executive Staff:

President & CEO: Antonio V. Pizano
Senior VP: E. Roger Caldwell
CFO: Austin Foye
CPO: Paul Hernandez
COO: Arnulfo Manriquez

Board of Directors:

Last Name	First Name	Board Position	Professional Occupation	Company	Address		
					Street Address	City	State
Rivera	Arturo	Chair	Finance	Business Consultant	1355 Third Avenue	Chula Vista	CA
Spurling	Carmen	Vice Chair	Community Rep	Community at Large	1355 Third Avenue	Chula Vista	CA
Herrera	Carmen	Secretary	Finance	Sempre	1355 Third Avenue	Chula Vista	CA
Allen	Jesse	Treasurer	Finance	Countrywide Financial	1355 Third Avenue	Chula Vista	CA
Cardoza	Ernest	Director	Finance	Retired CPA	1355 Third Avenue	Chula Vista	CA
Ricasa Bagaporo	Arlie	Director	Counselor	Southwestern College	1355 Third Avenue	Chula Vista	CA
Mangarin	Dan	Director	Attorney	San Diego County	1355 Third Avenue	Chula Vista	CA
Silva	Yvonne	Director	Marketing	SD Union Tribune	1355 Third Avenue	Chula Vista	CA
Roberts	Lucy	Director	Marketing	Self Employed	1355 Third Avenue	Chula Vista	CA
Saucedo	Sal	Director	Community Rep	Retired	1355 Third Avenue	Chula Vista	CA
Tadlock	Steve	Director	Workforce	Southwestern College	1355 Third Avenue	Chula Vista	CA
Hood	Carmen	Director	Community Rep	Head Start Parent	1355 Third Avenue	Chula Vista	CA
Aguirre	Ricardo	Director	Technology	Qualcomm	1355 Third Avenue	Chula Vista	CA
Ayala	Jimmy	Director	Housing Dev.	Pardee Homes	1355 Third Avenue	Chula Vista	CA

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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:

See item 11 above.

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.

See item 11 above.

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.

The 2006 audited financial statement for MAAC Project is attached. Note that the 2004/2005 audited financial statements for MAAC Project were included in the original NOFA submittal in December 2007.

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:

Financing for the proposed development(s) will include City of San Diego funds, State of California - Prop 1C funds, and Low Income Housing Tax Credit equity, and private financing

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:

Amount: \$

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

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$

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

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

Please refer to MAAC Project 2006 audited financial statement - Attached.

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

1. Local Initiatives Support Corporation
450 B Street, Suite 450
San Diego, CA 92101
Contact: Joe Horiye
Phone: (619) 239-6691

2. Bank of America Securities
Dorothy Forbes

Los Angeles, CA 90071
(213) 229-3436

3. National Equity Fund
1055 Wilshire Blvd., Suite 1600
Los Angeles, Ca 90017
Contact: Todd Fabian
Phone: (213) 240-3144

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 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 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:

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<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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NOT APPLICABLE

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:

NOT APPLICABLE

a. Name and addresses 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, 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: \$

General description of such work:

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

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

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:

MAAC Project

MAAC Project's Housing and Real Estate Development Department has completed over 1,000 units of multi- and single-family affordable housing and continues to provide quality asset and property management to over 800 of those housing units. Affordable Housing Development for MAAC started in the early 1990's, focusing attention to

bringing new residential development to Barrio Logan. In 1994, MAAC completed the new construction of the Mercado Apartments, a 144-unit family rental project financed with Low Income Housing Tax Credits, local subsidies and private financing. It was the Mercado Apartments that created a momentum for MAAC to continue working on developing affordable housing. In 1999 MAAC continued its development of affordable housing by constructing the 136-unit, Laurel Tree Apartments in Carlsbad. In 2002 MAAC completed a new construction development of 118-unit San Martin de Porres Apartments located in Spring Valley.

MAAC Project has also played a key role in preserving affordable housing units by securing private and public investments and acquiring existing affordable housing properties. In 1998, MAAC acquired the 300-unit President John Adams Manor Apartments in San Diego and completed a moderate rehabilitation on the units. This project was financed with private financing and Low Income Housing Tax Credits. Additionally, in 2003, MAAC acquired two troubled multi-family properties at risk of losing their affordability. These most recent acquisitions Villa Lakeshore (34 units) and Mayberry Townhomes (70 units), located in Lakeside and San Diego respectively, were purchased at market values with private financing and public support. Even though both properties were acquired by MAAC, both continue to be works in progress and are included in our development pipeline as they both require rehabilitation and the funding needed to complete it.

MAAC recently completed Seniors on Broadway, a 42-unit mixed use development located in Chula Vista. This project was financed with HOME Funds, LIHTC, AHP, private sources and a long-term land lease from the Chula Vista Elementary School District. Construction was completed in December 2007.

MAAC Project's administrative structure consists of the following executed staff: Board of Directors, Presidents/CEO, Senior Vice-President, Chief Financial Officer, Chief Operating Officer, and Chief Program Officer.

Outlines of each MAAC team member's qualifications are provided below.

Arnulfo Manriquez, Chief Operating Officer

Arnulfo Manriquez has over 14 years of experience in the affordable housing and community development field. Mr. Manriquez received an Urban Studies and Planning degree from the University of California at San Diego in 1993 and a Master of Arts in Leadership and Nonprofit Management from the University of San Diego in 2005. Over the past fourteen years, Mr. Manriquez has been directly involved in the development of over eight hundred affordable housing units in over 9 developments in California, Colorado and Utah. Mr. Manriquez has served in different senior management and executive positions over the last five years at MAAC Project, overseeing the Housing and Real Estate Development activities of the organization. In that time period, MAAC Project has successfully completed the rehabilitation of a 34 unit apartment complex, the new construction of the Seniors on Broadway project in Chula Vista, a 42-unit senior housing project and the financial restructure and start of rehabilitation of a 70 unit apartment complex. Arnulfo Manriquez has an extensive background in development finance using Federal, state and local public programs, including LIHTC, HOME, CDBG, redevelopment funding, as well as other private and conventional financing sources.

Adolfo Ventura, Assistant Project Manager

Mr. Ventura became Assistant Project Manager for MAAC Project in October 2006, working full time on the Commercial and 22nd Street Mixed-Used Project. Mr. Ventura joined MAAC Project Housing and Community Development in March of 2005, as a Community Development Program Coordinator, in charge of coordinating all efforts promoting self-sufficiency to Mercado Apartments' residents. Prior to MAAC Project, Mr. Ventura was coordinating community organizing programs in the nonprofit sector. He holds a bachelors degree in Latin American Studies from the University of California Berkeley and a Master of Arts in Nonprofit Leadership and Management from the University of San Diego.

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 ___ No X

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:

No additional items are attached.

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:

Geisen Insurance Brokers
Linda Geisen
1174 Surf Crest Drive
San Diego, CA 92154
(619) 661-0641
(619) 661-0642 fax

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

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

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

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)]

- 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)]

- 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.
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.
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.

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:

<u>Government Entity</u> <u>Making Complaint</u>	<u>Date</u>	<u>Resolution</u>
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NONE

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</u> <u>Agency</u>	<u>Description</u> <u>License</u>	<u>License</u> <u>Number</u>	<u>Date Issued</u> <u>(original)</u>	<u>Status</u> <u>(current)</u>	<u>Revocation</u> <u>(yes/no)</u>
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NOT APPLICABLE.

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.

NO FACTORS IDENTIFIED.

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.

NO FACTORS IDENTIFIED.

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 (i.e., CITY, COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
2001	San Diego Redevelopment Agency	Current	\$3,423,440
2003	San Diego Housing Commission	Current	\$670,000

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 No **X**

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 No

If yes, explain:

38. List three local references who would be familiar with your previous construction project:

Name: Jaynes Corporation of California --Rick Cohen, Executive Vice President

Address: 111 Elm Street, 4th Floor San Diego, CA 92101

Phone: 619-233-4090

Project Name and Description:

Seniors on Broadway Apartments is a 42-unit affordable senior rental development in Chula Vista, CA.

Name: City of Chula Vista—Diem Do, Development Specialist

Address: 276 Fourth Avenue, Chula Vista, CA 91910

Phone: 619-585-5731

Project Name and Description:

Seniors on Broadway Apartments is a 42-unit affordable senior rental development in Chula Vista, CA.

Name: Rodriguez & Simon Design—Carlos Rodriguez, Architect

Address: 2445 Fifth Avenue, Suite 220, San Diego, CA 92101

Phone: 619-544-8951

Project Name and Description:

Seniors on Broadway Apartments is a 42-unit affordable senior rental development in Chula Vista, CA.

Mercado Apartments is a 144-unit multi-family affordable rental development in San Diego, CA

San Martin de Porres Apartments is a 116-unit multi-family affordable rental development in Spring Valley, CA.

Laurel Tree Apartments is a 136-unit multi-family affordable rental development in Carlsbad, CA.

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 Item # 22

40. Give the name and experience of the proposed Construction Superintendent.

A construction superintendent has not been selected at this time.

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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 20 day of February, 20 18, at San Diego, California.

CONTRACTOR

By: Arnulfo Manriquez
Signature Arnulfo Manriquez
Title Chief Operating Officer

CERTIFICATION

The CONTRACTOR, MMC Project, 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: Chief Operating Officer Title:
Dated: 2/20/08 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 of 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 _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20

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

Signature of Notary

SEAL



P.O. BOX 420807, SAN FRANCISCO, CA 94142-0807

CERTIFICATE OF WORKERS' COMPENSATION INSURANCE

ISSUE DATE: 07-01-2007

GROUP: 000569
POLICY NUMBER: 0000615-2007
CERTIFICATE ID: 14
CERTIFICATE EXPIRES: 07-01-2008
07-01-2007/07-01-2008

SAN DIEGO COMMISSION
9841 RIDGEHAVEN CT
SAN DIEGO CA 92123

SD

JOB:JOB: ALL OPERATIONS

This is to certify that we have issued a valid Workers' Compensation insurance policy in a form approved by the California Insurance Commissioner to the employer named below for the policy period indicated.

This policy is not subject to cancellation by the Fund except upon 30 days advance written notice to the employer.

We will also give you 30 days advance notice should this policy be cancelled prior to its normal expiration.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policy listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate of insurance may be issued or to which it may pertain, the insurance afforded by the policy described herein is subject to all the terms, exclusions, and conditions, of such policy.

James Neary
AUTHORIZED REPRESENTATIVE

J. Andor
PRESIDENT

EMPLOYER'S LIABILITY LIMIT INCLUDING DEFENSE COSTS: \$1,000,000 PER OCCURRENCE.

ENDORSEMENT #2085 ENTITLED CERTIFICATE HOLDERS' NOTICE EFFECTIVE 07-01-2005 IS ATTACHED TO AND FORMS A PART OF THIS POLICY.

EMPLOYER

MAAC PROJECT (A NON PROFIT CORP)
22 W 95TH ST
NATIONAL CITY CA 91950

SD

ACORD

CERTIFICATE OF INSURANCE

ISSUE DATE 2/15/2008

PRODUCER

GEISEN INSURANCE BROKERS, INC.
2910 MORNING CREEK RD., SUITE 4
SAN DIEGO CA 91914-4312

Tel (619) 661-0641
Fax (619) 661-0642

INSURED

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY
OF SAN DIEGO COUNTY, INC. DBA: MAAC PROJECT
22 WEST 35TH STREET, SUITE 100
NATIONAL CITY, CA 91950

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND
CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE
DOES NOT AMEND, EXTEND OR ALTER THE COVERAGES AFFORDED BY THE
POLICIES BELOW.

COMPANIES AFFORDING COVERAGES

- COMPANY A GREAT AMERICAN INSURANCE COMPANY
- COMPANY B PHILADELPHIA INSURANCE COMPANY
- COMPANY C NON-PROFITS UNITED
- COMPANY D LEXINGTON INSURANCE COMPANY

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE NAMED INSURED ABOVE FOR THE POLICY PERIOD
INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS
CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS,
EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (M/D/Y)	EXPIRATION DATE (M/D/Y)	ALL LIMITS IN THOUSANDS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY [] CLAIMS MADE <input checked="" type="checkbox"/> OCCUR. [] OWNER'S & CONTRACTOR'S PROT. []	PAC2153153	7/1/2007	7/1/2008	GENERAL AGGREGATE \$ 2,000 PRODUCTS-COMP/OPS AGGREGATE \$ 1,000 PERSONAL & ADVERTISING INJURY \$ 1,000 EACH OCCURRENCE \$ 1,000 FIRE DAMAGE (Any one fire) \$ 300 MEDICAL EXPENSE (Any one person) \$ 10
C D	AUTOMOBILE LIABILITY [] ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	NPU 0620	7/1/2007	7/1/2008	COMBINED SINGLE LIMIT \$ 5,000 BODILY INJURY (Per person) \$ 5 BODILY INJURY (Per accident) \$ 35 PROPERTY DAMAGE \$
A	EXCESS LIABILITY [] <input checked="" type="checkbox"/> OTHER THAN UMBRELLA FORM	EXC2254897	7/1/2007	7/1/2008	EACH OCCURRENCE \$ 5,000 AGGREGATE \$ 5,000
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				(each accident) \$ (disease-policy limit) \$ (disease-each employee) \$
B	OTHER DIRECTORS & OFFICERS LIABILITY- CLAIMS MADE; PRIOR ACT DATE 6/22/94	PHSD263975	7/1/2007	7/1/2008	AGGREGATE LIMIT/POLICY YEAR \$ 2,000 Deductible Amount \$15,000
A	CRIME- EMPLOYEE DISHONESTY	PAC2153153	7/1/2007	7/1/2008	COVERAGE LIMIT \$ 500
A	PROPERTY- CAUSES OF LOSS- SPECIAL FORM	PAC2153153	7/1/2007	7/1/2008	COVERAGE LIMIT \$ By Location

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

DIRECTORS' & OFFICERS' POLICY INCLUDES EMPLOYMENT PRACTICES LIABILITY COVERAGE

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE
EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO
MAIL 30* DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE
LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR
LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES
(* 10 DAYS FOR NON-PAYMENT OF PREMIUM)

AUTHORIZED REPRESENTATIVE

Lynda M. Geisen

6 (B) 18

ATTACHMENT 7 (A)

**BRIDGE HOUSING CORPORATION
AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

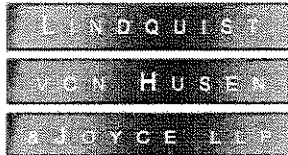
YEAR ENDED DECEMBER 31, 2006

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

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* * * *



JAMES M. KRAFT
S. SCOTT SEAMANDES
MARK C. BRITTAIN
ALEXIS H. WONG
CHARLOTTE SHU-KUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ

Board of Directors
BRIDGE Housing Corporation and Affiliates
San Francisco, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined statement of financial position of BRIDGE Housing Corporation, a California nonprofit public benefit corporation, and affiliates as of December 31, 2006, and the related combined statements of activities, functional expenses and cash flows for the year ended December 31, 2006. These financial statements are the responsibility of BRIDGE Housing Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of BRIDGE Housing Corporation and affiliates' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of BRIDGE Housing Corporation and affiliates as of December 31, 2006, and the results of their operations and their cash flows for the year ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The accompanying supplementary information on pages 25 through 31 is presented for the purpose of additional analysis and is not a required part of the basic combined financial statements. The information has been subjected to the audit procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Lindquist, von Hussen and Joyce LLP

May 8, 2007

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2006

ASSETS

Current assets:	
Cash and cash equivalents	\$ 46,637,000
Accounts receivable – net (Note 3)	2,949,000
Contributions receivable (Note 4)	220,000
Notes receivable (Note 5)	2,523,000
Prepaid expenses and deposits	6,329,000
Impounds (Note 6)	7,338,000
Total current assets	<u>65,996,000</u>
Non-current assets:	
Restricted cash and deposits (Note 7)	40,075,000
Marketable securities (Note 2)	5,015,000
Contributions receivable – net of current portion (Note 4)	134,000
Notes receivable – net of current portion (Note 5)	36,646,000
Prepaid expenses and deposits – net of current portion	15,000
Property and equipment – net (Note 8)	774,361,000
Deferred costs – net (Note 9)	9,297,000
Land under lease and held for development (Note 10)	7,123,000
Other investments (Note 11)	1,603,000
Total non-current assets	<u>874,269,000</u>
Total assets	<u>\$ 940,265,000</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 20,284,000
Notes payable (Note 12)	89,440,000
Interest payable (Note 12)	3,290,000
Deferred revenues (Note 14)	542,000
Security and other deposits	3,781,000
Total current liabilities	<u>117,337,000</u>
Non-current liabilities:	
Notes payable – net of current portion (Note 12)	483,357,000
Interest payable – net of current portion (Note 12)	25,077,000
Deferred revenues – net of current portion (Note 14)	32,056,000
Total non-current liabilities	<u>540,490,000</u>
Total liabilities	<u>657,827,000</u>
Net assets:	
Unrestricted:	
Controlling interests	54,123,000
Non-controlling interests	182,638,000
Total unrestricted	<u>236,761,000</u>
Temporarily restricted (Note 15)	43,927,000
Permanently restricted (Note 16)	1,750,000
Total net assets	<u>282,438,000</u>
Total liabilities and net assets	<u>\$ 940,265,000</u>

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2006

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Support and revenue:				
Rental income				
– net of vacancies and concessions	\$ 62,249,000	\$ -	\$ -	\$ 62,249,000
Management revenue	4,254,000	-	-	4,254,000
Contributions	748,000	1,509,000	-	2,257,000
Interest income	4,032,000	-	-	4,032,000
Other	2,221,000	-	-	2,221,000
Net assets released				
from restrictions (Note 15)	4,118,000	(4,118,000)	-	-
Total support and revenue	<u>77,622,000</u>	<u>(2,609,000)</u>	<u>-</u>	<u>75,013,000</u>
Expenses:				
Program services	93,736,000	-	-	93,736,000
Supporting services	2,314,000	-	-	2,314,000
Total expenses	<u>96,050,000</u>	<u>-</u>	<u>-</u>	<u>96,050,000</u>
Changes in net assets	(18,428,000)	(2,609,000)	-	(21,037,000)
Net assets, beginning of year	229,983,000	46,536,000	1,750,000	278,269,000
Capital contribution				
– non-controlling interest	25,177,000	-	-	25,177,000
Syndication costs	29,000	-	-	29,000
Net assets, end of year	<u>\$ 236,761,000</u>	<u>\$ 43,927,000</u>	<u>\$ 1,750,000</u>	<u>\$ 282,438,000</u>

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2006

	<i>Program Services</i>	<i>Supporting Services</i>	<i>Total Expenses</i>
Salaries	\$ 6,991,000	\$ 916,000	\$ 7,907,000
Professional and office	11,333,000	686,000	12,019,000
Utilities	6,467,000	143,000	6,610,000
Operating and maintenance	10,827,000	110,000	10,937,000
Taxes and insurance	7,063,000	448,000	7,511,000
Lease	6,521,000	72,000	6,593,000
Residential services	6,315,000	-	6,315,000
Depreciation and amortization	20,657,000	100,000	20,757,000
Interest	20,248,000	647,000	20,895,000
Miscellaneous	2,929,000	26,000	2,955,000
Total expenses before allocation to development in progress	99,351,000	3,148,000	102,499,000
Allocation to development in progress	(5,615,000)	(834,000)	(6,449,000)
Total expenses	<u>\$ 93,736,000</u>	<u>\$ 2,314,000</u>	<u>\$ 96,050,000</u>

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 COMBINED STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2006

Cash flows from operating activities:	
Change in net assets	\$ (21,037,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	20,171,000
Amortization of deferred revenue	(1,405,000)
Contributions earmarked for acquisition of property and equipment	(106,000)
(Increase) decrease in assets:	
Accounts receivable	(82,000)
Contributions receivable	1,157,000
Prepaid expenses and deposits	(1,344,000)
Impounds	14,776,000
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(9,538,000)
Deferred revenues	226,000
Interest payable	3,629,000
	6,447,000
Net cash provided by operating activities	6,447,000
Cash flows from investing activities:	
Collection of notes receivable	2,432,000
Net decrease in other investments	6,787,000
Net decrease in land under lease and held for development	227,000
Net increase in restricted cash and deposits	(4,243,000)
Purchase of marketable securities	(275,000)
Purchase of property and equipment	(76,765,000)
Net increase in deferred costs	(244,000)
	(72,081,000)
Net cash used in investing activities	(72,081,000)
Cash flows from financing activities:	
Proceeds from notes payable	63,975,000
Payment of notes payable	(21,547,000)
Proceeds from capital contributions	25,205,000
Net increase in syndication cost	
	67,633,000
Net cash provided by financing activities	67,633,000
Increase in cash and cash equivalents	1,999,000
Cash and cash equivalents, beginning of year	44,638,000
Cash and cash equivalents, end of year	\$ 46,637,000
Supplementary information:	
Cash paid for interest	\$ 14,842,000
Noncash investing and financing activities:	
Assets acquired by assuming current liabilities	\$ 9,199,000
Assets acquired by assuming non-current liabilities	\$ 29,616,000

The accompanying notes are an integral part of these combined financial statements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

BRIDGE Housing Corporation (BRIDGE) creates high-quality, affordable homes for working families and seniors. With over 10,000 homes placed in service and over 4,000 units currently in progress, BRIDGE is among the largest affordable housing developers in California. BRIDGE builds a range of housing types that not only fit comfortably into their surroundings but also act as the catalyst for revitalizing and strengthening neighborhoods.

BRIDGE is also affiliated with and under common board control with other not-for-profit corporations which have been formed either as supporting entities to BRIDGE, or as instruments to further BRIDGE's organizational objectives. These entities, which are included in the combined financial statements of BRIDGE in accordance with Statement of Position (SOP) 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*, issued by the American Institute of Certified Public Accountants (AICPA), and Emerging Issues Task Force (EITF) Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*, issued by Financial Accounting Standards Board (FASB), are:

- Bay Area Senior Services, Inc. (BASS), the licensee operating The Peninsula Regent (TPR), a senior assisted living facility in San Mateo, California.
- BRIDGE Economic Development Corporation (BREDCO), developer and co-managing member of COMM 22 LLC, developer of property in Fremont, California, developer, lender and land owner of a property in Oakland, California and owner and operator of commercial rental properties developed by BRIDGE.
- BRIDGE Housing Acquisitions, Inc. (BHAI), owner of The Summit at Hilltop, a 240-unit mixed affordable and market rate apartment complex in Richmond, California.
- BRIDGE Housing Corporation Southern California, Inc., a general partner of Santa Alicia Family Housing Associates, Poinsettia Housing Associates, Carmel Valley Housing Associates, White Dove Canyon Housing Associates, Copper Creek 4% Housing Associates, Copper Creek 9% Housing Associates, Laguna Canyon Housing Associates, Northwood Housing Associates, managing member of BRIDGE SC LLC, which is a general partner of Area F-1 Housing Associates, Woodbury Partners, and co-managing member of CPW One Tribeca, LLC.
- BRIDGE Housing Ventures, Inc. (BHVI), a general partner of Chestnut Linden Associates, Mandela Gateway Associates, and North Beach Housing Associates, and a co-general partner of Marina Annex Associates. BHVI is also a co-limited partner of Pacific Oaks Associates, South San Francisco Magnolia Plaza Associates and SR Fountains Limited Partnership, which are accounted for under the equity method of accounting.
- BRIDGE Infill Development, Inc. (BID), a taxable not-for-profit entity, is a managing member and 2% owner of BRIDGE Urban Infill Land Development, LLC (BUILD). BUILD was formed to acquire, own, develop, manage, lease, finance, construct, redevelop, reposition and ultimately dispose of real and personal properties. BID is the managing member and the State of California Public Employees' Retirement System (CalPERS), is the non-managing member of BUILD, which is accounted for under the equity method of accounting.
- BRIDGE Homes, Inc., developer of an affordable ownership housing project in Marin City, California and the general partner of Mandela Gateway Townhomes, LLC.
- BRIDGE Regional Partners (BRP), a developer of affordable housing properties and owner of land in Fremont, California.
- BRIDGE Properties, Inc. (BPI), a taxable not-for-profit entity, provider of property management services to a project co-developed by BRIDGE.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006

- BRIDGE Property Management Company (BPMC), provider of property and marketing services to rental properties developed by BRIDGE or acquired by other related entities.
- BRIDGE West Oakland Housing, Inc., BOMH, Inc., Redwood Shores Housing, Inc., Chestnut Creek, Inc., Emeryville Senior Housing, Inc., Alto Station, Inc., Brisbane Senior Housing, Inc., and Bayview Senior Housing, Inc., recipients of grants and loans mainly from the U.S. Department of Housing and Urban Development (HUD), for the rehabilitation and/or construction of housing properties in Oakland, Vallejo and South San Francisco, California, and owners and operators of affordable housing properties in Emeryville, Mill Valley, San Rafael, Brisbane, and San Francisco, California.
- BLP, Inc., developer of a senior assisted living facility in Pleasanton, California.
- HomeBricks, Inc., provider of home ownership services and mortgage assistance programs.
- Northpoint Housing, Inc., a general partner of Canal Housing Associates, Chelsea Housing Associates, Northpoint Housing Associates, Northpoint II Housing Associates, and managing member of BRIDGE Tower LLC, who is the general partner of Irvington Development Group, LP, Grand Oak Associates, Jennings Avenue Associates, 14th Street Associates, Cottonwood Creek Associates, Cinnabar Commons II, LP, Kentfield Associates, LP, Trestle Glen Associates, LP, and a co-general partner of Marina Tower Associates.
- Single-purpose not-for-profit corporations holding a controlling general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing:

Not-For-Profit Corporation	Limited Partnership(s)
BRIDGE Terraza, Inc.	La Terraza Associates
BRIDGE Third Street, Inc.	YWCA Villa Nueva Partners
Church Street Housing, Inc.	Church Street Housing Associates and Bridge Grayson Creek Associates
Coggins Square, Inc.	Coggins Square Associates
Danville Senior Housing, Inc.	Danville Senior Housing Associates and Sanraf Associates
Fell Street Housing, Inc.	Fell Street Housing Associates
Hercules Senior Housing, Inc.	Hercules Senior Housing Associates and Pinole Grove Associates
Hotel Don, Inc.	Hotel Don Associates
Milpitas Housing, Inc.	Milpitas Housing Associates
Northside Senior Housing, Inc.	Northside Senior Housing Associates
Ohlone Housing Corporation	Ohlone Housing Associates
Roberts Avenue, Inc.	Roberts Avenue Senior Housing, LP
Rotary Valley, Inc.	Rotary Valley Associates
San Marcos Family Housing, Inc.	Terra Cotta Housing Associates
Site K, Inc.	South Beach Family Associates
Strobridge Housing, Inc.	Strobridge Housing Associates
Winfield Hill, Inc.	Winfield Hill Associates and Richmond City Center Associates

- Single-purpose not-for-profit corporations holding a general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing. BRIDGE's officers and/or board have majority control over these entities:

BRIDGE HOUSING CORPORATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006

Not-For-Profit Corporation	Limited Partnership(s)
Calistoga Brannan Housing, Inc. Hunt Avenue, Inc. Metro Senior Homes, Inc. Nairobi Housing, Inc. Silverado Creek Housing, Inc.	Calistoga Brannan Housing Associates Hunt Avenue Associates Metro Senior Housing Associates Nairobi Housing Associates Silverado Creek Partners

- BRIDGE is a general partner of Drake Marin Associates and owner of land in Livermore, California. BRIDGE is also a co-general partner of Pacific Oaks Associates, South San Francisco Magnolia Plaza Associates, Cinnabar Commons, L.P. and Cinnabar Commons II, L.P., and San Rafael Apartments LP, which are accounted for under the equity method of accounting.
- The combined financial statements do not include single-purpose not-for-profit corporations holding a general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing for which BRIDGE's officers and/or board are deemed not to have majority control, namely:

Not-For-Profit Corporation	Limited Partnership(s)
Bernal Senior Housing Corporation Centertown, Inc. Emery BRIDGE, Inc. SR Senior Housing, Inc.	Bernal Senior Housing Partners Centertown Associates Emery Bay II Associates SR Fountains Limited Partnership

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

Not-for-Profit Corporations

The combined financial statements include the accounts of BRIDGE (Parent) and other not-for-profit entities that are commonly controlled by BRIDGE's Officers or Board of Directors, including those not-for-profit entities that are majority controlled by BRIDGE. Other not-for-profit entities, over which BRIDGE does not exercise majority control, are not included in the combined financial statements. All material intercompany balances and transactions have been eliminated in the combined financial statements.

Limited Partnerships

Partnerships that are controlled by BRIDGE or its affiliated not-for-profit entities are included in the combined financial statements. Partnerships over which BRIDGE or its affiliates exercise significant influence are included in the financial statements using the equity method of accounting.

The partnership interests generally range from .01% to 1.0% with the remainder of the partnership's equity generally held by a limited partner and shown as non-controlling interests in unrestricted net assets.

Basis of Presentation

The combined financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets predicated on the existence of donor-imposed restrictions.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

Unrestricted

Unrestricted net assets consist of all resources of BRIDGE which have not been specifically restricted by a donor.

Temporarily Restricted

Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit their use. Donor restrictions are stipulated by either a time restriction or a purpose restriction. Upon expiration of a time restriction or completion of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets consist of assets whose use has been restricted for investment in perpetuity.

The combined financial statements generally reflect the same classification of net assets as appears on the individual financial statements of each affiliated entity, except for the unamortized portion of forgivable loans from HUD under the Section 202 program or the Multifamily Property Disposition – Upfront Grant which are recorded as temporarily restricted net assets in the combined financial statements.

The financial statements of one of the affiliates have additionally been prepared in accordance with applicable provisions of the Audit and Accounting Guide, *Health Care Organizations*, issued by the AICPA, with respect to accounting for the long-term obligation to provide continuing care and the use of the facility to current residents.

Cash and Cash Equivalents

BRIDGE and affiliates consider all highly liquid debt instruments purchased with an original maturity of one year or less to be cash equivalents. BRIDGE's board has designated certain cash and cash equivalents for the development of affordable homes and for operating and replacement reserves at one of the properties. Donor restricted cash represents amounts received with donor stipulations that limit the use of the donated assets. Not included as cash equivalents are funds restricted as to their use such as reserves for replacements, operations and security deposits.

Cash and cash equivalents as of December 31, 2006 include board designated cash of \$2,132,000 and donor restricted cash of \$2,111,000.

Marketable Securities

Marketable securities are stated at fair value and consist of the following:

- A money market fund that invests in government obligations. As of December 31, 2006, the balance was \$4,374,000 of which \$4,366,000 was designated for operating and replacement reserves at one of the properties.
- Bonds, to be held to maturity, are stated at amortized cost.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. It is not practicable for management to estimate the fair value of accounts and notes receivable and notes payable because of the nature of such instruments and because there is no readily available market information for financial instruments with similar terms.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

Revenue Recognition

BRIDGE earns fees for development of properties and generally recognizes the fees as earned over the development period as follows:

- 30% of each anticipated total developer fee is recorded when the predevelopment phase ends and the construction period begins;
- 70% is recorded throughout the construction period based on the percentage of completion as gauged by the general contractor's progress billing.

An allowance of 5% of the fee is reserved until the Internal Revenue Service Form 8609 is obtained, or its equivalent, to signify completion of the development process.

Development fees recognized from combined affiliates or consolidated subsidiaries are eliminated as intercompany transactions. BRIDGE estimates that 70% of its development fees cover related project costs. Project costs include costs of development, such as consultants, allocated internal salaries and benefits, related overhead, and other non-reimbursed fees that are ordinarily capitalized, which are presented on the statement of functional expenses as allocation to development in progress. Therefore, real property costs have been reduced by 30% of the developer fees.

Revenue from the sales of condominium leasehold interests and related memberships at one of the properties, net of related deferred project costs, is recognized on the straight-line basis over the 40-year lease term. Net revenue arising from the transfer fees out of subsequent re-sales of condominium leasehold interests and related memberships is recognized over the remaining lease term. Unrecognized revenue from transfer fees of a previous resale is recognized in full in the year of the subsequent resale.

Revenue from resident fees, rents and services is recognized in the period rendered. Rental income is shown at its maximum gross potential. Vacancy loss and concessions are shown as a reduction of rental income. Rental units occupied by employees are included in rental income and as an expense of operations. Most of the rental income is received under short-term residential leases.

Revenue from long-term leases on land is recorded in the period earned, according to lease contract terms. In many situations, rental revenue is payable only from excess cash and is recorded when cash is received. Such intercompany revenue has been eliminated in the combined financial statements.

Management Revenue and Related Accounts

BRIDGE provides property management, bookkeeping and asset management services. Income is earned in accordance with the terms of the agreements and recorded as revenue. Such intercompany revenue has been eliminated in the combined financial statements. BRIDGE also provides investment management, marketing and other services.

Contributions

Contributions are recognized as revenue when unconditionally promised. Noncash contributions are recorded at their estimated fair value when received. Contributions to be received after one year are discounted at an appropriate discount rate when material.

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BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

Allowances for Uncollectible Accounts

The allowances for uncollectible accounts are determined on specific identification basis, based upon management's assessment. Management determines the allowance for uncollectible amounts based on historical experience, current economic conditions and by regularly evaluating individual receivables.

Management elects to record bad debts using the direct write-off method related to rents for the housing properties. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the result that would have been obtained had the allowance method been followed.

Other Investments

Other investments in a for profit entity, taxable not-for-profit entities, and other not-for-profit organizations are recorded using the cost or equity method of accounting, depending on the level of ownership and control. Investments in entities which are 100% or majority controlled by BRIDGE are eliminated in the combined financial statements.

Mortgage loans held for investment are second deeds of trust and are valued at aggregate cost. Cost consists of loan principal balance, less allowance for losses, if any.

Property and Equipment, Leasehold Improvements, Ground Lease and Deferred Costs

Property and equipment are stated at cost of acquisition or construction, or fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance, repair, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Development in progress is not depreciated until the completion of the development.

Deferred costs are incurred in order to obtain permanent financing and tax credits for the properties. Deferred costs are stated at cost and amortized on a straight-line basis. Organization costs are expensed as incurred.

The useful lives of the assets are estimated as follows:

Buildings and improvements	15 to 55 years
Furniture, fixtures and equipment	3 to 12 years
Tax credit costs	10 years
Permanent loan costs	15 to 55 years

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, BRIDGE reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2006.

Land

Purchased land is carried at cost. Donated land is carried at estimated fair market value at the date of donation. BRIDGE leases most of its land to affiliated affordable housing developments under long-term leases.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

Accounting for Leases

Leasehold interests of several combined entities are not subject to capitalization and thus are accounted for as operating leases. Prepaid ground leases are an allocation of the total cost of the property which are amortized over the respective lease terms.

Use of Estimates

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

Income Taxes

BRIDGE is a not-for-profit corporation pursuant to the Internal Revenue Code Section 501(c)(3) and related California code sections, and, accordingly, is exempt from federal and state income taxes on related business income. BID and BPI are the only entities combined which are not tax-exempt. Deferred income taxes do not arise from the operations of these entities in a material amount. The income or loss from the partnerships is reported by the partners on their income tax returns.

Guarantees

BRIDGE has adopted Financial Accounting Standards Board Interpretation No 45 (FIN 45) – *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Direct Guarantees of Others*. FIN 45 requires a liability to be recorded for the fair value of the stand ready obligation associated with a guarantee issued after December 31, 2002. Guarantees issued between entities under common control or on behalf of an entity under common control are excluded. Consequently, no liabilities have been recorded as all guarantees are considered to be issued to entities under common control (see Note 19).

Allocation of Partnership Income/Loss and Tax Credits

The affiliated partnerships are generally expected to generate low-income housing credits, which will be allocated in the same manner as the income or loss of each partnership. Because the limited partners' losses are limited to their investments, the limited partners' equity will not be reduced below zero unless future capital contributions will be made in an amount sufficient to absorb the losses. All remaining losses are allocated to the general partners.

Functional Expense Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Program services include all expenses relating to development, management of properties, and resident services. Supporting services consist of management and general expenses. Fundraising expenses are not significant and are included in supporting services.

Related-party Transactions

Most related-party transactions have been eliminated in the combined financial statements. The remaining related-party transactions are not material.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2006 consist of the following:

Reimbursable costs	\$ 1,273,000
Rent	985,000
Management and consulting fees	776,000
Other	35,000
	3,069,000
Less: allowance for uncollectible accounts	120,000
	\$ 2,949,000

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable, as of December 31, 2006, are comprised of the following:

Stein Educational Program	\$ 195,000
Neighborhood Partnership Initiative	100,000
Building and Technology Initiative	54,000
	354,000
Less: current portion	220,000
	\$ 134,000

Contributions are expected to be received as follows:

<i>Year ended December 31,</i>	
2007	\$ 220,000
2008	75,000
2009	59,000
	\$ 354,000

NOTE 5 – NOTES RECEIVABLE

Notes receivable, including accrued interest, as of December 31, 2006, consist of the following:

Construction financing	\$ 38,908,000
Other	261,000
	39,169,000
Less: current portion	2,523,000
	\$ 36,646,000

Construction financing of \$50,000,000 for one of the leased properties was loaned to the property owner out of the proceeds from the initial sales of leasehold condominium interests and related memberships. The loan is secured by a first deed of trust and bears interest at 6%, with monthly principal and interest payments of \$380,000 through December 2018. As of December 31, 2006, the principal outstanding was \$38,908,000.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006

Principal payments under these notes are estimated to be received as follows:

	<i>Year ended December 31,</i>
2007	\$ 2,523,000
2008	2,425,000
2009	2,574,000
2010	2,733,000
2011	2,902,000
Thereafter	26,012,000
	\$ 39,169,000

NOTE 6 – IMPOUNDS

Certain properties are required to make deposits to debt service accounts or hold proceeds of bonds in accordance with certain lender agreements. The balance of these accounts as of December 31, 2006 was \$1,185,000.

Certain properties are required to make monthly deposits to impound accounts to cover property tax and insurance premiums in accordance with certain lenders' regulatory agreements. The balance held by the lenders as of December 31, 2006 was \$6,153,000.

NOTE 7 – RESTRICTED CASH AND DEPOSITS

Restricted cash and deposits as of December 31, 2006 consist of the following:

Operating reserves	\$ 13,193,000
Replacement reserves	11,554,000
Mortgage assistance program	11,478,000
Tenant security deposits	3,199,000
Residual receipts and other	651,000
Total	\$ 40,075,000

Operating and Replacement Reserves

BRIDGE and affiliates are required to maintain operating reserves as well as replacement and repair reserves for property and equipment in accordance with partnership and other lenders' regulatory agreements.

Tenant Security Deposits

BRIDGE and affiliates are required to hold security deposits in separate bank accounts in the name of the properties.

Agency Restricted

Agency restricted cash represents developer fees received subject to restrictions from agencies and other parties regarding the future use of such cash.

Residual Receipts

BRIDGE and affiliates are required to deposit excess cash, as generally defined by HUD, into separate bank accounts in accordance with the HUD regulatory agreements.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2006 consists of the following:

Land	\$ 88,380,000
Buildings and improvements	631,805,000
Sitework and offsite improvements	67,367,000
Furniture, fixtures and equipment	21,186,000
Development in progress	91,072,000
	<u>899,810,000</u>
Less: accumulated depreciation and amortization	<u>125,449,000</u>
Total	<u>\$ 774,361,000</u>

Depreciation and amortization of property and equipment totaled \$20,757,000 for the year ended December 31, 2006.

NOTE 9 – DEFERRED COSTS

Deferred costs as of December 31, 2006 are summarized as follows:

Permanent loan costs	\$ 8,688,000
Tax credit fees	2,291,000
Other	1,723,000
	<u>12,702,000</u>
Less: accumulated amortization	<u>3,405,000</u>
Total	<u>\$ 9,297,000</u>

NOTE 10 – LAND UNDER LEASES AND HELD FOR DEVELOPMENT

Land under long-term leases and held for development as of December 31, 2006 consists of the following:

Oakland, California, held for development (2000)	\$ 2,169,000
Livermore, California, donated (1986)	1,660,000
San Diego, California, donated (2000)	1,428,000
Foster City, California (1995)	804,000
Pinole, California (1993)	538,000
Carlsbad, California, donated (1999)	327,000
Richmond, California (1992)	107,000
Richmond, California (1990)	90,000
	<u>7,123,000</u>
Total	<u>\$ 7,123,000</u>

BRIDGE leases all of the above land except for land held for development under various long-term leases to affiliates. Terms of the leases range from 55 to 90 years. The land is pledged as security under deeds of trust for the related notes payable or is pledged as security for certain liabilities of the lessees.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006

NOTE 11 – OTHER INVESTMENTS

Other investments as of December 31, 2006 consist of the following:

BUILD	\$ 1,054,000
Second Mortgage Loans	396,000
Willowbrook property	232,000
HPI Holding Company, Inc.	494,000
Housing Partnership Securities, LLC	20,000
General and limited partner interests accounted for under the equity method:	
North Beach Development Associates, LLC	118,000
North Beach Retail Associates, LLC	(53,000)
Pacific Oaks Associates	(134,000)
San Rafael Apartments, LP	1,000
South San Francisco Magnolia Plaza Associates	(291,000)
SR Fountains Limited Partnership	(234,000)
Cinnabar Commons, L.P. and Cinnabar Commons II, L.P.	-
 Total	 <u>\$ 1,603,000</u>

BRIDGE holds various second mortgage loans associated with a development project in Pinole, California. The loans bear no interest but share in the appreciation of the property. It is the intention of BRIDGE to re-lend the amounts to future buyers. However, BRIDGE may receive proceeds from the mortgage loans when the property is sold.

In 2004, BRIDGE invested in HPI Holding Company, Inc. (HPIH) for the purpose of gaining access to property and liability insurance for its various development properties from a captive insurance company. The investment is recorded at cost and represents 13% of the capital of HPIH. The dividends are pledged as security for a related loan receivable of Housing Partnership Ventures, Inc (HPV). BRIDGE entered into an agreement pledging its shares in HPIH to Merrill Lynch Community Development Corporation (MLCDC) as support for MLCDC guaranteeing a letter of credit that supports the insurance operation. BRIDGE made a required additional equity contribution in HPIH of \$114,000. BRIDGE retired the loan with HPV for \$384,000. The note was retired prior to its maturity date of March, 2009. In conjunction with the loan retirement, the pledge of future dividends on HPIH shares was rescinded and shares of HPIH were converted from Class B shares into Class C shares.

Summarized financial information for unconsolidated entities accounted for under the equity method, excluding San Rafael Apartments, LP which is not available, as of December 31, 2006, consist of the following:

Total assets	\$ 79,135,000
Total liabilities	74,338,000
Partners' equity ⁽¹⁾	4,797,000
 Income	 6,079,000
Expenses	10,282,000
Results of operations	(4,203,000)

⁽¹⁾ BRIDGE's share of this equity, as of December 31, 2006, was \$(593,000).

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BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

The following financial position and activity summarizes the entities that are not included in the combined financial statements based on BRIDGE's board participation:

Total assets	\$ 29,304,000
Total liabilities	27,283,000
Net assets ⁽¹⁾	2,021,000
Support and revenue	7,790,000
Expenses	4,392,000
Change in net assets	3,398,000

⁽¹⁾ BRIDGE's pro-rata share of the net assets as of December 31, 2006 was \$1,192,000 based on its ratio of board representation.

NOTE 12 – NOTES PAYABLE

Notes payable as of December 31, 2006 are generally secured by the respective properties and consist of the following:

	<i>Interest Payable</i>	<i>Principal</i>
Permanent loans, bearing interest from 1% to 9%, generally with principal and interest due monthly, to be repaid in full through 2038. Interest expense was \$9,418,000 for the year ended December 31, 2006.	\$ 1,262,000	\$ 160,596,000
Construction loans, bearing variable interest, generally with interest only payments due monthly, to be repaid in full or partially converted to permanent loans through 2008. Interest expense was \$2,528,000 for the year ended December 31, 2006.	1,692,000	144,879,000
Local loans, bearing interest from 0% to 10%, generally payable out of excess cash annually in arrears, to be repaid in full through 2059. Interest expense was \$3,117,000 for the year ended December 31, 2006.	12,416,000	118,287,000
Bonds, bearing interest from 2% to 14%, generally with principal and interest paid monthly, to be repaid in full through 2036. Principal payments are generally accumulated in a principal fund held by a trustee. Interest expense was \$3,010,000 for the year ended December 31, 2006.	1,522,000	61,969,000
County loans, bearing interest from 3% to 6.5%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2059. Interest expense was \$1,112,000 for the year ended December 31, 2006.	3,674,000	37,614,000
State loans, bearing 3% interest, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2059. Interest expense was \$890,000 for the year ended December 31, 2006.	7,521,000	31,850,000
Federal loans, bearing no interest, with principal payments generally deferred through 2060, at which time all outstanding principal is due.	-	10,671,000

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

	<i>Interest Payable</i>	<i>Principal</i>
Ground leases, bearing interest from 0% to 7.75%, generally payable out of excess cash annually in arrears, to be repaid in full through 2065. Interest expense was \$98,000 for the year ended December 31, 2006.	100,000	2,675,000
Other loans, bearing interest from 0% to 7%, generally with principal and interest due monthly, to be repaid in full through 2059. Interest expense was \$102,000 for the year ended December 31, 2006.	180,000	4,256,000
Total	28,367,000	572,797,000
Less: current portion	3,290,000	89,440,000
Non-current portion	\$ 25,077,000	\$ 483,357,000

Principal payments toward notes payable for the next five years are subject to changes in net cash flow which is a contingency that cannot be reasonably estimated. Minimum required payments are estimated as follows:

<i>Year ended December 31,</i>	<i>Principal Payments</i>
2007	\$ 89,440,000
2008	15,780,000
2009	24,435,000
2010	18,595,000
2011	12,935,000
Thereafter	411,612,000
	\$ 572,797,000

NOTE 13 – LINES OF CREDIT

In 2000, BRIDGE entered into an unsecured line of credit with Bank of America for \$7.0 million. In 2006, BRIDGE amended the line of credit whereby interest is variable at LIBOR plus 1.5% and extended the maturity date to August 16, 2007. At December 31, 2006, no amounts were drawn on the line of credit.

In 2001, BRIDGE entered into an unsecured line of credit with Wells Fargo Bank for \$2.0 million. The line of credit bears interest at prime plus 1% with an expiration date of April 18, 2007. At December 31, 2006, no amounts were drawn on the line of credit. BRIDGE is in discussions to renew the line of credit.

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BRIDGE HOUSING CORPORATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006

NOTE 14 – DEFERRED REVENUES

Deferred revenues as of December 31, 2006 consist of the following:

Condominium and membership sales – net	\$ 28,775,000
Transfer fees	3,281,000
Other	542,000
	32,598,000
Less: current portion	542,000
Non-current portion	\$ 32,056,000

Residents of one of the leased properties purchased a leasehold condominium interest in the building by entering into a membership agreement. The purchase price, plus a monthly fee, entitle the resident to occupy a residential unit, receive services, and use common areas for future periods until the resident or the resident's estate sells the membership to a third party. The membership is valid for 99 years and the leasehold interest is valid for 40 years from the date of issuance. Total initial membership sales proceeds amounted to \$57,455,000 net of related deferred project costs of \$5,139,000 and are being deferred and amortized over the lease term. The remaining deferred revenue of condominium and membership sales at December 31, 2006 was \$28,775,000.

Upon the resale of a leasehold condominium, a BRIDGE affiliate is entitled to a transfer fee equal to 10% of the seller's purchase price, plus 75% of any realized appreciation. The affiliate is required to pay 75% of the transfer fee as contingent lease payments to the owner of the property. Transfer of the seller's membership occurs simultaneously with the sale of the leasehold condominium. Both the revenue from the transfer fees and the related contingent lease payments to the owner of the property are deferred and amortized over the remaining lease term in accordance with Financial Accounting Standards Board Statement No. 66, *Accounting for Sales of Real Estate*. In the year of subsequent resale, any unamortized fees from the previous resale are recognized as revenue in full. Total cumulative transfer fees received up to 2006 on condominiums which had no subsequent resales to 2005 amounted to \$16,570,000, of which \$12,427,000 represented contingent lease payments made to the owner of the property. The remaining deferred revenue, net of related deferred lease costs, was \$3,281,000 as of December 31, 2006.

NOTE 15 – TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

The major programs for which BRIDGE has received restricted contributions are as follows:

HUD Capital Advances - HUD has granted capital advances to certain multi-family properties under the Multifamily Property Disposition – Upfront Grant or the Section 202 program. These advances are secured by deeds of trust with assignment of rents. The capital advances bear no interest and shall be repayable if the properties do not remain available for very low-income housing through a specific term or the notes become due and payable by reason of default under the notes, mortgages or regulatory agreements. In the event of noncompliance with affordability provisions as described in the notes, interest and principal will be payable on demand. The capital advances will not otherwise have to be repaid. Since the capital advances are expected to be forgiven, they are released over 40 years from temporary restricted net assets to unrestricted net assets.

Stein Educational Assistance Program - Provides scholarships or awards to qualified residents in BRIDGE developments.

Homeownership Initiative - Increases the number of new affordable homes for sale and ensures that low-income, moderate-income and minority families have the proper level of support through services and financial backing to purchase and sustain a new home.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

Building and Technology Initiative - Enabled BRIDGE to move to new, larger headquarters in 2004 and is bringing greater operational efficiency and improved information technology systems to BRIDGE and its properties throughout the state of California.

Neighborhood Partnership Initiative (NPI) - Increases affordable housing and economic development in low-income urban communities. NPI properties are ambitious, mixed-income, multi-use developments that combine many elements of community revitalization. In addition to housing, NPI efforts also focus on creating jobs, retail activity, services, and neighborhood facilities.

Temporarily restricted net assets as of December 31, 2006 were available for the following purposes:

HUD Capital Advances	\$ 40,129,000
Stein Educational Assistance Program	1,111,000
Homeownerships Initiative	1,001,000
Neighborhood Partnership Initiative	758,000
Building and Technology Initiative	393,000
Other	<u>535,000</u>
 Total	 <u>\$ 43,927,000</u>

Net assets were released from restrictions for the year ended December 31, 2006 as follows:

HUD Capital Advances	\$ 1,208,000
Stein Educational Assistance Program	67,000
Homeownerships Initiative	494,000
Neighborhood Partnership Initiative	1,072,000
Building and Technology Initiative	339,000
Time Restriction	700,000
Other	<u>238,000</u>
 Total	 <u>\$ 4,118,000</u>

NOTE 16 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets, as of December 31, 2006, consist of land required to be used for low-income housing of \$1,750,000.

NOTE 17 – EMPLOYEE BENEFIT PLANS

BRIDGE has employee 403(b) plans, established effective July 1, 1998, covering eligible employees. BRIDGE contributions to the plan consist of a percentage based on eligible employees' compensation plus a discretionary amount to match voluntary employee contributions. Contributions and plan expenses totaled approximately \$534,000 for the year ended December 31, 2006.

A taxable not-for-profit affiliate of BRIDGE has an employee 401(k) plan, established effective January 1, 2003, covering eligible employees. The affiliate's contributions to the plan consist of a percentage based on eligible employees' compensation plus a discretionary amount to match voluntary employee contributions. Contributions and plan expenses totaled approximately \$21,000 for the year ended December 31, 2006.

BRIDGE HOUSING CORPORATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006

BRIDGE has an employee 457(b) plan, established effective July 1, 2004, covering eligible employees. BRIDGE's contributions are discretionary. BRIDGE made no plan contributions and did not incur significant plan expenses for the year ended December 31, 2006.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Rental Payments under Non-cancelable Operating Leases

Office space

BRIDGE has leases for office space in San Francisco, California and San Diego, California, which expire in April 2014 and September 2008, respectively.

The following is a schedule by year of the future minimum rental payments under the office space leases:

<u>Year ended December 31,</u>	
2007	\$ 627,000
2008	631,000
2009	598,000
2010	615,000
2011	623,000
Thereafter	<u>1,500,000</u>
	<u>\$ 4,594,000</u>

Rent expense totaled approximately \$750,000 for 2006.

Property-related leases

BRIDGE and affiliates lease property land, facilities, and commercial space under leases ranging from 30 to 55 years.

Minimum future lease payments under the foregoing leases are:

<u>Year ended December 31,</u>	
2007	\$ 4,804,000
2008	4,804,000
2009	4,805,000
2010	4,805,000
2011	4,805,000
Thereafter	<u>33,632,000</u>
	<u>\$ 57,655,000</u>

Litigation

BRIDGE is named in various claims and legal actions in the normal course of its activities. Based upon counsel and management's opinion the outcome of such matters are not expected to have a material adverse effect on the financial position or changes in net assets of BRIDGE.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

Letters of Credit

In connection with a certain project development, BRIDGE is contingently liable for \$200,000 on a letter of credit in conjunction with a project in Oakland, California.

Surety Bonds

In connection with certain project developments, BRIDGE enters into surety bond agreements which bind BRIDGE to repay the surety company if the contractor is unable to successfully perform on the contract. As of December 31, 2006, BRIDGE has outstanding a maximum of \$1,663,000 in surety bonds.

Property Management

Property management on certain properties are contracted with non-affiliated entities for annual amounts subject to yearly increases.

Other

As general partner in various partnerships, BRIDGE may be subject to other liabilities, should an affected partnership's assets become insufficient to meet its obligations. In the opinion of management, the future revenues and the value of the underlying assets of each of these partnerships will be sufficient to meet ongoing and future partnership obligations.

NOTE 19 – GUARANTEES

BRIDGE issues a variety of guarantees in the course of developing properties. The guarantees are generally issued in favor of limited partner investors or lenders. Guarantees, as of December 31, 2006 (except for tax benefits which are as of December 31, 2005), consist of the following:

Operating deficits	\$ 10,998,000
Construction loan repayment and completion	153,219,000
Tax benefits	232,928,000
Equity contribution	<u>2,305,000</u>
 Total	 <u>\$ 399,450,000</u>

Operating Deficit Guarantees

Operating deficit guarantees are commitments to fund future operating deficits of partnerships. The guarantees are issued in favor of limited tax credit partnerships, and generally are for the fifteen-year period when the investor is expected to hold its limited partner interest, or for shorter periods (for example, until certain debt ratios are achieved). A payment under a guarantee would create a receivable from the partnership. BRIDGE usually capitalizes the public benefit corporations which are the general partners of the limited partnerships; any funding call against the guarantee would first be paid from these general partners' cash funds. To date, BRIDGE has not experienced any calls on these guarantees.

Construction Loan Repayment and Completion Guarantees

BRIDGE has provided repayment guarantees for construction loans used for the development. BRIDGE has also provided unlimited construction completion guarantees in favor of certain lenders for the development. There are no significant completion delays in current BRIDGE developments. To date, BRIDGE has not experienced non-completion of a project, nor has it been called on for any loan repayment guarantee.

BRIDGE HOUSING CORPORATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

Tax Benefits Guarantees

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, BRIDGE has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease up. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, BRIDGE has not experienced any calls on these guarantees.

Equity Contribution Guarantee

During 2002, BRIDGE became a co-managing member of North Beach Development Associates, LLC (NBDA), the developer of North Beach Housing Associates. NBDA has executed certain performance guarantees relating to construction completion, operating cash flows and tax credit recapture. BRIDGE is obligated to fund NBDA up to \$2.3 million should specified events occur resulting in a capital call by NBDA's managing members. BRIDGE considers the occurrence of such events highly unlikely.

No stand ready liability has been recorded in connection with the operating deficit, construction loan repayment and completion, tax benefit, or equity contribution guarantees as these are guarantees to entities under common control.

NOTE 20 – CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject BRIDGE to credit risk consist primarily of cash and cash equivalents and receivables. BRIDGE maintains cash and cash equivalents with commercial banks and other major financial institutions. Such balances generally exceed federally insured balances.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent to December 31, 2006, an affiliate of BRIDGE sold its interest in a property located in Emeryville, California. The BRIDGE affiliate's portion of the sale proceeds was \$18.4 million.

Subsequent to December 31, 2006, BRIDGE borrowed \$1.7 million on the Bank of America \$7.0 million line of credit to provide short term, interim financing for a project in Colma, California.

SUPPLEMENTARY INFORMATION

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2006

	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 18,014,000	\$ 467,000	\$ 2,997,000	\$ 588,000	\$ -	\$ 15,101,000	\$ 9,470,000	\$ 46,637,000	\$ -	\$ 46,637,000
Accounts receivable – net	17,701,000	525,000	615,000	1,169,000	902,000	1,064,000	7,635,000	29,611,000	(26,662,000)	2,949,000
Contributions receivable – current portion	220,000	-	-	-	-	-	-	220,000	-	220,000
Notes receivable – current portion	505,000	-	2,284,000	-	-	64,000	75,000	2,928,000	(405,000)	2,523,000
Prepaid expenses and deposits – current portion	2,190,000	200,000	247,000	8,000	6,000	3,601,000	77,000	6,329,000	-	6,329,000
Impounds	-	-	-	-	-	7,338,000	-	7,338,000	-	7,338,000
Total current assets	38,630,000	1,192,000	6,143,000	1,765,000	908,000	27,168,000	17,257,000	93,063,000	(27,067,000)	65,996,000
Non-current assets:										
Restricted cash and deposits	91,000	-	-	-	11,478,000	28,506,000	-	40,075,000	-	40,075,000
Marketable securities	-	-	4,374,000	-	-	641,000	-	5,015,000	-	5,015,000
Contributions receivable – net of current portion	134,000	-	-	-	-	-	-	134,000	-	134,000
Notes receivable – net of current portion	6,926,000	-	36,624,000	-	-	-	12,585,000	56,135,000	(19,489,000)	36,646,000
Prepaid expenses and deposits – net of current portion	-	-	-	-	-	2,622,000	125,000	2,747,000	(2,732,000)	15,000
Property and equipment – net	5,733,000	327,000	2,947,000	-	101,000	762,628,000	19,568,000	791,304,000	(16,943,000)	774,361,000
Deferred costs – net	400,000	-	53,000	-	-	9,369,000	-	9,822,000	(525,000)	9,297,000
Land under lease and held for development	5,369,000	-	-	-	-	-	1,754,000	7,123,000	-	7,123,000
Other investments	3,625,000	1,052,000	-	-	-	-	10,023,000	14,700,000	(13,097,000)	1,603,000
Total non-current assets	22,278,000	1,379,000	43,998,000	-	11,579,000	803,766,000	44,055,000	927,055,000	(52,786,000)	874,269,000
Total assets	\$ 60,908,000	\$ 2,571,000	\$ 50,141,000	\$ 1,765,000	\$ 12,487,000	\$ 830,934,000	\$ 61,312,000	\$ 1,020,118,000	\$ (79,853,000)	\$ 940,265,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2006

BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
LIABILITIES AND NET ASSETS									
Current liabilities:									
Accounts payable and accrued expenses	\$ 503,000	\$ 824,000	\$ 1,089,000	\$ 240,000	\$ 33,546,000	\$ 4,249,000	\$ 49,741,000	\$ (29,457,000)	\$ 20,284,000
Notes payable – current portion	1,000,000	-	-	-	87,506,000	934,000	89,440,000	-	89,440,000
Interest payable – current portion	18,000	-	-	-	2,877,000	395,000	3,290,000	-	3,290,000
Deferred revenues – current portion	125,000	-	-	-	542,000	400,000	1,067,000	(525,000)	542,000
Security and other deposits	-	505,000	-	2,000	3,203,000	71,000	3,781,000	-	3,781,000
Total current liabilities	10,433,000	1,329,000	1,089,000	242,000	127,674,000	6,049,000	147,319,000	(29,982,000)	117,337,000
Non-current liabilities:									
Notes payable – net of current portion	25,484,000	-	-	11,000,000	444,906,000	23,254,000	504,644,000	(21,287,000)	483,357,000
Interest payable – net of current portion	638,000	-	-	427,000	23,929,000	83,000	25,077,000	-	25,077,000
Deferred revenues – net of current portion	-	32,056,000	-	-	110,000	2,622,000	34,788,000	(2,732,000)	32,056,000
Total non-current liabilities	26,122,000	32,056,000	-	11,427,000	468,945,000	25,959,000	564,509,000	(24,019,000)	540,490,000
Total liabilities	36,555,000	503,000	33,385,000	11,669,000	596,619,000	32,008,000	711,828,000	(54,001,000)	657,827,000
Net assets:									
Unrestricted:									
Controlling interests	19,124,000	2,068,000	16,756,000	676,000	11,307,000	29,304,000	79,975,000	(25,852,000)	54,123,000
Non-controlling interests	-	-	-	740,000	-	-	182,638,000	-	182,638,000
Total unrestricted	19,124,000	2,068,000	16,756,000	740,000	193,945,000	29,304,000	262,613,000	(25,852,000)	236,761,000
Temporarily restricted	3,479,000	-	-	78,000	40,370,000	-	43,927,000	-	43,927,000
Permanently restricted	1,750,000	-	-	-	-	-	1,750,000	-	1,750,000
Total net assets	24,353,000	2,068,000	16,756,000	818,000	234,315,000	29,304,000	308,290,000	(25,852,000)	282,438,000
Total liabilities and net assets	\$ 60,908,000	\$ 2,571,000	\$ 50,141,000	\$ 1,765,000	\$ 830,934,000	\$ 61,312,000	\$ 1,020,118,000	\$ (79,853,000)	\$ 940,265,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULE OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2006

	BRIDGE Housing Corporation	BID	BASS	BPMC	HomeBricks, Inc.	Housing Properties ⁽¹⁾	Other Entities ⁽²⁾	Subtotal	Eliminations	Total
Support and revenue:										
Developer fees	\$ 7,928,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,000	\$ 7,967,000	\$ (7,967,000)	\$ -
Rental income – net of vacancies and concessions	226,000	-	9,604,000	-	-	51,828,000	915,000	62,573,000	(324,000)	62,249,000
Management revenue	2,573,000	1,356,000	1,641,000	2,495,000	912,000	-	2,330,000	11,307,000	(7,053,000)	4,254,000
Contributions	1,420,000	-	-	-	256,000	581,000	-	2,257,000	-	2,257,000
Interest income	326,000	7,000	2,671,000	-	321,000	916,000	440,000	4,681,000	(649,000)	4,032,000
Other	38,000	11,000	(7,000)	-	-	2,227,000	(48,000)	2,221,000	-	2,221,000
Total support and revenue	12,511,000	1,374,000	13,909,000	2,495,000	1,489,000	55,552,000	3,676,000	91,066,000	(15,993,000)	75,013,000
Expenses:										
Program services	9,685,000	1,123,000	14,342,000	2,683,000	584,000	75,273,000	-	103,690,000	(9,980,000)	93,710,000
Supporting services	2,421,000	125,000	645,000	-	65,000	-	2,533,000	5,789,000	(3,449,000)	2,340,000
Total expenses	12,106,000	1,248,000	14,987,000	2,683,000	649,000	75,273,000	2,533,000	109,479,000	(13,429,000)	96,050,000
Changes in net assets	405,000	126,000	(1,078,000)	(188,000)	840,000	(19,721,000)	1,143,000	(18,473,000)	(2,564,000)	(21,037,000)
Net assets, beginning of period	24,204,000	1,942,000	17,834,000	864,000	(22,000)	226,566,000	28,161,000	299,549,000	(21,280,000)	278,269,000
Capital contribution	-	-	-	-	-	27,214,000	-	27,214,000	(2,008,000)	25,206,000
Reclassification	(256,000)	-	-	-	-	256,000	-	-	-	-
Net assets, end of period	\$ 24,353,000	\$ 2,068,000	\$ 16,756,000	\$ 676,000	\$ 818,000	\$ 234,315,000	\$ 29,304,000	\$ 308,290,000	\$ (25,852,000)	\$ 282,438,000

⁽¹⁾ Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

⁽²⁾ Includes entities that control certain housing property entities.

BRIDGE HOUSING CORPORATION AND AFFILIATES
COMBINING SCHEDULE OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2006

	BRIDGE Housing Corporation	BID	BASS	BFMC	HomeBricks, Inc.	Housing Properties (1)	Other Entities (2)	Subtotal	Eliminations	Total
Cash flows from operating activities:										
Change in net assets	\$ 405,000	\$ 126,000	\$ (1,079,000)	\$ (188,000)	\$ 840,000	\$ (19,720,000)	\$ 1,143,000	\$ (18,473,000)	\$ (2,564,000)	\$ (21,037,000)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:										
Depreciation and amortization	138,000	5,000	481,000	59,000	45,000	19,378,000	65,000	20,171,000	-	20,171,000
Amortization of deferred revenue	-	-	(1,405,000)	-	(106,000)	-	-	(1,405,000)	-	(1,405,000)
Contributions earmarked for acquisition of property and equipment	(256,000)	-	-	-	-	236,000	-	(106,000)	-	(106,000)
Reclassifications between consolidating entities	(1,565,000)	(45,000)	(25,000)	(459,000)	(717,000)	(2,000)	(894,000)	(3,707,000)	3,625,000	(82,000)
(Increase) decrease in assets:	1,120,000	(696,000)	(200,000)	(7,000)	(5,000)	37,000	(76,000)	1,157,000	-	1,157,000
Accounts receivable	-	-	-	-	-	-	-	-	(48,000)	(48,000)
Prepaid expenses and deposits	2,026,000	379,000	74,000	27,000	22,000	395,000	(6,860,000)	(3,937,000)	(5,601,000)	(9,538,000)
Impounds	125,000	-	24,000	-	-	200,000	354,000	703,000	(477,000)	226,000
Increase (decrease) in liabilities:	(72,000)	-	-	-	243,000	1,810,000	361,000	2,342,000	1,287,000	3,629,000
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-	-
Interest payable	1,225,000	265,000	(1,877,000)	(568,000)	322,000	16,565,000	(5,907,000)	10,225,000	(3,778,000)	6,447,000
Net cash provided by (used in) operating activities										
	(2,553,000)	(427,000)	2,151,000	-	-	13,000	(8,354,000)	(9,243,000)	11,675,000	2,432,000
Cash flows from investing activities:										
(Additions to) Collection of notes receivable	9,800,000	-	-	-	-	55,989,000	8,988,000	74,777,000	(10,802,000)	63,975,000
Net decrease in other investments	(276,000)	(427,000)	(72,000)	-	-	(18,172,000)	-	(21,547,000)	-	(21,547,000)
Net decrease in land under lease and held for development	184,000	-	-	-	-	43,000	-	227,000	-	227,000
Net (increase) decrease in restricted cash and deposits	572,000	-	-	-	(308,000)	(4,561,000)	54,000	(4,243,000)	-	(4,243,000)
(Purchase) Sale of marketable securities	(2,086,000)	(331,000)	(133,000)	(59,000)	(39,000)	(77,627,000)	(15,000)	(80,290,000)	3,525,000	(76,765,000)
(Purchase) Disposal of property and equipment	(323,000)	-	-	-	-	(446,000)	-	(769,000)	525,000	(244,000)
Net cash provided by (used in) investing activities										
	(4,482,000)	(758,000)	1,093,000	(59,000)	(347,000)	(82,000,000)	(2,116,000)	(88,669,000)	16,588,000	(72,081,000)
Cash flows from financing activities:										
Proceeds from notes payable	9,800,000	-	-	-	-	55,989,000	8,988,000	74,777,000	(10,802,000)	63,975,000
Payment of notes payable	(3,425,000)	-	-	-	-	(18,172,000)	-	(21,547,000)	-	(21,547,000)
Proceeds from (distribution of) capital contributions	6,375,000	-	-	-	-	65,080,000	8,988,000	80,443,000	(12,810,000)	67,633,000
Net cash provided by (used in) financing activities										
	12,750,000	(493,000)	(384,000)	(627,000)	(25,000)	(355,000)	965,000	1,999,000	-	1,999,000
Increase in cash and cash equivalent										
	14,896,000	960,000	3,581,000	1,215,000	25,000	15,456,000	8,505,000	44,638,000	-	44,638,000
Cash and cash equivalent, beginning of year										
	\$ 18,014,000	\$ 467,000	\$ 2,997,000	\$ 588,000	\$ -	\$ 15,101,000	\$ 9,470,000	\$ 46,637,000	\$ -	\$ 46,637,000
Cash and cash equivalent, end of year										
	\$ 596,000	\$ -	\$ -	\$ -	\$ -	\$ 14,246,000	\$ -	\$ 14,842,000	\$ -	\$ 14,842,000
Supplementary information:										
Cash paid for interest	\$ 481,000	\$ -	\$ -	\$ -	\$ -	\$ 8,718,000	\$ -	\$ 9,199,000	\$ -	\$ 9,199,000
Noncash investing and financing activities:										
Assets acquired by assuming current liabilities	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ 20,223,000	\$ 9,380,000	\$ 29,616,000	\$ -	\$ 29,616,000
Assets acquired by assuming non-current liabilities										

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes entities that control certain housing property entities.

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BRIDGE HOUSING CORPORATION AND AFFILIATES
SCHEDULE OF CASH COMPOSITION
(BRIDGE HOUSING CORPORATION ONLY)
YEAR ENDED DECEMBER 31, 2006

BRIDGE Housing Corporation's cash composition as of December 31, 2006 is as follows:

Unrestricted	\$ 13,451,000
Designated	<u>2,132,000</u>
Unrestricted & Designated	15,583,000
Agency restricted	91,000
Donor restricted	<u>2,033,000</u>
Subtotal - Corporate	17,707,000
Predevelopment	398,000
Total	<u><u>\$ 18,105,000</u></u>

BRIDGE HOUSING CORPORATION AND AFFILIATES
SCHEDULE OF NOTES PAYABLE
(BRIDGE HOUSING CORPORATION ONLY)
YEAR ENDED DECEMBER 31, 2006

Notes payable of BRIDGE Housing Corporation as of December 31, 2006 are as follows:

	<i>Interest Payable</i>	<i>Principal</i>
Wells Fargo Bank, unsecured, due April 12, 2016, with 2% interest payable quarterly.	\$ -	\$ 3,000,000
Wells Fargo Bank, unsecured due January 16, 2011, with 4% interest payable quarterly.	-	2,000,000
Wells Fargo Bank, unsecured, due April 30, 2014, with zero interest in the first five years, and 3% interest payable quarterly beginning in 2004.	-	1,000,000
The Ford Foundation, unsecured, due September 20, 2020, with 1% interest payable quarterly. Loan proceeds are designated to be lent to HomeBricks for the Mortgage Assistance Program.	-	3,000,000
Bank of America, unsecured, due October 31, 2010 with zero interest in the first five years, and 4.5% interest payable quarterly beginning in 2005.	-	2,989,000
Catholic Healthcare West, unsecured, due September 1, 2010, with 3% interest payable quarterly.	3,000	2,000,000
Calvert Social Investment Foundation, unsecured, due December 31, 2009, with 4.5% interest payable semi-annually interest payments commencing December 2003.	-	1,000,000
S.H Cowell Foundation, unsecured, due November 1, 2013, with 2.5% interest payable quarterly.	4,000	1,000,000
Washington Mutual Bank, unsecured, due November 30, 2007, with 4% interest payable quarterly.	7,000	1,000,000
FB Heron Foundation, unsecured, due September 2012, payable in two installments of \$50,000 each on September 30, 2010 and September 30, 2011 with a final installment of \$400,000 due on September 30, 2012. Interest of 4% is due and payable quarterly.	5,000	500,000
Redevelopment Agency of the City of Pinole, secured by a deed of trust. Simple interest accrues at 4% per annum. Principal and interest due in October 2024, but under certain conditions, the due date can be extended for another 19 years, with the note being forgiven at the end of that term.	440,000	900,000
County of Contra Costa, secured by a deed of trust. Simple interest accrues at 4% per annum. Principal and interest due in October 2024, but under certain conditions, the due date can be extended for another 19 years, with the note being forgiven at the end of that term.	184,000	400,000

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BRIDGE HOUSING CORPORATION AND AFFILIATES
 SCHEDULE OF NOTES PAYABLE
 (BRIDGE HOUSING CORPORATION ONLY)
 YEAR ENDED DECEMBER 31, 2006

	<i>Interest Payable</i>	<i>Principal</i>
Community Development Agency of the City of Foster City, non-interest-bearing, secured primarily by a deed of trust. Principal payments are due annually in an amount equal to rental payments received. The note is due in June 2050, with unpaid balance to be forgiven under certain circumstances.	-	676,000
Total	643,000	19,465,000
Less: current portion	19,000	1,000,000
Non-current portion	\$ 624,000	\$ 18,465,000

ATTACHMENT 7 (B)

METROPOLITAN AREA ADVISORY COMMITTEE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

METROPOLITAN AREA ADVISORY COMMITTEE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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INDEPENDENT AUDITORS' REPORT

Board of Directors
METROPOLITAN AREA ADVISORY COMMITTEE
22 West 35th Street, Suite 100
National City, CA 91950

We have audited the accompanying statements of financial position of the Metropolitan Area Advisory Committee as of December 31, 2005 and 2004, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described at Notes 10, 13 and 14, the Agency is 50% owner of San Diego Mercado Associates, a general partnership, which incurred significant losses in 2004 arising from its investment in another entity, Mercado Alliance LLC. The Agency's share of the loss recorded in the financial statements as of and for the year ended December 31, 2004, was based on financial statements provided by Mercado Alliance, LLC, which were unaudited as of the date of our report. We were unable to independently verify the \$501,767 loss recognized on the statement of activities through December 31, 2004, and we were unable to independently gather additional information on losses or other adjustments that may be applicable for the year ended December 31, 2005.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the loss described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Area Advisory Committee as of December 31, 2005 and 2004, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2006, on our consideration of the Agency's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

November 15, 2006

R. Navarro & Associates, Inc.

METROPOLITAN AREA ADVISORY COMMITTEE
 Statements of Financial Position
 December 31, 2005 and 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current assets		
Cash and cash equivalents (Note 1)	\$ 263,701	\$ 316,922
Restricted cash (Note 6)	285,884	694,267
Accounts receivable (Note 3)	2,377,287	2,593,737
Prepaid expenses	63,831	96,626
Other current assets	<u>28,172</u>	<u>31,768</u>
Total	<u>3,018,875</u>	<u>3,733,320</u>
Investment in rental property (Note 5) (Less accumulated depreciation of \$645,667 and \$361,840, respectively)	<u>10,886,489</u>	<u>10,815,447</u>
Property and equipment (Notes 1 and 2) (Less accumulated depreciation of \$3,327,302 and \$2,772,235, respectively)	<u>10,625,899</u>	<u>11,553,258</u>
Other assets		
Accrued developers fees (Note 10)	329,863	274,045
Deposits	122,784	135,558
Pre-development costs (Note 4)	0	189,980
Investment in other entities (Note 10)	3,310,988	3,373,636
Other assets (Note 15) (Less accumulated amortization of \$66,217 and \$45,370, respectively)	<u>577,959</u>	<u>598,806</u>
Total	<u>4,341,594</u>	<u>4,572,025</u>
Total assets	<u>\$28,872,857</u>	<u>\$30,674,050</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 565,334	\$ 358,337
Accrued payroll and related liabilities	827,689	819,179
Current portion of long-term debt (Note 7)	643,280	877,145
Capital lease obligation, current portion (Note 8)	78,900	72,083
Deferred revenue and advances (Note 9)	<u>1,060,223</u>	<u>623,227</u>
Total current liabilities	<u>3,175,426</u>	<u>2,749,971</u>
Long-term liabilities		
Long-term debt, less current portion (Note 7)	19,379,343	20,060,205
Capital lease obligations, less current portion (Note 8)	51,534	128,388
Advances payable to related parties (Note 10)	520,821	671,918
Other liabilities	<u>77,408</u>	<u>85,022</u>
Total long-term liabilities	<u>20,029,106</u>	<u>20,945,533</u>
Total liabilities	<u>23,204,532</u>	<u>23,695,504</u>
Net assets (Note 16)		
Unrestricted	4,959,848	5,361,615
Restricted	<u>708,477</u>	<u>1,616,931</u>
Total	<u>5,668,325</u>	<u>6,978,546</u>
Total liabilities and net assets	<u>\$28,872,857</u>	<u>\$30,674,050</u>

See accompanying notes to financial statements

METROPOLITAN AREA ADVISORY COMMITTEE
 Statements of Activities
 Years Ended December 31, 2005 and 2004

UNRESTRICTED NET ASSETS

	<u>2005</u>	<u>2004</u>
Revenues and gains (Note 1)		
Grants and contracts	\$13,689,102	\$13,289,788
Program service fees	1,734,040	1,754,693
Contractual services	2,948,245	3,009,776
Charter school apportionments	1,825,216	1,592,171
Contributions	261,854	314,633
Rents and tenant fees	1,376,670	1,394,822
Special events	209,483	52,002
Interest income	22,755	72,276
Other income	80,527	244,485
Total	<u>\$22,147,892</u>	<u>\$21,724,646</u>
Net assets released from restriction		
Expiration of time restrictions	761,260	726,200
Restrictions satisfied by payments	205,209	257,713
Total	<u>966,469</u>	<u>983,913</u>
Total unrestricted revenues, gains, and other support	<u>23,114,361</u>	<u>22,708,559</u>
Expenses		
Program services	21,380,969	20,815,052
Supporting services		
Management and general	1,859,454	1,852,281
Fund-raising	69,088	146,954
Costs of direct benefits to donors	69,293	10,000
Total	<u>23,378,804</u>	<u>22,824,287</u>
Net losses (Note 14)	<u>137,324</u>	<u>165,662</u>
Total expenses and losses	<u>23,516,128</u>	<u>22,989,949</u>
Decrease in unrestricted net assets	<u>\$ (401,767)</u>	<u>\$ (281,390)</u>

TEMPORARILY RESTRICTED NET ASSETS

Restricted contributions	\$ 58,015	\$ 2,110,923
Amount released from restriction	<u>(966,469)</u>	<u>(983,913)</u>
Increase in temporarily restricted net assets	<u>\$ (908,454)</u>	<u>\$ 1,127,010</u>

CHANGES IN NET ASSETS

Increase in net assets	\$ (1,310,221)	\$ 845,620
Net assets at beginning of year	<u>6,978,546</u>	<u>6,132,926</u>
Net assets at end of year	<u>\$ 5,668,325</u>	<u>\$ 6,978,546</u>

See accompanying notes to financial statements

METROPOLITAN AREA ADVISORY COMMITTEE
 Statements of Cash Flows
 Years Ended December 31, 2005 and 2004

CASH FLOWS FROM OPERATING ACTIVITIES

	<u>2005</u>	<u>2004</u>
Increase (decrease) in net assets	\$ (1,310,221)	\$ 845,620
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net losses on investments in other entities	4,607	507,181
Net loss on sale of property and equipment	132,717	(341,519)
Depreciation and amortization	889,003	915,959
(Increase) decrease in accounts receivable	216,450	(1,395,322)
(Increase) decrease in other current assets	36,391	26,009
(Increase) decrease in other assets	(43,044)	(118,853)
Increase (decrease) in accounts payable	206,997	52,993
Increase in accrued payroll & related expenses	8,510	33,371
Increase (decrease) in deferred revenue & advances	285,899	765,376
Increase in other liabilities	(7,614)	24,049
Adjustment for increase in liability resulting from sale of Head Start facility	<u>(439,102)</u>	<u>0</u>
Net cash provided by operating activities	<u>\$ (19,407)</u>	<u>\$ 1,314,864</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Additional investments in other entities	\$ (100,001)	\$ (133,994)
Net distribution from investments	158,042	344
Reimbursement of (investment in) pre-development costs	189,980	(107,335)
Net sale (acquisition) of property and equipment	649,415	(203,748)
Sale of (improvements to) rental properties	(354,869)	430,000
Realized loss on investment in other entities	<u>0</u>	<u>(328,550)</u>
Net cash used by investing activities	<u>\$ 542,567</u>	<u>\$ (343,283)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loans payable	\$ 0	\$ 1,356,000
Payments of loans and notes payable	(914,727)	(1,768,492)
Payments of capital lease payable	<u>(70,037)</u>	<u>(65,855)</u>
Net cash provided by financing activities	<u>\$ (984,764)</u>	<u>\$ (478,347)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Net increase (decrease) in cash and cash equivalents	\$ (461,604)	\$ 493,234
Amounts transferred to restricted accounts	408,383	(355,747)
Cash and cash equivalents at beginning of year	<u>316,922</u>	<u>179,435</u>
Cash and cash equivalents at end of year	<u>\$ 263,701</u>	<u>\$ 316,922</u>

See accompanying notes to financial statements

METROPOLITAN AREA ADVISORY COMMITTEE
Statement of Functional Expenses
Year Ended December 31, 2005

	Child Care			Energy			Other			Management &			Total
	Services	Services	Services	Services	Services	Services	Community Services	Fundraising	General	General	Elimination Entries		
Salaries & wages	\$5,013,059	\$477,339	\$4,252,021	\$25,215	\$1,164,976	\$0	\$10,932,610						
Fringe benefits	1,321,296	125,799	948,114	3,617	228,067	0	2,626,893						
Professional fees	1,062,292	164,258	607,188	7,692	139,184	(79,397)	1,901,217						
Supplies	109,191	23,677	306,844	19,996	67,526	0	527,234						
Telephone	107,106	13,794	89,386	0	18,939	0	229,225						
Participant benefits & stipends	0	987	39,829	0	0	0	40,816						
Postage	4,704	1,128	7,329	3,247	2,469	0	18,877						
Occupancy & storage	624,358	81,619	576,957	61,603	104,468	(613,812)	835,193						
Utilities	99,299	6,654	275,644	0	1,797	0	383,394						
Printing & publications	9,469	22	(95)	3,177	4,004	0	16,577						
Travel & meetings	62,580	6,499	81,055	0	23,668	0	173,802						
Food	321,837	0	24,341	6,088	0	0	352,266						
Equipment purchases	0	0	11,743	0	0	0	11,743						
Equipment rental	59,415	8,159	86,358	142	6,039	0	160,113						
Depreciation & amortization	301,497	10,486	570,594	0	6,426	0	889,003						
Repairs & maintenance	552,816	23,193	392,487	0	10,321	(99,819)	878,998						
Insurance	549,264	75,380	373,399	374	49,459	0	1,047,876						
Materials, tools & uniforms	62,134	292,829	286,882	0	0	0	641,845						
Subcontract payments	0	0	38,000	0	0	0	38,000						
Other expenses	204,745	14,612	448,343	7,230	29,894	(60,325)	644,499						
Interest & bank charges	22,658	0	1,003,748	0	2,217	0	1,028,623						
Indirect costs	979,112	128,625	623,837	12,051	0	(1,743,625)	0						
Subtotal	11,466,832	1,455,060	11,044,004	150,432	1,859,454	(2,596,978)	23,378,804						
Eliminate Indirect Costs	(979,112)	(128,625)	(623,837)	(12,051)	0	1,743,625	0						
Other Elimination Entries	(20,052)	0	(833,301)	0	0	853,353	0						
Total Expenses	\$10,467,668	\$1,326,435	\$9,586,866	\$138,381	\$1,859,454	\$0	\$23,378,804						

See accompanying notes to financial statements

METROPOLITAN AREA ADVISORY COMMITTEE
Statement of Functional Expenses
Year Ended December 31, 2004

	Child Care Services	Energy Services	Other Community Services	Fundraising	Management & General	Elimination Entries	Total
Salaries & wages	\$5,078,157	\$454,637	\$3,501,890	\$65,440	\$1,090,013	\$0	\$10,190,137
Fringe benefits	1,291,641	110,693	794,212	12,124	200,219	0	2,408,889
Professional fees	1,088,258	150,894	1,194,665	6,210	232,141	0	2,672,168
Supplies	101,316	25,388	248,830	22,802	81,076	0	479,412
Telephone	100,737	17,426	82,467	0	25,037	0	225,667
Participant benefits & stipends	0	534	20,846	0	0	0	21,380
Postage	6,679	1,355	8,120	762	2,498	0	19,414
Occupancy & storage	589,534	80,053	536,096	2,500	101,091	(613,814)	695,460
Utilities	87,271	4,111	251,585	0	1,605	0	344,572
Printing & publications	13,656	36	3,001	0	1,114	0	17,807
Travel & meetings	79,398	8,552	83,597	533	18,107	0	190,187
Food	294,614	0	34,206	19,952	0	0	348,772
Equipment purchases	1,237	0	0	0	0	0	1,237
Equipment rental	51,195	9,730	64,546	155	6,383	0	132,009
Depreciation & amortization	351,652	11,197	538,489	0	14,621	0	915,959
Repairs & maintenance	413,316	30,528	394,676	0	9,536	(38,613)	809,443
Insurance	670,205	111,091	459,908	1,691	29,625	0	1,272,520
Materials, tools & uniforms	58,846	348,296	115,932	0	0	0	523,074
Subcontract payments	0	0	20,263	5,000	0	0	25,263
Other expenses	279,083	2,403	383,775	19,785	33,338	(81,702)	636,682
Interest & bank charges	26,448	0	861,910	0	5,877	0	894,235
Indirect costs	1,028,832	140,115	582,547	0	0	(1,751,494)	0
Subtotal	11,612,075	1,507,039	10,181,561	156,954	1,852,281	(2,485,623)	22,824,287
Eliminate Indirect Costs	(1,028,832)	(140,115)	(582,547)	0	0	1,751,494	0
Other Elimination Entries	(20,054)	0	(714,075)	0	0	734,129	0
Total Expenses	\$10,563,189	\$1,366,924	\$8,884,939	\$156,954	\$1,852,281	\$0	\$22,824,287

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Metropolitan Area Advisory Committee (MAAC) is a California non-profit corporation organized to provide an extensive network of services to the residents of San Diego County. The Agency offers various programs to meet a variety of social, economic, and health needs for low income people, and is supported primarily through federal, state and county award programs.

Support and Revenue

Contributions and support are recognized in the period in which the Agency receives a promise to give, that is in substance, unconditional. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Support from award programs is recognized in the period in which terms of the grant or contractual agreements have been met, and the revenue earned.

Expenses

Expenses are recorded in the period incurred in accordance with the accrual basis of accounting.

Donated Goods and Services

A substantial number of volunteers donated their time to the agency's program services during the year; however, the value of these donated services is not reflected in the financial statements, as the requirements for recognition have not been met.

Materials and other assets received as donations are recorded in the accompanying financial statements at their fair values at the time of receipt.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Income Taxes

The Agency is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

Property and Equipment

Property and equipment with an acquisition cost of \$5,000 or greater is capitalized at cost and depreciated using the straight line method over its estimated useful life as follows:

Description	Useful Life
Buildings	20 - 40 years
Building improvements	5 - 20 years
Leasehold improvements	5 - 7 years
Vehicles	7 years
Furniture and equipment	5 - 7 years
Computer equipment	3 years

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 - PROPERTY & EQUIPMENT

Property and equipment as of December 31, 2005, consists of the following:

	<u>Recorded at Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 2,669,988	\$ 0	\$ 2,669,988
Buildings	7,930,470	1,049,018	6,881,452
Building improvements	536,367	185,302	351,065
Equipment	737,559	537,069	200,490
Computers	141,275	129,841	11,434
Vehicles	1,185,610	970,725	214,885
Leasehold improvements	<u>751,932</u>	<u>455,347</u>	<u>296,585</u>
	<u>\$ 13,953,201</u>	<u>\$ 3,327,302</u>	<u>\$ 10,625,899</u>

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

Property and equipment as of December 31, 2004, consists of the following:

	<u>Recorded at Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 2,861,201	\$ 0	\$ 2,861,201
Buildings	8,235,811	836,201	7,399,610
Building improvements	412,103	147,308	264,795
Equipment	737,559	470,506	267,053
Computers	141,275	111,871	29,404
Vehicles	1,185,610	880,501	305,109
Leasehold improvements	<u>751,934</u>	<u>325,848</u>	<u>426,086</u>
	<u>\$ 14,325,493</u>	<u>\$ 2,772,235</u>	<u>\$ 11,553,258</u>

A substantial portion of the Agency's property and equipment is identified as collateral for certain of the loans payable described at Note 7, and for the capital lease described at Note 8.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2005 and 2004, consists of the following:

	<u>2005</u>	<u>2004</u>
The California Endowment	\$ 468,455	\$ 1,052,264
County of San Diego	124,151	59,216
State of California	273,704	228,298
Other contributions and foundation grants	46,260	251,699
Weatherization services	138,169	101,105
Charter School	228,913	144,324
Related parties (Note 10)	491,511	362,989
Other	<u>606,124</u>	<u>393,842</u>
	<u>\$ 2,377,287</u>	<u>\$ 2,593,737</u>

NOTE 4 - PRE-DEVELOPMENT COSTS

In November 2004, the Agency formed a limited partnership to develop a senior housing center in Chula Vista, CA. As of December 31, 2004, the pre-development costs for the project were \$189,980. In 2005, the partnership reimbursed the Agency for pre-development costs incurred. See Note 10.

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

NOTE 5 - INVESTMENT IN RENTAL PROPERTY

As of December 31, 2005 and 2004, the Agency operated the following two rental properties:

- The Mayberry Townhomes project, acquired in 2003, a 70 unit apartment complex located at 4328-4490 Mayberry Street, San Diego, CA.
- The Villa Lakeshore project, acquired in 2003, a 34 unit apartment complex located at 12606 Lakeshore Drive, Lakeside, CA.

The investment in rental property as of December 31, 2005, consists of the following:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 3,256,397	\$ 0	\$ 3,256,397
Building	7,888,733	625,979	7,262,754
Improvements	387,026	19,688	367,338
	<u>\$11,532,156</u>	<u>\$ 645,667</u>	<u>\$10,886,489</u>

The investment in rental property as of December 31, 2004, consists of the following:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 3,256,397	\$ 0	\$ 3,256,397
Building	7,920,890	361,840	7,559,050
	<u>\$11,177,287</u>	<u>\$ 361,840</u>	<u>\$10,815,447</u>

The property is identified as collateral for certain of the loans payable described at Note 7.

NOTE 6 - RESTRICTED CASH

Certain cash balances owned by the agency have been set aside in restricted cash accounts to comply with terms of various loan agreements. Withdrawals from these accounts are allowed only for specific purposes. The financial institutions maintain a security interest in the cash account balances. The restricted cash balances as of December 31, 2005 and 2004, were \$285,884 and \$694,267, respectively.

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

NOTE 7 - LONG-TERM DEBT

Long-term debt as of December 31, 2005 and 2004, consists of the following:

	<u>2005</u>	<u>2004</u>
A. Note payable to Union Bank of California, with monthly payments of \$4,003 including interest at 2.0% plus excess of the bank's London InterBank Offered Rate (LIBOR). The note is secured by a Deed of Trust covering the land and improvements located at 22 W. 35 th Street, National City, California (Note 2). The outstanding principal balance of the loan, plus any accrued and unpaid interest is due on January 1, 2012.		
Loan balance	\$ 733,794	\$ 752,688
Less current portion	<u>(19,876)</u>	<u>(18,894)</u>
	\$ 713,918	\$ 733,794
B. Non-interest bearing promissory note payable to Community Development Commission (CDC), secured by a Deed of Trust covering the land and improvements located at 22 W. 35 th Street, National City, California (Note 2). The note was for 15 years beginning on February 1, 1996, and is required to be repaid to CDC only in the event that the ownership of the building is changed from a non-profit organization. For each year, or portion thereof, in which the facility is owned by a non-profit organization, the principal amount of the note will be forgiven by one fifteenth (1/15).		
Loan balance	\$ 53,868	\$ 67,333
C. Promissory note payable to Dorothy L. Helferich, with monthly payments of \$1,520 including interest at 9%. The final payment of principal and interest is due on February 24, 2009. The note is secured by a Deed of Trust covering the land and improvements located at 139 Gosnell Way, San Marcos, California (Note 2).		
Loan balance	\$ 50,099	\$ 63,209
Less current portion	<u>(14,313)</u>	<u>(13,110)</u>
	\$ 35,786	\$ 50,099
D. Promissory note payable to Ideas and Actions, with monthly payments of \$2,161 including interest at 9.25%. The final payment of principal and interest is due on February 24, 2014. The note is secured by a Deed of Trust covering the land and		

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

	2005	2004
improvements located at 139 Gosnell Way, San Marcos, California (Note 2).		
Loan balance	\$ 148,274	\$ 159,903
Less current portion	<u>(12,752)</u>	<u>(11,629)</u>
	\$ 135,522	\$ 148,274
E. Promissory note payable to the Local Initiative Support Corporation (LISC) for \$100,000 bearing interest at 6.3% of the outstanding balance. The Agency is required to make quarterly interest-only payments. The outstanding principal balance of the loan, together with all accrued and unpaid interest is due on June 1, 2006.		
Loan balance	\$ 77,570	\$ 51,023
Less current portion	<u>(77,570)</u>	<u>(51,023)</u>
	\$ 0	\$ 0
F. Non-interest bearing revolving loan from the State of California Department of Education to fund operating expenses of the Agency's Charter School. The balance of the loan will be automatically repaid by \$50,000 each year using revenues earned from the Charter School's state fund apportionments.		
Loan balance		
Less current portion	\$ 50,000	\$ 100,000
	<u>(50,000)</u>	<u>(50,000)</u>
	\$ 0	\$ 50,000
G. Promissory note payable to Jerome Navarra, with monthly payments of \$9,314 including interest at 7.0%. The final payment of principal and interest is due on October 15, 2013. The note is secured by a Deed of Trust covering the land, improvements and certain other property located at 1393 3 rd Avenue, Chula Vista, California. The note is also secured by a Deed of Trust covering the land and improvements located at 22 W. 35 th Street, National City, California. See Note 2.		
Loan balance	\$ 1,336,644	\$ 1,352,858
Less current portion	<u>(18,801)</u>	<u>(16,214)</u>
	<u>\$ 1,317,843</u>	<u>\$ 1,336,644</u>
H. Promissory note payable to Wells Fargo Bank for \$500,000 bearing a fixed interest rate of 3% of the outstanding balance. The Agency is required to make quarterly interest-only payments. The outstanding principal balance of the loan, together with all accrued but unpaid interest thereon, is due upon the earlier to occur of (i) the closing of the Agency's		

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
normal business operations; or (ii) the maturity date of the loan on July 12, 2012. Wells Fargo Bank has the option to extend the maturity date for an additional year if the Agency has met the loan requirements.		
Loan balance	\$ 500,000	\$ 500,000
Less current portion	<u>0</u>	<u>0</u>
	\$ 500,000	\$ 500,000
I. Promissory note payable to Raza Development Fund, Inc. for \$50,000 bearing a fixed interest rate of 7% of the outstanding balance. The loan was paid in full as of December 31, 2005.		
Loan balance	\$ 0	\$ 50,000
Less current portion	<u>0</u>	<u>(50,000)</u>
	\$ 0	\$ 0
J. Promissory note payable to California Bank & Trust, with monthly payments of \$3,046 including interest at 6.0%. The loan was paid in full as of December 31, 2005.		
Loan balance	\$ 0	\$ 2,963
Less current portion	<u>0</u>	<u>(2,963)</u>
	\$ 0	\$ 0
K. Note payable to the California Statewide Communities Development Authority to repay funds acquired through issuance of variable rate demand revenue bonds. The loan proceeds were used to acquire and rehabilitate facilities used to house the Agency's charter school and other social service operations. The Agency is required to make monthly payments of \$19,703, including interest at a fixed swap rate of 3.72%. The principal portion of monthly payments made by the Agency is deposited into a restricted account and will be applied to the principal balance of the note at certain times as set forth in the loan and reimbursement agreements. The note is secured by a Deed of Trust covering the land, improvements and certain other property located at 1393 3 rd Avenue, Chula Vista, California. The note is also secured by an irrevocable letter of credit issued by Bank of America, N.A., for \$4,263,000. The Agency is required to pay quarterly letter of credit fees of \$10,247 per quarter. See Notes 2 and 6.		
Loan balance	\$ 4,000,000	\$ 4,100,000
Less amount forwarded to restricted account	(17,308)	(30,855)
Less current portion	<u>(89,795)</u>	<u>(93,761)</u>
	\$3,892,897	\$3,975,384

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

	2005	2004
<p>L. Note payable to California Statewide Communities Development Authority to repay funds acquired through the issuance of Qualified Zone Academy Bonds. The loan proceeds were used to renovate, rehabilitate and equip facilities used for qualified zone academy programs. The Agency is required to make bi-monthly payments of \$27,546, which will continue through January 16, 2016. Payments made by the Agency are deposited into a restricted account and will be applied toward the principal of the note at the maturity date. The note is secured by a lease agreement between MAAC and the Sweetwater Union High School District. See Notes 2 and 6.</p>		
Loan balance	\$2,500,000	\$2,500,000
Less amount forwarded to restricted account	(516,620)	(342,327)
Less current portion	<u>(165,276)</u>	<u>(165,276)</u>
	\$1,818,104	\$1,992,397
<p>M. Promissory note payable to Low Income Investment Fund for \$79,189 bearing a fixing interest rate of 6% of the outstanding balance. The note was secured by a Deed of Trust covering the land, improvements and certain other property located at 602 South Stage Coach Lane, Fallbrook, California. See Note 2. The loan was paid in full as of December 31, 2005.</p>		
Loan balance	\$ 0	\$ 79,189
Less current portion	<u>0</u>	<u>(79,189)</u>
	\$ 0	\$ 0
<p>N. Promissory note payable to Raza Development Fund, Inc. for \$150,000 bearing a fixed interest rate of 7% of the outstanding balance. The loan was paid in full as of December 31, 2005.</p>		
Loan balance	\$ 0	\$ 150,000
Less current portion	<u>0</u>	<u>(150,000)</u>
	\$ 0	\$ 0
<p>O. Promissory note payable to the San Diego Housing Commission (SDHC) bearing interest at 3% of the outstanding balance. The note is secured by a Deed of Trust covering the land, improvements and certain other property located at 4328 - 4490 Mayberry Street, San Diego, California. Installment payments are due annually beginning March 31, 2004, only from and to the extent that residual receipts from the Agency's operation of the property are available. Per the terms of the note, SDHC will receive the lesser of 50% of residual receipts or annual installments of \$33,897 including interest. The outstanding principal balance of the loan, together with all accrued but</p>		

METROPOLITAN AREA ADVISORY COMMITTEE
Notes to Financial Statements
December 31, 2005 and 2004

	2005	2004
unpaid interest thereon is due and payable on March 1, 2029. The unpaid accrual interest associated with the note as of December 31, 2005 and December 31, 2004, is \$44,667 and \$24,567, respectively. See Note 5.		
Loan balance	\$ 670,000	\$ 670,000
Less current portion	<u>(13,797)</u>	<u>0</u>
	\$ 656,203	\$ 670,000
 P. Note payable to ARCS Commercial Mortgage Co., with monthly payments of \$22,071 including interest at 6.75%. The final payment of principal and interest is due on November 1, 2031. The note is secured by a multifamily Deed of Trust covering the land, improvements and certain other property located at 4328 - 4490 Mayberry Street, San Diego, California. See Note 5.		
Loan balance	\$3,238,180	\$3,282,807
Less current portion	<u>(47,734)</u>	<u>(44,627)</u>
	\$3,190,446	\$3,238,180
 Q. Note payable to ARCS Commercial Mortgage Co., with monthly payments of \$11,711 including interest at 6.26%. The final payment of principal and interest is due on November 1, 2014. The note is secured by a multifamily Deed of Trust covering the land, improvements and certain other property located at 4328 - 4490 Mayberry Street, San Diego, California. See Note 5.		
Loan balance	\$1,852,085	\$1,875,862
Less current portion	<u>(25,309)</u>	<u>(23,777)</u>
	\$1,826,776	\$1,852,085
 R. Note payable to payable to Low Income Investment Fund with monthly payments of \$4,943 including interest at 7%. The final payment of principal and interest is due November 1, 2014. The note is secured by a Deed of Trust covering the land, improvements and certain other property located at 4328 - 4490 Mayberry Street, San Diego, California. See Note 5.		
Loan balance	\$ 728,348	\$ 735,030
Less current portion	<u>(8,057)</u>	<u>(6,682)</u>
	\$ 720,291	\$ 728,348

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	<u>2005</u>	<u>2004</u>
S. Promissory note payable to Wells Fargo Bank for \$500,000 bearing interest at 8% of the outstanding principal balance. The outstanding principal balance of the loan, together with all accrued but unpaid interest thereon, is due October 10, 2013.		
Loan balance	\$ 500,000	\$ 500,000
Less current portion	<u>0</u>	<u>0</u>
	\$ 500,000	\$ 500,000
T. Note payable to the California Statewide Communities Development Authority to repay funds acquired through the issuance of variable rate demand multi-family housing revenue bonds. The Agency is required to make monthly principal payments in the amount of \$8,333 which will continue through May 1, 2033. Monthly payments made by the Agency are deposited into a restricted account, and applied toward the principal of the note at certain times as set forth in the loan and reimbursement agreements. The Agency is also required to make monthly interest payments which are computed based on weekly interest rates determined by the bond remarketing agent. The note is secured by a Deed of Trust covering the land, improvements, and certain other property located at 12606 Lakeshore Drive, Lakeside, California. The note is also secured by an irrevocable letter of credit issued by The Northern Trust Company for \$2,861,721. The Agency is required to pay an annual letter of credit fee in an amount equal to 1.5% on the stated amount, payable in quarterly installments. See Notes 5 and 6.		
Loan balance	\$2,820,000	\$3,020,000
Less amount forwarded to restricted account	(58,311)	(158,333)
Less current portion	<u>(100,000)</u>	<u>(100,000)</u>
	\$2,661,689	\$2,761,667
U. Line of credit with Union Bank of California for \$250,000, which is secured by the Agency's accounts receivable. Outstanding principal balances on the line of credit accrue interest at the banks reference rate plus 2.0%. The Agency is required to make interest only payments on a monthly basis. The line of credit was paid in full and closed as of December 31, 2005.		
Loan balance	\$ 0	\$ 100,000
V. Promissory note payable to the County of San Diego Department of Housing and Community Development (HCD) for \$356,000, bearing interest at 3% of the outstanding balance. The note is secured by a Deed of Trust covering the land,		

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2005

2004

improvements, and certain other property located at 12606 Lakeshore Drive, Lakeside, California. Mandatory installment payments of \$32,000, including interest, are due annually beginning June 10, 2034. Per the terms of the note, in the event that the Agency's operation of the property generates residual revenues, HCD will receive 25% of residual revenue each fiscal year, to be applied toward accrued interest. The outstanding principal balance of the loan, together, with all accrued but unpaid interest thereon, is due and payable on June 10, 2062. The accrued unpaid loan interest as of December 31, 2005 and 2004, was \$16,465 and \$5,785, respectively.

Loan balance	\$ 356,000	\$ 356,000
Less current portion	<u>0</u>	<u>0</u>
	\$ 356,000	\$ 356,000

W. Promissory note payable to the County of San Diego Redevelopment Agency (SDRA) for \$1,000,000, bearing interest at 3% of the outstanding balance. The note is secured by a Deed of Trust covering the land, improvements and certain other property located at 12606 Lakeshore Drive, Lakeside, California. Beginning June 9, 2035, the Agency will be required to make annual loan payments in an amount equal to the lesser of the amount of interest accrued during the previous 12 months, or the amount determined by SDRA to be necessary to cover costs of monitoring the Agency's compliance with the loan agreement. In the event that residual revenues are generated from the property's operations, SDRA will receive as payment 25% of residual revenues each fiscal year. In the event that the Agency has repaid the \$356,000 note payable to the County of San Diego Department of Housing and Community Development, SDRA will receive as payment 50% of any residual revenues each fiscal year. Per the terms of the note, all payments received shall first be applied toward any costs or charges incurred in connection with the loan; next, to the payment of accrued interest; then to the reduction of the principal balance. The outstanding principal balance of the loan, together with all accrued but unpaid interest is due and payable June 9, 2063. The accrued unpaid loan interest as of December 31, 2005 and 2004, was \$46,250 and \$16,250, respectively.

Loan balance	\$ 1,000,000	\$ 1,000,000
Less current portion	<u>0</u>	<u>0</u>
	\$ 1,000,000	\$ 1,000,000
	<u>\$19,379,343</u>	<u>\$20,060,205</u>

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Scheduled payments of principal and interest for the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 643,280	\$ 830,290	\$1,473,570
2007	529,877	810,976	1,340,853
2008	545,127	795,726	1,340,853
2009	545,632	780,020	1,325,652
2010	558,159	764,453	1,322,612

NOTE 8 - CAPITAL LEASE OBLIGATION

In August 2002, MAAC entered into a five year capital lease for natural day-lighting equipment installed in the building located at 1351-1395 Third Avenue, Chula Vista, California (see Note 2). The lease terms specify monthly payments of \$7,277 for 60 months, and include a option to purchase of \$3,500 at the end of the five year term.

Lease obligation at December 31, 2005	\$130,434
Less current portion	<u>(78,900)</u>
Long-term portion	<u>\$ 51,534</u>

The lease agreement requires the following minimum lease payments:

<u>Year</u>	
2006	\$87,318
2007	<u>50,935</u>
Total Minimum Lease Payments	\$ 138,253
Less Amount representing interest	<u>(7,819)</u>
Present Value of Net Minimum Lease payments	\$ 130,434
Less Current Portion	<u>(78,900)</u>
Long-term Portion	<u>\$ 51,534</u>

NOTE 9 - DEFERRED REVENUE AND ADVANCES

Deferred revenue and advances as of December 31, 2005 and 2004, consists of the following:

	<u>2005</u>	<u>2004</u>
U.S. Dept. of Health and Human Services	\$ 465,504	\$ 488,207
U.S. Dept. of Health and Human Services, program income	439,103	0
State of California, Dept. of Education programs	108,217	84,787
Other	<u>47,399</u>	<u>50,233</u>
	<u>\$ 1,060,223</u>	<u>\$ 623,227</u>

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NOTE 10 - INVESTMENT IN OTHER ENTITIES AND RELATED PARTY TRANSACTIONS

The Agency's investment in other entities as of December 31, 2005 and 2004, is as follows

	2005	2004
Carlsbad Laurel Tree Apartments, L.P.	\$3,269,143	\$3,427,226
San Martin de Porres, L.P.	4,404	4,516
President John Adams Manor, L.P.	(836)	(617)
Mercado Apartments, L.P.	(61,479)	(57,489)
COMM 22, LLC	99,756	0
	<u>\$3,310,988</u>	<u>\$3,373,636</u>

Carlsbad Laurel Tree Apartments, L.P.

The Agency is the managing general partner of Carlsbad Laurel Tree Apartments, L.P., a California limited partnership. The partnership was organized in 1998, for the purpose of developing and operating a low-income housing project. The original funding for the project included \$3.4 million of contributions from the City of Carlsbad Inclusionary Housing Developer Loan Program. The funds were contributed to the Agency, who in turn purchased land and paid for other capitalized costs of the project. Upon formation of the partnership, the land, other assets and remaining cash balance (plus interest) was contributed by the Agency to the partnership. The Agency's investment in the partnership as of December 31, 2005 and 2004, was \$3,269,143 and \$3,427,226, respectively.

San Martin de Porres, L.P.

The Agency is the managing general partner in San Martin de Porres, L.P., a California limited partnership. The partnership was formed for the purpose of developing 118 low income housing units. The Agency's investment in the partnership as of December 31, 2005 and 2004, was \$4,404 and \$4,516, respectively.

President John Adams Manor, L.P.

The Agency manages and controls PJAM, Inc., a non-profit organization, who is the managing partner of President John Adams Manor, L.P. The limited partnership was formed in 1998 to purchase and renovate a 300 unit low-income housing project. The Agency has made certain commitments relative to the limited partnership and the housing project, which are described at Note 17. The Agency has a deficit equity balance as of December 31, 2005 and 2004, of \$836 and \$617, respectively.

Mercado Apartments, L.P.

The Agency is the managing general partner in Mercado Apartments, L.P., a limited partnership organized under the laws of the State of California. The Agency owns a 1% interest in the partnership, and has a deficit equity balance at December 31, 2005 and 2004, of \$61,479 and \$57,489, respectively.

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San Diego Mercado Associates

The Agency manages and controls Logan Mercado, a California corporation. Logan Mercado is a general partner in San Diego Mercado Associates, a general partnership organized under the laws of the State of California, and owns a 50% interest in the partnership. San Diego Mercado Associates owns a 50% interest in Mercado Alliance, LLC, which was organized to develop and operate a shopping center located at 1930 Main Street, San Diego, CA. In 2004, the LLC recognized a significant operating loss, of which \$501,767 was recorded in MAAC's financial statements for the year ended December 31, 2004. The investment account reflects a zero balance, and the Agency has recorded a liability as of December 31, 2005 and 2004, of \$328,550, respectively. (Also see Note 17.)

In connection with the project, the Agency guaranteed repayment of a \$1,000,000 loan from the Enterprise Housing Financial Services, Inc. to Mercado Alliance, LLC. The Agency would be obligated to perform under this guarantee if Mercado Alliance, LLC failed to pay principal, interest, and all other fees, costs and charges to the lender when due. However, if the Agency were required to honor the guarantee, it would be entitled to land owned by Mercado Alliance, LLC that collateralizes the loan.

Seniors on Broadway, L.P.

The Agency is managing general partner of Seniors on Broadway, L.P., a California limited partnership. The partnership was formed in 2004 for the purpose of developing a low income senior housing project. In March 2005, the partnership was amended to admit a special limited partner and an investor limited partner, and the partnership obtained initial funding for the project. The funding included one loan from the City of Chula Vista in the amount of \$3,511,195, and two loans from the U.S. Bank National Association for \$1,000,000 and \$4,593,500, for which the Agency has executed loan guarantees.

COMM 22 Associates, LLC

The Agency is a member of COMM 22 Associates, LLC, a California limited liability company. The LLC was formed in 2004 for the purpose of developing a mixed-use affordable rental housing project, with retail and commercial space and associated amenities. The financial statements as of December 31, 2005 and 2004, reflect an equity balance of \$99,756 and zero, respectively.

Balances and transactions with related parties as of and for the year ended December 31, 2005 and 2004, are as follows:

	<u>2005</u>	<u>2004</u>
Pre-development costs		
Seniors on Broadway	\$ 0	\$ 189,980
Accrued developers fees		
San Martin de Porres	\$ 165,295	\$ 274,045
Seniors on Broadway	<u>164,568</u>	<u>0</u>
	<u>\$ 329,863</u>	<u>\$ 274,045</u>
Interest on accrued developers fees		
San Martin de Porres	\$ 7,795	\$ 62,270

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	<u>2005</u>	<u>2004</u>
Contractual services		
Mercado Apartments	\$ 331,936	\$ 322,292
Carlsbad Laurel Tree Apartments	304,899	182,401
President John Adams Manor	780,045	723,268
San Martin de Porres	256,677	492,264
Seniors on Broadway	<u>164,568</u>	<u>0</u>
	<u>\$1,838,125</u>	<u>\$1,720,225</u>
Accounts receivable		
Mercado Apartments	\$ 45,497	\$ 43,058
Carlsbad Laurel Tree Apartments	63,872	58,569
San Martin de Porres	208,043	174,504
President John Adams Manor	87,943	59,241
Seniors on Broadway	86,156	0
San Diego Mercado Associates	<u>0</u>	<u>27,617</u>
	<u>\$ 491,511</u>	<u>\$ 362,989</u>
Advances payable		
Carlsbad Laurel Tree Apartments	\$ 0	\$ 137,060
President John Adams Manor	182,234	196,271
San Martin de Porres	10,037	10,037
Mercado Alliance, LLC	<u>328,550</u>	<u>328,550</u>
	<u>\$ 520,821</u>	<u>\$ 671,918</u>

NOTE 11 - OPERATING LEASES

The Agency occupies facilities under operating lease agreements which expire through November 2011. Future minimum payments under non-cancelable operating leases as of December 31, 2005 are as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 463,261
2007	424,183
2008	431,783
2009	355,576
2010	<u>133,639</u>
Total Minimum Lease Payments	<u>\$1,808,442</u>

NOTE 12 - INDIRECT COSTS

The Agency negotiated and obtained a provisional and final rate of 9.8% and 9.8% for the calendar years ended December 31, 2005 and 2004, respectively, from the U.S. Department of Health and Human Services, the federal cognizant agency.

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NOTE 13 - CONTINGENCIES

President John Adams Manor, L.P.

The Agency has made certain guarantees with respect to their involvement with President John Adams Manor Apartment, L.P. (Note 10). The Agency agreed to guarantee the general partner's (PJAM, Inc.) obligation under Sections 5.1 and 5.6 of the partnership agreement. The general partner is obligated to make additional contributions to the partnership to cover future potential operating deficits up to \$1.5 million in excess of the required reserves, as outlined in Section 7.13 of the partnership agreement. Any contributions made shall be deemed as capital contributions by the general partner. The Agency would be able to recover any such additional contributions upon availability of funds or upon the sale of the housing project. In addition, the Agency is required to maintain net assets of not less than \$268,000.

The general partner has indemnified the limited partner, with respect to certain benefits the limited partner anticipates based on the economic projections, which are, in part, the basis of the limited partner's investment decision. The benefits to the limited partner are the sum of the Low Income Housing Credit plus the sum of the interest, depreciation, amortization, and similar non-operating deductions multiplied by the marginal tax rate of the limited partner less any income derived from operations. While the Agency and the general partner expect to meet all of the conditions of the partnership agreement, the partnership agreement requires the general partner to maintain net assets of not less than \$134,000.

San Diego Mercado Associates

As described at Note 10, the Agency is a general partner of and owns a 50% interest in San Diego Mercado Associates (SDMA). In 2004, the partnership recognized a significant operating loss from their investment in Mercado Alliance, LLC. The total loss recorded by SDMA was \$1,003,534. Accordingly, MAAC recognized a loss of \$501,767 equal to 50% of the loss incurred by SDMA. However, as a general partner of SDMA, the Agency may be liable for all liabilities arising from the loss in the event that SDMA failed to perform.

As described further at Note 17, in connection with the SDMA partnership, the Agency executed a withdrawal, redemption and release agreement in July 2006, which relinquished SDMA's interests in the Mercado Alliance, LLC. The other partner of SDMA refused to be a party of that settlement, and has made verbal claims that the Agency owes him compensation for his prior investment in SDMA. While the Agency does not consider these claims to be valid, attorneys engaged to handle the SDMA withdrawal agreement were unable to form a judgment, in accordance with applicable standards, as to whether an ultimate outcome favorable to the Agency in this matter is either probable or remote.

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NOTE 14 – NET LOSSES

Net losses incurred during the years ended December 31, 2005 and 2004, were as follows:

	<u>2005</u>	<u>2004</u>
Loss on investment in San Diego Mercado Associates	\$ 0	\$ 501,767
Loss on investment in other entities	4,607	5,414
Loss on sale of vehicles	0	10,239
Loss on sale of Head Start facility	<u>268,181</u>	<u>0</u>
Total losses	272,788	517,420
Less: gain on sale of real property	<u>(135,464)</u>	<u>(351,758)</u>
Net losses	<u>\$ 137,324</u>	<u>\$ 165,662</u>

NOTE 15 - OTHER ASSETS

Other assets as of December 31, 2005 and 2004, consists of the following:

	<u>2005</u>	<u>2004</u>
Permanent financing costs	\$ 644,176	\$ 644,176
Less: accumulated amortization	<u>(66,217)</u>	<u>(45,370)</u>
	<u>\$ 577,959</u>	<u>\$ 598,806</u>

NOTE 16 – NET ASSETS

Net assets as of December 31, 2005 and 2004, consists of the following:

	<u>2005</u>	<u>2004</u>
Unrestricted	\$ 4,959,848	\$ 5,361,615
Restricted		
Subsequent years operations	574,102	1,302,437
Charter School activities	91,677	229,900
Community initiatives and training	30,198	84,594
Self-sufficiency program	<u>12,500</u>	<u>0</u>
	<u>708,477</u>	<u>1,616,931</u>
Total net assets	<u>\$ 5,668,325</u>	<u>\$ 6,978,546</u>

NOTE 17 - SUBSEQUENT EVENTS

In July, 2006, the Agency, as general partner of SDMA, executed a withdrawal, redemption and release agreement in connection with SDMA's ownership interests in Mercado Alliance, LLC (the company). The agreement provided for SDMA's withdrawal from the company, the release of certain claims that SDMA partners may have against other members of the company, the release of claims against SDMA, and rights and obligations of the SDMA partners and other members of the company.

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NOTE 18 - CONCENTRATION OF RISK

The organization has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region. The maximum loss that would have resulted from that risk totaled \$311,038 as of December 31, 2005 for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance.



ATTACHMENT 8

March 24, 2008

Brad Wiblin, Director
Bridge Housing Corporation
9191 Towne Centre Drive
San Diego California 92122-1229

Re: Proposed COMM-22 Senior Housing Development Project located at the
2100 Block of Commercial Street, San Diego

Dear Mr. Wiblin:

I am pleased to offer this loan proposal for your consideration, subject to the approval of the Housing Authority of the City of San Diego.

The parameters of this loan proposal are as follows:

Borrower: COMM 22, L.L.C., A California Limited Liability Company, has been formed to facilitate and coordinate the initial development phase of the proposed development. Upon award of nine percent tax credits during the fiscal year 2009 application rounds, a tax credit ownership entity will be formed by BRIDGE Housing Corporation (BHC) as the co-general partner with a 60% share and the Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc., (MAAC Project or MAAC) as co-general partner with a 40% share in conformance with standard tax credit requirements and practice. The identity of each limited partner and their respective roles and responsibilities as limited partner(s) in each phase of the development shall be subject to the approval of the President and CEO or designee of the Housing Commission. The documentation of the limited partnership or limited liability company is subject to approval by the Housing Commission and its General Counsel. The limited partner tax credit investor would be competitively selected by the general partners.

Number of Units: A minimum of 70 total units.

Affordability Terms: 68 units will be rent-restricted and affordable to very low-income households with incomes at or below 50 percent of Area Median Income (AMI); all units will be occupancy-restricted to low-income households with incomes up to 60 percent of AMI. The term of the affordability restrictions will be 55 years from the date of completion of the development, and these restrictions shall be recorded against the property. The form and format of all restrictions shall be as drafted by the Housing Commission's General Counsel.

- Housing Commission Loan: A 55-year, 3 percent simple interest per year, residual receipts, secured loan not to exceed \$4,200,000. The loan shall be made to the legal ownership entity that will be formed by BHC and the MAAC Project as the co-general partners. Payment of all principal and accrued interest under each of the loans will be due and payable at the earlier of: (i) the end of 55 years, or (ii) upon refinancing of the project. The loan shall be secured by a deed of trust against the leasehold interest, in a form and format acceptable to the Housing Commission and General Counsel in their sole discretion, made in favor of the Housing Commission and secured by the property. Such deed of trust shall be senior to all other encumbrances except as otherwise set forth herein.
- Total Development Cost: If the actual total development cost of the project is less than \$24,435,369, or if the Housing Commission loan has not been fully funded, then the Housing Commission loan will be decreased or the loan will be repaid, by an amount equal to the difference between the total development sources less total development uses as verified by a construction cost audit.
- Senior Financing: The Housing Commission loan will be subordinate to the first position State of California Transit Oriented Development (TOD) loan. The Housing Commission's obligation to fund its loan is subject to the borrower receiving the TOD loan, an allocation of 9% tax credits, obtaining binding commitments for the tax credit equity, and borrower closing on all other sources of funds necessary to construct and permanently finance the project.
- Housing Commission Payments: The borrower will begin making annual residual receipts payments after construction completion and following the end of the first 12 months of operations that coincide with the end of the borrower's fiscal year. Payments will be based on the greater of 50% of residual receipts or \$16,606, which is equal to half of the estimated residual receipts at year one. In the event that the State of California or any other public agency approves a residual receipts loan to the development, the residual receipts payment would be a pro rata share between funding agencies. In the event that the annual residual receipts are less than \$16,606, the pro rata payment between the public agency lenders will be based on 100% of annual residual receipts received.

Any unpaid principal and accrued interest will be due in a balloon payment at the earlier of the end of the 55-year loan term or upon project refinancing.

Recourse: Prior to completion of construction this will be a recourse loan to the legal partnership between BHC and MAAC, after which it will become a non-recourse loan to comply with tax credit rules.

Expenses: All expenses and the annual operating budget of the development must be approved by the Housing Commission at its sole discretion. A maximum escalation factor of not more than 3.5 percent shall be used. No other expenses, fees, or taxes shall be allowed for the purposes of calculating residual receipts.

Reserves: Reserves for replacement shall be placed in a dedicated reserve account to be established on terms and in an amount consistent with the requirements of the Housing Commission and the first position lender. In addition to the replacement reserve account, there shall be capitalized operating reserves equal to three months of operating expenses and debt service payments. Use of reserves shall be subject to the reasonable approval of the President and CEO or designee of the Housing Commission.

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. The subordination agreement to be used shall be subject to the sole approval of the President and CEO and General Counsel of the Housing Commission.

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 shall have the right to require the removal of the Property Manager, after an uncured ninety (90) day written notice of malfeasance and/or misfeasance at the project.

Monitoring Fees: The Housing Commission shall perform on-site monitoring during the construction phase for the fee of \$5,000.00 for a period not to exceed 24 months.

Time of Funding: The Housing Commission will fund its loan upon satisfaction of all conditions set forth in the Housing Commission loan documents. All loan documentation, including without limitation any and all documents, all tax credit documents, all

partnership and/or other entity formation documents including, without limitation, the partnership agreement, shall be subject to the approval of the President and Chief Executive Officer or designee and General Counsel, in their sole discretion.

Construction Contract: Funding of the Housing Commission loan will be subject to Housing Commission approval of a contract for construction of the improvements.

Tax Credits: The Housing Commission's obligation to fund the loan is further subject to the borrower providing the Housing Commission with a written binding commitment from a tax credit partner, subject to the approval of the Housing Commission in its sole discretion.

Developer Fee: The total developer fee shall not exceed the sum of One Million, Four Hundred Thousand Dollars (\$1,400,000). The developer fee, or any portion thereof, shall not be disbursed until the developer satisfies its scheduled performance requirements and any other terms and conditions of the Housing Commission Loan Agreement and in accordance with the Funding Agreement and/or Limited Partnership Agreement, that may include various milestones including commencement of construction, completion of construction and timely filing of a notice of completion of the project and certification that all payments have been made or assured to the general contractor, suppliers, subcontractors, consultants, material suppliers, laborers, engineers, architects and all others providing labor or services to the project.

Events of Default: The following events, among others, will be considered events of default: failure to comply with rent and occupancy restrictions, failure to make loan payments when due; failure to construct and maintain the property.

Limited Partner Asset Management Fee: Shall not exceed Five Thousand Dollars (\$5,000) per year with an escalation factor of not more than 3 percent.

General Partner Management Fee: Shall not exceed Twenty Five Thousand Dollars (\$25,000) per year with an escalation factor of not more than 3 percent. No other fee shall be allowed for the purpose of calculating residual receipts.

Prevailing Wages: Borrower shall comply with the requirements for payment of State of California Prevailing Wages as required by the State lending agency.

Time of Performance: Stabilized occupancy shall be achieved according to TCAC requirements.

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 priority, as referenced herein.

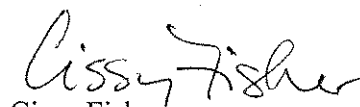
Attorney Fees: Borrower shall reimburse the Housing Commission for \$5,000 of the Housing Commission's legal fees.

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 Letter. Such documentation shall be approved by the President and CEO, or designee, and the General Counsel of the Housing Commission.

This commitment is based on the condition that the construction of the project will meet or exceed all applicable building codes and requirements and will be performed with labor paid at applicable State prevailing wage rates. This commitment assumes that the Borrower has firm commitments from its other sources of financing.

If your organization 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 and Development
619.578.7585
619.578.7356 fax

Agreed to and accepted this ____ day of _____, 2007 for COMM 22, L.L.C., A California Limited Liability Company,
(Borrower)

By: _____ Title: _____

Print Name: _____