



REPORT

DATE ISSUED: August 8, 2008 REPORT NO. HCR08-53

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of August 15, 2008

SUBJECT: Loan for Boulevard Apartments
(Council District 3)

REQUESTED ACTION:

Recommend approval of a residual receipts loan to finance the development of a 24-unit rental housing development for special purpose supportive housing.

STAFF RECOMMENDATION:

Seek Housing Authority approval to fund a Housing Commission loan of up to \$600,000 to 3137 El Cajon Boulevard L.P. to facilitate development of the Boulevard Apartments (Boulevard), 24 units of rental housing for extremely low-income and very low-income families including units for residents who are homeless or at-risk of becoming homeless, and in which there is a disabled adult with mental illness, HIV/AIDS or substance abuse.

The Housing Commission's proposed loan would be contingent upon the conditions described in this report, including that the Redevelopment Agency of the City of San Diego (Agency) approves revisions to its existing Owner Participation Agreement (OPA) to:

- a) maintain its current \$2.4 million loan commitment and allow infusion of Housing Commission loan funds without the OPA-required dollar-for-dollar reduction in the Agency's loan commitment due to obtaining alternative sources of funding;
- b) allow the Agency's fifty percent share of residual receipts to be shared for payment of the Housing Commission's loan; and
- c) consent to the Housing Commission's loan being secured against the property as described in this report.

Documentation of the terms and conditions of this loan would be contingent upon satisfaction of the Housing Commission's General Counsel. The Interim President & Chief Executive Officer would be authorized to take all actions necessary to effectuate this transaction.

BACKGROUND:

S.V.D.P. Management Inc. (SVDP) submitted an application under the Housing Commission's current Notice of Funding Availability (NOFA) for gap financing for the Boulevard Apartments. Located in North Park (Attachment 2), Boulevard includes 24 units for extremely low-income and very-low income tenants (30% and 40% of Area Median Income). The tenants will include

working families. On November 8, 2007, SVDP, a nonprofit public benefit corporation dba Father Joe's Villages, obtained Agency approval for a \$2.4 million loan for Boulevard and executed an OPA October 17, 2007. On February 5, 2008, the Housing Authority authorized issuance of up to \$6,000,000 in housing mortgage revenue bonds to finance Boulevard's construction. The bonds were issued on May 9, 2008. SVDP has already started construction and completion is estimated for January 31, 2009 (Attachment 3).

Under the Agency's original executed OPA, it was estimated the developer would need to contribute \$2,353,000. However, the developer was able to reduce development costs sufficiently to reduce the necessary net contribution to an estimated \$1,964,640.

Summary of the Developer's Total Necessary Contribution:

Original Estimated Developer's Necessary Contribution	Current Estimated Developer's Necessary Contribution
\$1,210,000 from developer's land equity	\$1,210,000 from developer's land equity
+ 648,728 from developer's cash	+ 154,640 developer's deferred fee or cash
\$1,858,728 Subtotal	\$1,364,640 Subtotal developer's contribution
+ 494,272 from deferred developer's fee	+ 600,000 loan requested from SDHC
\$ 2,353,000 Estd total necessary contribution	\$ 1,964,640 Estd total necessary contribution

Developer's Request

The developer submitted a loan application in response to a NOFA for Construction, Acquisition, and Operation of Affordable Rental Housing dated March 14, 2008. Under the NOFA application, the developer has requested that the Housing Commission loan \$600,000 of the developer's \$1,964,640 necessary contribution (Attachment 5). The proposed Housing Commission loan would assist SVDP to use its limited resources for Boulevard's tenant services and to help SVDP develop additional affordable housing.

Affordable Housing Impact

Boulevard will have 24 residential units consisting of: 3 one-bedroom units, 17 two-bedroom units, 3 three-bedroom units and 1 two-bedroom manager's unit. Under the Agency's OPA, fifteen units will be restricted at 30% Area Median Income (AMI) (\$18,950 for a household of two, to \$23,700 for a household of four) and nine two-bedroom units will be restricted at 40% AMI (\$28,450 for a household of three). Nine of the units will be designated as supportive housing units, serving households that are homeless or at-risk of becoming homeless, and in which there is a disabled adult with mental illness, HIV/AIDS or substance abuse.

It is proposed that the Housing Commission's loan will have 55-year rent restrictions against the property making 23 units affordable to tenants with annual incomes of 30% to 40% AMI and one unrestricted manager's unit.

Proposed Loan Rents Would Be Based on the Agency's OPA Rent Methodology

Under the Agency's OPA, the project is subject to California Redevelopment Law (CRL). For annual adjustments to restricted rents, CRL requires the Agency to use a rent calculation methodology based on the California Health & Safety Code. CRL methodology is different from the Housing Commission's standard HUD-based rent calculation methodology. The developer has requested that the Housing Commission's loan use the Agency's CRL rent calculation methodology for time-to-time rent restriction adjustments. For 2008, CRL rents are lower than the standard HUD-Based rents. It is proposed that the Housing Commission's proposed loan would use the Agency's CRL methodology for periodic rent restriction adjustments.

Initial rent and income restrictions for the project are summarized in the chart below:

Type	AMI	# Units	OPA and HC Loan-Restricted Rent (net of utility allowance)	Market Rate *	Monthly Savings per unit
One Bedroom	30% AMI	3	\$416	\$ 928	\$512
Two Bedroom	30% AMI	9	\$465	\$1,233	\$768
Two Bedroom	40% AMI	8	\$627	\$1,233	\$606
Two Bedroom	MGR 40%	1	n/a	n/a	n/a
Three Bedroom	30% AMI	3	\$537	\$1,426	\$889
Total		24			
Total Annual Savings					\$191,556

* - Based on San Diego County Apartment Owners Association Vacancy Survey Spring 2008 for zip code 92104.

The Property

The land is owned by SVDP and is being contributed to the project. The 10,650 sq ft (.24 acre) infill site is located at 3137 El Cajon Boulevard (south side), between Iowa and Illinois Streets, two blocks west of the I-805, within the North Park Redevelopment Project Area. To the east of the site are commercial/retail uses and single-family housing. To the west is a video rental store. To the north, across El Cajon Boulevard, are retail stores and a gas station. An alley and multi-family housing are on the south. El Cajon Boulevard has nearby bus service.

The Development

The development will be a four-story building and include: an elevator, commercial office space (2117 sq ft); a 17-space covered parking garage (6786 sq ft) with 24 storage areas; a community space roof deck with a children's play area, picnic tables, a barbeque, and patio trellis shade structure; a management office; and a laundry facility on each floor. At least two units (5%) will be handicap accessible and an additional one unit (2%) will incorporate features for the visually or hearing impaired. As required by the OPA, the project will include Universal Design features to assist the disabled. In addition, the development costs include payment of Prevailing Wage rates.

Development Team

ROLE/FIRM	CONTACT	OWNED BY
Owner – 3137 El Cajon Boulevard L.P. (a California limited partnership)	Mathew Packard	S.V.D.P. Management Inc. is managing general partner.
Co-Developers – Chelsea Investment Corporation (fee developer) and S.V.D.P. Management Inc. (nonprofit)	James Schmid, President (Chelsea) & Mathew Packard (SVDP)	Chelsea: James Schmid (privately owned); and SVDP Management: dba Father Joe’s Villages
Architect – James Holmberg	James J. Holmberg	James J. Holmberg
Prevailing Wage Monitoring - Gonzalez-White Consulting	Lisa Gonzalez	Lisa Gonzalez
General Contractor - KD Stahl Construction & Ninteman Construction Services	Kraig Stahl and Luke Ninteman	Kraig Stahl and Greg Loy. Ninteman Constr Serv: Luke Ninteman
Construction Lender – U.S. Bank (via direct purchase of the bonds by bank).	Paul Shipstead	
Tax Credit Investor Limited Partner - TRGHT Inc. & Richman Group Capital		
Management Company - S.V.D.P. Management Inc.	Mathew Packard	S.V.D.P. Management Inc.

The Co-developers:

SVDP is the property owner and co-developer. SVDP is affiliated with St. Vincent de Paul Village, a complex of buildings and programs in downtown San Diego that provides a continuum of care for homeless individuals and families. SVDP and St. Vincent de Paul Village, Inc. are 501(c)(3) organizations, each with its own Board of Directors; however the two entities do collaborate closely for fundraising and program development, and share the same President, Father Joe Carroll. SVDP’s developer disclosure statement is included as Attachment 8.

For over twenty years, Chelsea Investment Corporation (Chelsea) has been developing affordable housing in San Diego County, Imperial County, and in Arizona. Chelsea has developed or acquired and rehabilitated 44 projects accounting for 4,880 units. Each of Chelsea’s affordable housing developments has involved a non-profit partner or client. Chelsea has developed 17 projects in San Diego County.

SVDP and Chelsea have collaborated on five affordable housing projects in San Diego, including:

- Paul Mirabile Center, a 175 unit short-term single adult facility (new construction 1994) (1501 Imperial Ave., San Diego, 92101);
- Village Place Apartments, a 47 unit permanent affordable housing facility (rehab 1996) (32 17th Street, San Diego 92101);
- Toussaint Academy of the Arts and Sciences, a 21 unit residence and high school for youth (rehabilitation 1998), (1404 5th Avenue, San Diego 92101);

- Villa Harvey Mandel, a 90-unit six-story permanent affordable housing project dedicating 25 units for mentally ill/chemically dependent adults (new construction 2002). Villa Harvey Mandel included 9% tax credits and a \$2,000,000 Housing Commission residual receipts loan (72 17th Street, San Diego 92101). Villa Harvey Mandel is fully in compliance with its Housing Commission loan; and
- 16th & Market, a 136 unit twelve-story, new construction, affordable housing bond-financed project that is currently in construction (1550 Market Street, San Diego 92101).

FISCAL CONSIDERATIONS:

The estimated total development cost is \$10,908,411 (\$454,517/unit). The Housing Commission's cost to assist in the development of these 24 rental-housing units would be its \$600,000 loan (\$25,000 per unit and \$12,500 per bedroom; 48 bedrooms). Terms of the Housing Commission financing would be a residual receipts loan bearing simple interest at 3%. As in the Agency's OPA, the Housing Commission's loan will be due 55 years from the occupancy date. The Agency's OPA is already executed and it is proposed that the Housing Commission loan's occupancy and rent levels shall be consistent with the Agency's OPA requirements where possible.

Estimated funding sources are:

Estimated Security Priority of Loans	Amount
1. California State Multifamily Housing Program (Residual Loan)	\$ 2,081,535
2. Agency Residual Receipts Loan	\$ 2,400,000
3. Federal Home Loan Bank AHP Loan (becomes a grant at yr 15)*	\$ 360,000
4. Proposed Housing Commission (Residual Receipts Loan) *	\$ 600,000
5. HUD McKinney-Vento grant	\$ 400,000
6. Tax Credit Equity	\$ 3,702,236
7. SVDP/Owner's Land Equity	\$ 1,210,000
8. SVDP/Cash	\$ 154,640
Estimated Total Sources of Funds	\$10,908,411

* - the Federal Home Loan Bank (FHLB) typically may be willing to subordinate.

The Commission loan would be recourse until the timely completion of the project, after which it would become non-recourse.

HOUSING COMMISSION LOAN'S CONTINGENCIES:

1. No Reduction in Agency's \$2.4m Commitment - The OPA Promissory Note requires the Agency's \$2,400,000 loan to be reduced by any "alternative funding sources." Agency staff confirms that currently, any financing provided by the Housing Commission would lower the Agency's \$2,400,000 loan amount dollar-for-dollar. The proposed Housing Commission loan commitment would be contingent upon the Agency revising its OPA to allow infusion of Housing Commission loan funds without the OPA-required dollar-for-dollar reduction in the Agency's loan commitment. The Agency will consider these issues in its own separate report.

2. Change in Agency's Share of Residual Receipts - Currently the developer receives 50% of the residual receipts and the Agency receives 50%. However, the State Multifamily Housing Program (first position lender) regulations require that program to share in residual receipts. The proposed Housing Commission loan commitment would be contingent upon the Agency revising its OPA to allow the Housing Commission and the State Multifamily Housing Program to share in the residual receipts, using a calculation proposed by the developer and approved by Agency staff, based on a proportion to the three lenders' loan amounts.

Three Lenders' Proportionate Loans:	
Redevelopment Agency's Loan	= \$2,400,000 (47.23% of three loans total)
State Multifamily Housing Program Loan =	\$2,081,535 (40.96% of three loans total)
Proposed Housing Commission Loan . . . =	\$ 600,000 (11.81% of three loans total)
Three Loans Total = <u>\$5,081,535</u>	

Proposed Split of Total Residual Receipts:

	Existing OPA Distribution of Residual Receipts	Proposed Distribution of Residual Receipts
Developer's Share	50% yr 1-30; 20% yr 31-55	30% yr 1-30; 20% yr 31-55
Redevelopment Agency Share	50% yr 1-30; 80% yr 31-55	40% yr 1-30; 48% yr 31-55
State Multifamily Hsg Prog Share	--	20% yr 1-30; 20% yr 31-55
Housing Commission's Share	--	10% yr 1-30; 12% yr 31-55

In summary, the proposed Housing Commission loan would:

- be a residual receipts loan;
- have 3% simple interest that would accrue;
- have annual debt service payments for years 1-30 that will equal 10% of total residual receipts and for years 31-55 that will equal 12% of total residual receipts; and
- allow the developer to contribute \$154,640 as cash (Attachment 5 page 7A), or as deferred developer fee, if allowed by tax credit requirements (Attachment 5 page 7B).

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

On March 15, 2007, by a vote of 5-0-2, the Planning Commission approved the site development permit for the project. On November 8, 2007, the Agency and City Council approved the project's OPA and authorized a \$2,400,000 residual receipts loan (Agency Resolution R-04212 and City Council Resolution R-303136). Issuance of up to \$6,000,000 in housing revenue bonds for the project was authorized by the Housing Commission on January 10, 2008, and by the Housing Authority on February 5, 2008.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On April 19, 2005, the North Park Redevelopment Project Area Committee voted 6-5-2 to recommend approval of the project, with the condition that the applicant provide explicit documentation that there is a 50-year agreement specifying St. Vincent de Paul as the manager

and operator of the property. On May 13, 2008, the North Park Redevelopment Project Area Committee voted 10-2 in favor of consenting to the Housing Commission's proposed loan.

ENVIRONMENTAL REVIEW:

On March 15, 2007, the Planning Commission certified Environmental Impact Report No.55461 for Boulevard, in accordance with the State of California Environmental Quality Act (CEQA) guidelines. A mitigation, monitoring and reporting program will be implemented with this project to reduce the potential impacts to a level below significance. Originally, the project was awarded \$400,000 in federal grant funds under the HUD Supportive Housing program and the City of San Diego issued a Notice of Finding of No Significant Impact (FONSI) dated November 4, 2005. On December 22, 2005, HUD approved a Request for Release of Funds for the project. The City's Development Services staff has determined that this new activity and loan are Categorically Excluded from National Environmental Policy Act review pursuant to 24 CFR 58.35(b)(7).

KEY STAKEHOLDERS & PROJECTED IMPACTS:

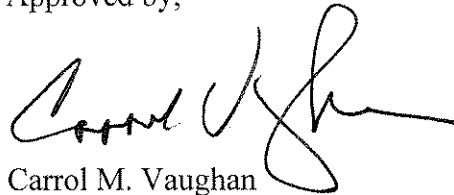
Stakeholders include: SVDP as the co-developer and general partner, Chelsea as the co-developer and project consultant, very-low income households as the intended residents of the project, the Redevelopment Agency of the City of San Diego and the neighborhood community of North Park. U.S. Bank is the construction lender. The tax credit equity is provided by TRGHT Inc. and Richman Group Capital Corporation. The SVDP board members and Chelsea's owners are listed in the Disclosure Statement Attachment 8.

Respectfully submitted,



Cissy Fisher
Director of Housing Finance

Approved by,



Carrol M. Vaughan
Interim President and Chief Executive Officer

- Attachments:
1. Development Summary
 2. Location Map
 3. Estimated Timeline
 4. Estimated Revised Permanent Sources and Uses
 5. SDHC General Application Proforma
 6. Housing Commission Loan Terms
 7. Commitment Letter
 8. Disclosure Statements *
 - a) SVDP
 - b) Chelsea
 9. Financial Information *

*Distribution of this attachment is limited. A copy is available for review at the Housing Commission offices located at 1122 Broadway, Suite 300 and at the offices of the City Clerk located on the 2nd floor of 202 "C" Street.

Information: J. Correia (619) 578-7587

g:\hfshare\Reports_Boulevard_HCReport_062708.doc

**ATTACHMENT 1
DEVELOPMENT SUMMARY**

Name: Boulevard Apartments
 Location: 3137 El Cajon Boulevard
 Description: Construction and Permanent Loan For Affordable Housing
 Sponsor: S.V.D.P. Management Inc.

Unit Affordability

Total # of units: 24 (23 assisted units and one manager's unit).
 Restricted rents: Under the OPA restricted rents are 30 percent to 40 percent of AMI.
 Market rent: Ranging from \$928 per month (one bdrm) to \$1,426 per month (three bdrm).
 Percent of AMI: Occupancy of 3 one-bedroom units restricted at 30 percent or less of AMI.
 Occupancy of 9 two-bedroom units restricted at 30 percent or less of AMI.
 Occupancy of 8 two-bedroom units restricted at 40 percent or less of AMI.
 Occupancy of 3 three-bedroom units restricted at 30 percent or less of AMI.
 Affordability: 55 years

Development Cost

Total development cost. \$10,908,411
 HC development cost (loan). \$ 600,000
 Total development cost per unit. \$ 454,517 per unit / 24 units
 HC cost per unit (loan). \$ 25,000 per unit / 24 units

Sources of Funds

1. California State Multifamily Housing Program. . \$ 2,081,535
 2. Redevelopment Agency of the City of San Diego \$ 2,400,000
 3. Federal Home Loan Bank Loan. \$ 360,000
 4. Proposed Housing Commission Loan \$ 600,000
 5. HUD McKinney-Vento grant. \$ 400,000
 6. Tax Credit Equity. \$ 3,702,236
 7. SVDP/Owner's Land Equity \$ 1,210,000
 8. SVDP/Owner's Cash \$ 154,640
 Total. \$10,908,411

Pro Forma Summary

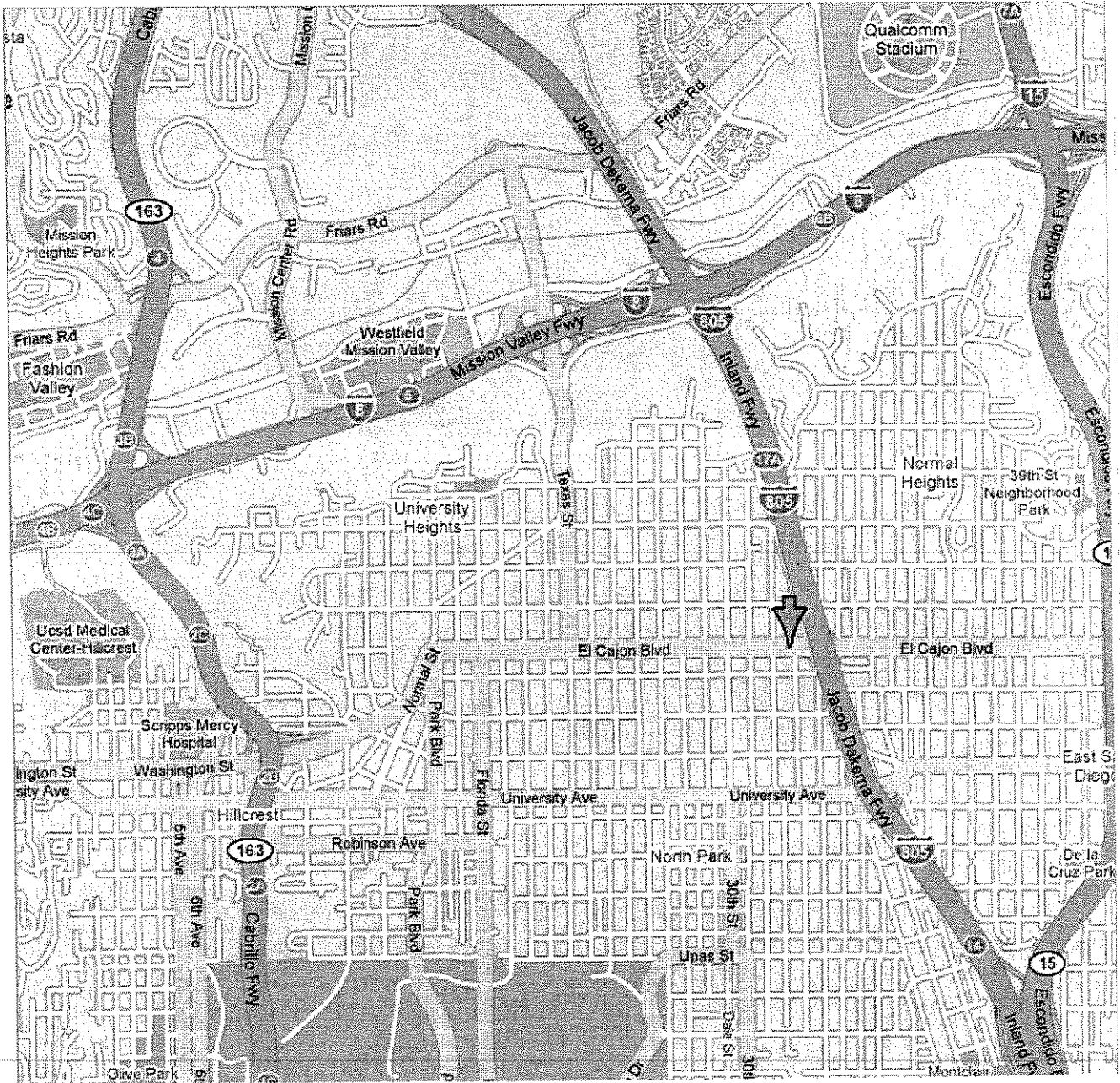
Estimated annual income. \$ 141,029 (year 1)
 Estimated annual expense - 105,023 (year 1)
 Annual debt service - 0 (residual receipts loans)
 Subtotal. \$ 36,006 (year 1)
 Annual replacement reserves - 14,400 (year 1)
 Annual State MHP Admin Fee. - 8,742 (year 1)
 LP Management Fee - 3,000 (year 1)
 Estimated residual cash flow (residual). . . . \$ 9,864 (year 1)

Residual Payments Assuming Developer contributes \$154,640 as cash:

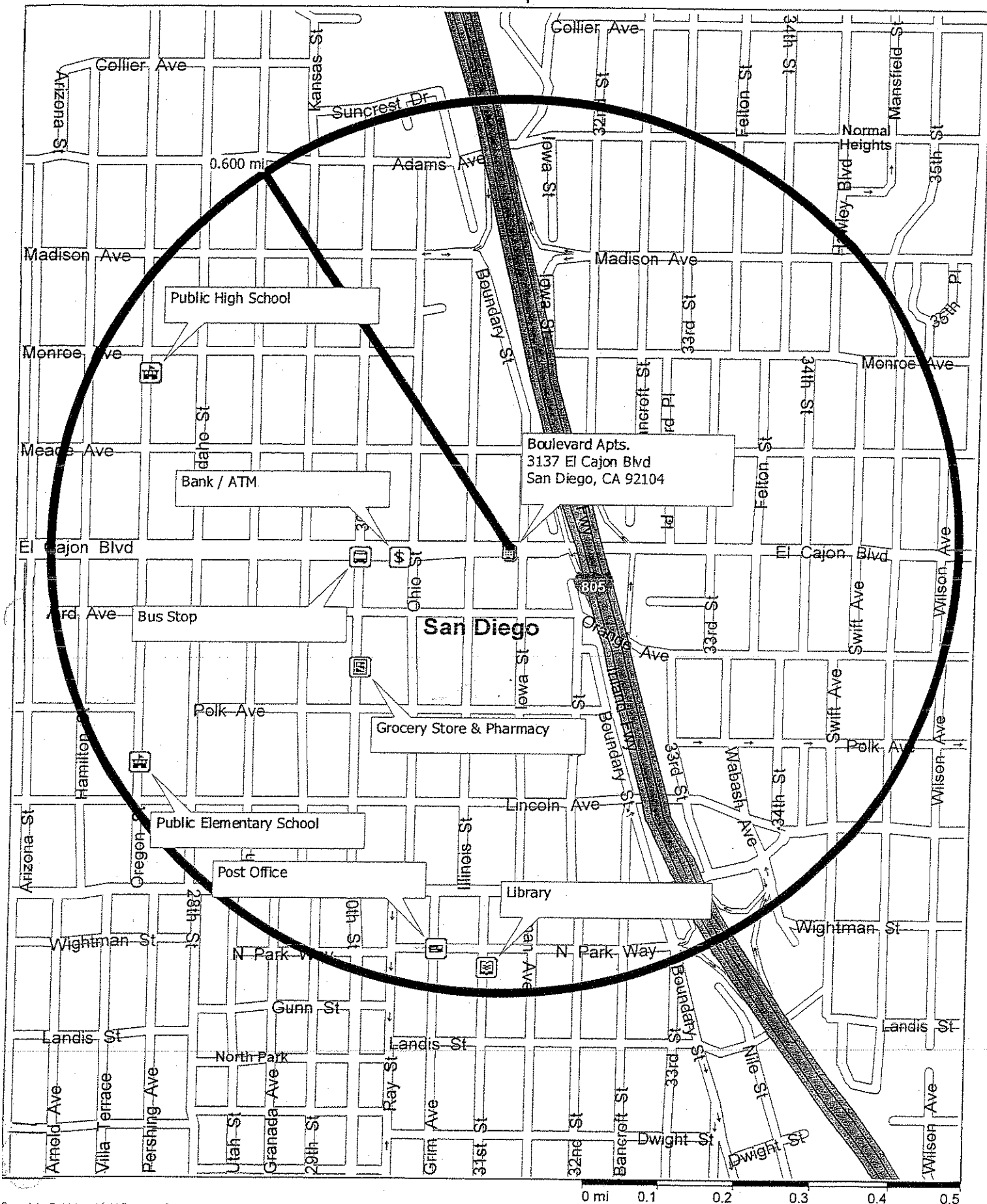
Developer 30% share of residual cash flow \$ 2,959 (year 1)
 Agency 40% share of residual cash flow . . \$ 3,946 (year 1)
 State MHP 20% share of residual cash flow \$ 1,973 (year 1)
 Housing Commission 10% share of residual \$ 986 (year 1)

Assuming Developer contributes \$154,640 as deferred developer fee: \$101,512 to developer over 15 years and zero 15-year residual payments to Agency, State MHP, and Housing Commission.

ATTACHMENT 2
LOCATION MAP



Boulevard Apartments



Copyright © 1988-2004 Microsoft Corp. and/or its suppliers. All rights reserved. <http://www.microsoft.com/streets/>
© Copyright 2003 by Geographic Data Technology, Inc. All rights reserved. © 2004 NAVTEQ. All rights reserved. This data includes information taken with permission from Canadian authorities © Her Majesty the Queen in Right of Canada.

ATTACHMENT 3
ESTIMATED TIMELINE BOULEVARD APARTMENTS

Dec 2007	Start of Construction
May 9, 2008	Bond Closing
August 15, 2008	Housing Commission review.
September 2, 2008	Simultaneous meeting of the City Redevelopment Agency and the Housing Authority.
Jan 31, 2009	Estimated Construction Completion and Occupancy.

ATTACHMENT 4
ESTIMATED REVISED PERMANENT SOURCES AND USES

	(a)	(b)	(c)	(d)
1	Estimated Uses	Agency/SVDP's 5/5/08 Revised Estimated Total Development Costs	Proposed Estimated Total Development Costs	Difference
2	Estimated Total Development Costs:	\$ 10,908,411	\$ 10,908,411	0

	(a)	(b)	(c)	(d)
3	Estimated Permanent Sources	Agency/SVDP's 5/5/08 Revised Estimated Total Permanent Financing Sources	Proposed Estimated Total Permanent Financing Sources	Difference
4	State Multifamily Housing Program Loan	\$ 2,081,535	\$ 2,081,535	\$ 0
5	Agency's Residual Receipts Loan	\$ 2,400,000	\$ 2,400,000	\$ 0
6	Federal Home Loan Bank Affordable Housing Program	\$ 360,000	\$ 360,000	\$ 0
7	HUD McKinney-Vento Grant (Supportive Housing Program)	\$ 400,000	\$ 400,000	\$ 0
8	Low Income Housing Tax Credits Equity	\$ 3,702,236	\$ 3,702,236	\$ 0
9	Deferred Developer Fee (Equity)	\$ 494,272	\$ 0	- \$ 494,272
10	Owner's Cash Contribution (Equity)	\$ 260,368	\$ 154,640	- \$ 105,728
11	Owner's Land (Equity)	\$ 1,210,000	\$ 1,210,000	\$ 0
12	Proposed Housing Commission Loan	\$ 0	\$ 600,000	+ \$ 600,000
13	Estimated Total Permanent Sources:	\$10,908,411	\$10,908,411	\$ 0

SAN DIEGO HOUSING COMMISSION **ATTACHMENT 5**
GENERAL APPLICATION FORM - Project Overview

Last revised: November 27, 2007

DATE: July 16, 2008 (Revised)

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

REQUEST FOR: EARLY ASSISTANCE PROJECT FUNDING \$ 600,000
 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: SVDP Boulevard Apartments - 24 Units
ADDRESS: 3137 El Cajon Blvd., San Diego CA 92104
STREET CITY STATE ZIP
LEGAL DESCRIPTION: 446-251-06/07-00
LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSOR'S PARCEL NO. CENSUS TRACT

SITE CONTROL: DEED OPTION OTHER (DESCRIBE) _____
DWELLING UNITS: 3 18 3 24 48
0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS BEDROOMS
HC Assisted Units: 3 18 3 24 48
0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS BEDROOMS

EXISTING USES OF PROPERTY: Thrift store run by SVDP Management

DESCRIPTION OF PROPOSED PROJECT: Boulevard Apartments is to be a four-story permanent housing facility that combines contemporary materials and construction techniques with styling cues that evoke traditional residential architecture. S.V.D.P. Management currently operates a one-story thrift store on the site, and will donate the land for Boulevard Apartments. The project is intended to not only provide housing for 24 families, but also revitalize the urban neighborhood in which it will be built.
NO. OF BUILDINGS: 1

APPLICANT/BORROWER:
NAME: S.V.D.P. Management, Inc. CONTACT PERSON: Mathew Packard
ADDRESS: 3350 E St., San Diego CA 92101
STREET CITY STATE ZIP
TELEPHONE: (619) 446-2126 FAX NO. (619) 446-2129 E-mail address: _____

LEGAL DESCRIPTION OF APPLICANT:
 FOR PROFIT CORPORATION NONPROFIT CORPORATION PARTNERSHIP INDIVIDUAL OWNER
 CHDO OTHER _____
DESCRIBE
TAXPAYER IDENTIFICATION NUMBER: 33-0492304

CURRENT OWNER/SELLER INFORMATION:
NAME: S.V.D.P. Management, Inc. LEGAL DESCRIPTION: Lots 9-16 inclusive, Block 55
ADDRESS: 3350 E St., San Diego CA 92101
STREET CITY STATE ZIP
TELEPHONE: (619) 446-2126 FAX NO. (619) 446-2129

ZONING: CN-1 COMMUNITY PLAN AREA: Mid-City Community Plan Area
COUNCIL DISTRICT: 3 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: SVDP Boulevard Apartments - 24 Units
 ADDRESS: 3137 El Cajon Blvd., San Diego CA 92104
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: 3137 El Cajon Boulevard LP - S.V.D.P. Management Inc., GP DATE: July 16, 2008 (Revised)

1. <u>Father Joe Carroll</u>	<u>President</u>	<u>Officer/SVDP Mgmt</u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u>3350 E St.,</u>	<u>619-446-2100</u>	<u>1</u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u>San Diego</u> <u>CA</u> <u>92101</u>		
<small>CITY STATE ZIP</small>		

2. <u>Mathew Packard</u>	<u>Vice President</u>	<u>Officer</u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u>3350 E St.,</u>	<u>619-446-2126</u>	<u></u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u>San Diego</u> <u>CA</u> <u>92102</u>		
<small>CITY STATE ZIP</small>		

3. <u></u>	<u></u>	<u></u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u></u>	<u></u>	<u></u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u></u> <u></u> <u></u>		
<small>CITY STATE ZIP</small>		

4. <u></u>	<u></u>	<u></u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u></u>	<u></u>	<u></u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u></u> <u></u> <u></u>		
<small>CITY STATE ZIP</small>		

5. <u></u>	<u></u>	<u></u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u></u>	<u></u>	<u></u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u></u> <u></u> <u></u>		
<small>CITY STATE ZIP</small>		

6. <u></u>	<u></u>	<u></u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u></u>	<u></u>	<u></u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u></u> <u></u> <u></u>		
<small>CITY STATE ZIP</small>		

7. <u></u>	<u></u>	<u></u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u></u>	<u></u>	<u></u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u></u> <u></u> <u></u>		
<small>CITY STATE ZIP</small>		

8. <u></u>	<u></u>	<u></u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u></u>	<u></u>	<u></u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u></u> <u></u> <u></u>		
<small>CITY STATE ZIP</small>		

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: SVDP Boulevard Apartments - 24 Units

ADDRESS: 3137 El Cajon Blvd., San Diego CA 92104
ADDRESS CITY STATE ZIP

OWNERSHIP NAME: 3137 El Cajon Boulevard, LP DATE: 6, 2008 (Revised)

No.	NAME	TITLE/POSITION	NATURE OF INTEREST
9.	<u>Board Member List is attached.</u>		
	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<small>CITY STATE ZIP</small>		
10.	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<small>CITY STATE ZIP</small>		
11.	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<small>CITY STATE ZIP</small>		
12.	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<small>CITY STATE ZIP</small>		
13.	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<small>CITY STATE ZIP</small>		
14.	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<small>CITY STATE ZIP</small>		
15.	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<small>CITY STATE ZIP</small>		
16.	<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
	<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
	<small>CITY STATE ZIP</small>		

USE ADDITIONAL SHEETS AS NECESSARY

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

b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

Board of Directors – S.V.D.P. Management, Inc.

Adelizzi, Bob
Assomull, Mukesh
Benson, Judy
Black, Charles
Boudreau, Steve (Board Secretary)
Burdick, Henry
Conway, Steve
Fischer, Bob (Board Treasurer)
Francis, Steve (Board Chair)
Jennings, Jackie
Kasperick, Vince
Malcolm, David
Mulvaney Sr., James
Norling, Richard
Panetta, Joseph D.
Parisi, Charles
Sudberry, Tom
VanDeWeghe, Bill
Ward, Linc
Witt, Ed

c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.

d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
N/A

e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%.
N/A

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

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

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

DATE: July 16, 2008 (Revised)

PROJECT TYPE ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: SVDP Boulevard Apartments - 24 Units
 ADDRESS: 3137 El Cajon Blvd., San Diego CA 92104
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 <u>E</u> <u>T</u>	
<input type="checkbox"/> Duplex, Townhouse	Cooking <u>E</u> <u>T</u>	
<input type="checkbox"/> House, Mobile Home	Water Heater <u>G</u> <u>L</u>	
	Water/Sewer <u>L</u>	
	Basic Electric <u>T</u>	

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	
RDA	3	1	1.00	660	\$ 416	\$ 433	\$ 17	\$ 416		31 %	\$ 14,976	\$	
RDA	9	2	1.00	831	\$ 465	\$ 487	\$ 22	\$ 465		31 %	\$ 50,220	\$	
RDA	8	2	1.00	831	\$ 627	\$ 649	\$ 22	\$ 627		42 %	\$ 60,192	\$	
RDA	3	3	2.00	1,071	\$ 536	\$ 562	\$ 26	\$ 536		32 %	\$ 19,296	\$	
					\$	\$	\$	\$		%	\$	\$	
					\$	\$	\$	\$		%	\$	\$	
					\$	\$	\$	\$		%	\$	\$	
					\$	\$	\$	\$		%	\$	\$	
					\$	\$	\$	\$		%	\$	\$	
					\$	\$	\$	\$		%	\$	\$	
					\$	\$	\$	\$		%	\$	\$	
					\$	\$	\$	\$		%	\$	\$	
MGR	1	2	1.00	831	\$ 627	\$	\$	\$		%	\$	\$	
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)	\$ 144,684
Comp. to 90% of Market:	\$ 144,684

OTHER INCOME	Laundry Income, App Fee, Late Fees	\$ 3,768
		\$
		\$

TOTAL ANNUAL INCOME \$148,452

TOTAL UNITS 24

TOTAL UNIT SQ. FT. 20,151 + TOTAL COMMUNITY FACILITIES SQ. FT.

TOTAL SQ. FT. 20,151

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

DATE: July 16, 2008 (Revised)

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: SVDP Boulevard Apartments - 24 Units
 ADDRESS: 3137 El Cajon Blvd., San Diego CA 92104
STREET CITY STATE ZIP
 TOTAL NUMBER OF UNITS: 24

OPERATING EXPENSE ITEM	ANNUAL COST	COST PER UNIT	COST PER SQ. FT.
Administrative Expenses			
Office Supplies & Equipment	\$ 2,400	\$ 100	\$ 0.12
Telephone	\$ 960	\$ 40	\$ 0.05
Training & Travel	\$ 200	\$ 8	\$ 0.01
Payroll Services	\$ 38,448	\$ 1,602	\$ 1.91
Program Services	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>40%</u>	\$ 42,008	\$ 1,750	\$ 2.08
Marketing Expenses			
Advertising	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total _____	\$ -	\$ -	\$
Professional Fees			
Property Management	\$ 8,640	\$ 360	\$ 0.43
Auditing Services	\$ 6,500	\$ 271	\$ 0.32
Legal Services	\$ 2,500	\$ 104	\$ 0.12
Other: <u>Payroll/ Payroll Taxes</u>	\$	\$	\$
Subtotal Percent of Total <u>17%</u>	\$ 17,640	\$ 735	\$ 0.88
Utilities			
Electric	\$ 5,040	\$ 210	\$ 0.25
Gas	\$ 1,200	\$ 50	\$ 0.06
Water/Sewer	\$ 14,575	\$ 607	\$ 0.72
Other:	\$	\$	\$
Subtotal Percent of Total <u>20%</u>	\$ 20,815	\$ 867	\$ 1.03
Contract Services			
Exterminating	\$ 900	\$ 38	\$ 0.04
Trash Removal	\$ 3,600	\$ 150	\$ 0.18
Security Patrol	\$	\$	\$
Building/Grounds Maintenance	\$ 1,600	\$ 67	\$ 0.08
Janitorial Services	\$	\$	\$
Repair Services	\$ 2,400	\$ 100	\$ 0.12
Elevator & Other Equipment	\$ 1,400	\$ 58	\$ 0.07
Garage Operations/Maintenance	\$ 1,000	\$ 42	\$ 0.05
Other:	\$	\$	\$
Subtotal Percent of Total <u>10%</u>	\$ 10,900	\$ 454	\$ 0.54
Cleaning & Decorating			
Painting Supplies	\$	\$	\$
Grounds Supplies	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total _____	\$ -	\$ -	\$
Taxes & Insurance			
Real Property Tax Assessment	\$ 100	\$ 4	\$ 0.00
Property Insurance	\$ 12,000	\$ 500	\$ 0.60
Director's & Officer's Insurance	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>12%</u>	\$ 12,100	\$ 504	\$ 0.60
Other			
SDHC Monitoring Fees	\$ 1,560	\$ 65	\$ 0.08
Other:	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>1%</u>	\$ 1,560	\$ 65	\$ 0.08
Total Annual Operating Costs	\$ 105,023	\$ 4,376	\$ 5.21

SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - DEVELOPMENT COST - DC

Last revised: November 27, 2007

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

DATE: July 16, 2008 (Revised)

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

PROJECT NAME:	<u>SVDP Boulevard Apartments - 24 Units</u>		
ADDRESS:	<u>3137 El Cajon Blvd.,</u>	<u>San Diego</u>	<u>CA</u>
	<small>STREET</small>	<small>CITY</small>	<small>STATE</small>
Number of Units	<u>24</u>		<u>92104</u>
			<small>ZIP</small>

DEVELOPMENT COST ITEM	PERCENT	AMOUNT	DEVELOPMENT COST ITEM	PERCENT	AMOUNT
ACQUISITION / LAND COST			LEGAL, PERMIT, & AUDIT		
LAND		\$ <u>1,210,000</u>	SDHC'S LEGAL (not to exceed)		\$ <u>5,000</u>
BUILDINGS		\$ _____	BORROWER'S LEGAL		\$ _____
SUBTOTAL		\$ <u>1,210,000</u>	LENDERS' LEGAL		\$ _____
LEGAL/BROKER'S FEE/TITLE		\$ _____	PERMITS		\$ <u>287,703</u>
OTHER		\$ _____	TITLE & RECORDING		\$ <u>25,000</u>
TOTAL ACQUISITION / LAND COST		\$ <u>1,210,000</u>	INSURANCE		\$ <u>75,000</u>
REHABILITATION / CONSTRUCTION			AUDIT		\$ _____
SITE WORK		\$ <u>197,744</u>	TAXES DURING CONSTRUCTION		\$ _____
DEMOLITION		\$ <u>78,888</u>	OTHER		\$ _____
STRUCTURES		\$ <u>4,974,321</u>	TOTAL LEGAL, PERMIT, & AUDIT		\$ <u>392,703</u>
TOTAL HARD COSTS		\$ <u>5,250,953</u>	OTHER COSTS		
GENERAL REQUIREMENTS	<u>12.4</u> %	\$ <u>650,793</u>	DEVELOPER'S FEE	<u>8.3</u> %	\$ <u>902,457</u>
CONTRACTOR'S OVERHEAD	<u>2.6</u> %	\$ <u>137,923</u>	CONSULTANT FEE	<u>2.8</u> %	\$ <u>300,000</u>
CONTRACTOR'S PROFIT	<u>2.6</u> %	\$ <u>137,923</u>	APPRAISAL COSTS		\$ <u>7,500</u>
TOTAL REHABILITATION / CONSTRUCTION		\$ <u>6,177,592</u>	ENVIRONMENTAL STUDY		\$ <u>70,000</u>
CONSTRUCTION CONTINGENCY	<u>0.075</u> %	\$ <u>463,319</u>	MARKET STUDY		\$ <u>5,000</u>
BOND PREMIUM		\$ _____	MARKETING & RENT-UP		\$ <u>27,200</u>
CONSTRUCTION LOAN			SDHC MONITOR SET-UP		\$ <u>500</u>
CONSTRUCTION INTEREST COST		\$ <u>347,734</u>	SDHC LOAN ORIGINATION FEE		\$ <u>2,000</u>
APPLICATION FEE		\$ _____	REPLACEMENT RESERVES _____ MONTHS		\$ _____
LOAN ORIGINATION FEE		\$ <u>30,000</u>	OPERATING RESERVES _____ MONTHS		\$ <u>32,721</u>
OTHER <u>Inspection and Due Diligence</u>		\$ <u>60,075</u>	REHABILITATION PROJECTS:		\$ _____
		\$ <u>437,809</u>	SDHC TECHNICAL SERVICES FEE (\$5,000)		\$ _____
PERMANENT LOAN			SDG&E (345/unit)		\$ <u>8,280</u>
APPLICATION FEE		\$ _____	TCAC Fees/Syndication		\$ <u>66,999</u>
LOAN ORIGINATION FEE		\$ _____	Furnishings - Rental Office		\$ <u>52,000</u>
OTHER <u>CDLAC Legal Cost</u>		\$ <u>140,000</u>	Accounting		\$ <u>40,000</u>
		\$ <u>140,000</u>	Prevailing Wage Monitoring		\$ <u>20,500</u>
RELOCATION COST			Construction Management		\$ <u>17,500</u>
ARCHITECTURAL FEES					\$ _____
DESIGN		\$ <u>380,840</u>			\$ _____
SUPERVISION		\$ _____			\$ _____
TOTAL ARCHITECTURAL FEES	<u>0.1</u> %	\$ <u>380,840</u>			\$ _____
SURVEYS, SOIL BORINGS, & ENGINEERING			TOTAL OTHER COSTS		\$ <u>1,552,657</u>
		\$ <u>100,884</u>	SOFT COSTS CONTINGENCY	<u>2.17</u> %	\$ <u>52,607</u>
TOTAL DEVELOPMENT COST					\$ <u>10,908,411</u>

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL NUMBER OF UNITS 24
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: SVDP Boulevard Apartments - 24 Units
 ADDRESS: 3137 El Cajon Blvd. San Diego CA 92104
STREET CITY STATE ZIP

SOURCES POSITION	TERMS	COMMITMENT	AMORTIZED	DEFERRED	TAX CREDIT	GRANT	EQUITY
1ST MHP	55 YRS. 3.00% RATE	<input checked="" type="checkbox"/> Y DATE OR EXPECTED	\$ 2,081,535	\$			
2ND SD RDA	55 YRS. 3.00% RATE	<input checked="" type="checkbox"/> Y DATE OR EXPECTED	\$	\$ 2,400,000		\$	
3RD SDHC	55 YRS. 3.00% RATE	<input type="checkbox"/> Y DATE OR EXPECTED	\$	\$ 600,000			
(Select one) Residual Receipts <input checked="" type="checkbox"/> or Amortized <input type="checkbox"/>		HC Subsidy/Assisted Unit \$ 25,000 HC Subsidy/Assisted Bdrm \$ 12,500					
4TH HUD Grant	55 YRS. 3.00% RATE	<input checked="" type="checkbox"/> Y DATE OR EXPECTED	\$	\$		\$ 400,000	
5TH AHP	55 YRS. 3.00% RATE	<input checked="" type="checkbox"/> Y DATE OR EXPECTED	\$	\$		\$ 360,000	
TAX CREDITS Tax Credit Investor		<input checked="" type="checkbox"/> Y DATE OR EXPECTED			\$ 3,702,236		
EQUITY Land- NOTE to SVDP		<input checked="" type="checkbox"/> Y DATE OR EXPECTED					\$ 1,210,000
EQUITY		<input type="checkbox"/> Y DATE OR EXPECTED					\$
EQUITY SVDP cash or deferred devfee		<input checked="" type="checkbox"/> Y DATE OR EXPECTED					\$ 154,640
TOTAL			\$ 10,908,411	\$ 2,081,535	\$ 3,000,000	\$ 3,702,236	\$ 760,000

TOTAL	CLOSING	CONSTRUCTION PERIOD			COMPLETION 4TH QUARTER	RENT UP QTRS 5 & 6
		1ST QUARTER	2ND QUARTER	3RD QUARTER		
MHP	\$ 2,081,535	\$	\$	\$	\$	\$ 2,081,535
SD RDA	\$ 2,400,000	\$ 1,440,000	\$ 480,000	\$	\$ 240,000	\$ 240,000
SDHC	\$ 600,000	\$	\$ 400,000	\$ 199,000	\$	\$ 1,000
HUD Grant	\$ 400,000	\$	\$	\$	\$	\$ 400,000
AHP	\$ 360,000	\$	\$	\$	\$	\$ 360,000
Tax Credit Investor	\$ 3,702,236	\$ 37,022	\$	\$	\$	\$ 3,665,214
Land- NOTE to SVDP	\$ 1,210,000	\$ 1,210,000	\$	\$	\$	\$
SVDP cash or deferred devfee	\$ 154,640	\$	\$	\$	\$	\$ 154,640
TOTAL	\$ 10,908,411	\$ 2,687,022	\$ 880,000	\$ 199,000	\$ -	\$ 240,000

INFORMATION ON CONSTRUCTION LOAN

CONSTRUCTION LENDER: US Bank
 CONSTRUCTION TIME: 18 (MONTHS)
 CONSTRUCTION INTEREST: 6.000 %
 COMMITTED: YES NO
 DATE OF COMMITMENT/EXPECTED: Loan Closed 5/9/08

SAN DIEGO HOUSING COMMISSION (This Page Assumes Developer Contributes \$154,640 as Cash).
DEVELOPMENT FORM - PRO FORMA - PF

Last revised: November 27, 2007

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

Date: July 16, 2008 (Revised)

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

PROJECT NAME: SVDP Boulevard Apartments - 24 Units
 ADDRESS: 3137 El Cajon Blvd., San Diego CA 92104
STREET CITY STATE ZIP

Replacement Reserve	\$ 14,400	LP Asset Mgmt Fee	\$ 3,000	GP Management Fee	\$
Rental Income	\$ 144,684	Project Income Increase	2.50 %	Mortgage Amount	\$ 2,081,535 %
Other Income	\$ 3,768	Operating Exp. Increase	3.50 %	Mortgage Rate	3.000
Operating Expenses	\$ 105,023	Vacancy Loss	5.00 %	Mortgage Term (Years)	55
LP & GP Annual Increase	2.5 %	Deferred Dev. Fee	\$	Interest on Deff. Dev. Fee	%

SDHC Participation	\$ 600,000	Residual Receipts or	<input checked="" type="checkbox"/>	Interest Rate	3.000 %
Percent of Residual to HC	10%	Amortize	<input type="checkbox"/>	Term (Years)	55

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 148,452	\$ 152,163	\$ 155,967	\$ 159,867	\$ 163,863
Vacancy	\$ 7,423	\$ 7,608	\$ 7,798	\$ 7,993	\$ 8,193
Effective Gross Income	\$ 141,029	\$ 144,555	\$ 148,169	\$ 151,873	\$ 155,670
Operating Expense	\$ 105,023	\$ 108,699	\$ 112,503	\$ 116,441	\$ 120,516
Net Operating Income	\$ 36,006	\$ 35,856	\$ 35,666	\$ 35,432	\$ 35,154
Debt Service(1st) Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments
Coverage (1st)					
Replacement Reserve	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Cash Flow	\$ 21,606	\$ 21,456	\$ 21,266	\$ 21,032	\$ 20,754
MHP Annual Admin Fee	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742
LP Asset Management Fee	\$ 3,000	\$ 3,075	\$ 3,152	\$ 3,231	\$ 3,311
GP Management Fee	\$ -	\$	\$	\$	\$
Deferred Dev. Fee Pmt.	\$	\$	\$	\$	\$
Net Cash Flow	\$ 9,864	\$ 9,639	\$ 9,372	\$ 9,060	\$ 8,700
Developer Cash Flow Share 30%	\$ 2,959	\$ 2,892	\$ 2,812	\$ 2,718	\$ 2,610
City Redev Cash Flow Share 40%	\$ 3,946	\$ 3,856	\$ 3,749	\$ 3,624	\$ 3,480
MHP Cash Flow Share 20%	\$ 1,973	\$ 1,928	\$ 1,874	\$ 1,812	\$ 1,740
SDHC Cash Flow Share 10%	\$ 986	\$ 964	\$ 937	\$ 906	\$ 870

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 167,960	\$ 172,159	\$ 176,463	\$ 180,874	\$ 185,396
Vacancy	\$ 8,398	\$ 8,608	\$ 8,823	\$ 9,044	\$ 9,270
Effective Gross Income	\$ 159,562	\$ 163,551	\$ 167,640	\$ 171,831	\$ 176,126
Operating Expense	\$ 124,734	\$ 129,100	\$ 133,619	\$ 138,295	\$ 143,136
Net Operating Income	\$ 34,827	\$ 34,451	\$ 34,021	\$ 33,535	\$ 32,991
Debt Service(1st) Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments
Coverage (1st)					
Replacement Reserve	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Cash Flow	\$ 20,427	\$ 20,051	\$ 19,621	\$ 19,135	\$ 18,591
MHP Annual Admin Fee	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742
LP Asset Management Fee	\$ 3,394	\$ 3,479	\$ 3,566	\$ 3,655	\$ 3,747
GP Management Fee	\$	\$	\$	\$	\$
Deferred Dev. Fee	\$	\$	\$	\$	\$
Net Cash Flow	\$ 8,291	\$ 7,830	\$ 7,313	\$ 6,738	\$ 6,102
Developer Cash Flow Share 30%	\$ 2,487	\$ 2,349	\$ 2,194	\$ 2,021	\$ 1,831
City Redev Cash Flow Share 40%	\$ 3,316	\$ 3,132	\$ 2,925	\$ 2,695	\$ 2,441
MHP Cash Flow Share 20%	\$ 1,658	\$ 1,566	\$ 1,463	\$ 1,348	\$ 1,220
SDHC Cash Flow Share 10%	\$ 829	\$ 783	\$ 731	\$ 674	\$ 610

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 190,031	\$ 194,782	\$ 199,651	\$ 204,643	\$ 209,759
Vacancy	\$ 9,502	\$ 9,739	\$ 9,983	\$ 10,232	\$ 10,488
Effective Gross Income	\$ 180,530	\$ 185,043	\$ 189,669	\$ 194,411	\$ 199,271
Operating Expense	\$ 148,145	\$ 153,330	\$ 158,697	\$ 164,251	\$ 170,000
Net Operating Income	\$ 32,384	\$ 31,712	\$ 30,972	\$ 30,159	\$ 29,271
Debt Service(1st) Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments
Coverage (1st)					
Replacement Reserve	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Cash Flow	\$ 17,984	\$ 17,312	\$ 16,572	\$ 15,759	\$ 14,871
MHP Annual Admin Fee	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742
LP Asset Management Fee	\$ 3,840	\$ 3,936	\$ 4,035	\$ 4,136	\$ 4,239
GP Management Fee	\$	\$	\$	\$	\$
Deferred Dev. Fee	\$	\$	\$	\$	\$
Net Cash Flow	\$ 5,402	\$ 4,634	\$ 3,795	\$ 2,882	\$ 1,890
Developer Cash Flow Share 30%	\$ 1,621	\$ 1,390	\$ 1,139	\$ 865	\$ 567
City Redev Cash Flow Share 40%	\$ 2,161	\$ 1,854	\$ 1,518	\$ 1,153	\$ 756
MHP Cash Flow Share 20%	\$ 1,080	\$ 927	\$ 759	\$ 576	\$ 378
SDHC Cash Flow Share 10%	\$ 540	\$ 463	\$ 380	\$ 288	\$ 189

SAN DIEGO HOUSING COMMISSION ATTACHMENT 5
DEVELOPMENT FORM - PRO FORMA - PF (Page Assumes Developer Contributes \$154,640 as Deferred
PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY Date: July 16, 2008 (Revised Developer
Fee).

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

PROJECT NAME: SVDP Boulevard Apartments - 24 Units
ADDRESS: 3137 El Cajon Blvd., San Diego CA 92104
STREET CITY STATE ZIP

Replacement Reserve	\$ 14,400	LP Asset Mgmt Fee	\$ 3,000	GP Management Fee	\$
Rental Income	\$ 144,684	Project Income Increase	2.50 %	Mortgage Amount	\$ 2,081,535 %
Other Income	\$ 3,768	Operating Exp. Increase	3.50 %	Mortgage Rate	3.000
Operating Expenses	\$ 105,023	Vacancy Loss	5.00 %	Mortgage Term (Years)	55
LP & GP Annual Increase	2.5 %	Deferred Dev. Fee	\$	Interest on Deff. Dev. Fee	%

SDHC Participation	\$ 600,000	Residual Receipts or	<input checked="" type="checkbox"/>	Interest Rate	3.000 %
Percent of Residual to HC	10%	Amortize	<input type="checkbox"/>	Term (Years)	55

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 148,452	\$ 152,163	\$ 155,967	\$ 159,867	\$ 163,863
Vacancy	\$ 7,423	\$ 7,608	\$ 7,798	\$ 7,993	\$ 8,193
Effective Gross Income	\$ 141,029	\$ 144,555	\$ 148,169	\$ 151,873	\$ 155,670
Operating Expense	\$ 105,023	\$ 108,699	\$ 112,503	\$ 116,441	\$ 120,516
Net Operating Income	\$ 36,006	\$ 35,856	\$ 35,666	\$ 35,432	\$ 35,154
Debt Service(1st) Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments
Coverage (1st)					
Replacement Reserve	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Cash Flow	\$ 21,606	\$ 21,456	\$ 21,266	\$ 21,032	\$ 20,754
MHP Annual Admin Fee	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742
LP Asset Management Fee	\$ 3,000	\$ 3,075	\$ 3,152	\$ 3,231	\$ 3,311
GP Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Dev. Fee Pmt.	\$ 9,864	\$ 9,639	\$ 9,372	\$ 9,060	\$ 8,700
Net Cash Flow	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ 0
Developer Cash Flow Share 30%	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ 0
City Redev Cash Flow Share 40%	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ 0
MHP Cash Flow Share 20%	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ 0
SDHC Cash Flow Share 10%	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ 0

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 167,960	\$ 172,159	\$ 176,463	\$ 180,874	\$ 185,396
Vacancy	\$ 8,398	\$ 8,608	\$ 8,823	\$ 9,044	\$ 9,270
Effective Gross Income	\$ 159,562	\$ 163,551	\$ 167,640	\$ 171,831	\$ 176,126
Operating Expense	\$ 124,734	\$ 129,100	\$ 133,619	\$ 138,295	\$ 143,136
Net Operating Income	\$ 34,827	\$ 34,451	\$ 34,021	\$ 33,535	\$ 32,991
Debt Service(1st) Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments
Coverage (1st)					
Replacement Reserve	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Cash Flow	\$ 20,427	\$ 20,051	\$ 19,621	\$ 19,135	\$ 18,591
MHP Annual Admin Fee	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742
LP Asset Management Fee	\$ 3,394	\$ 3,479	\$ 3,566	\$ 3,655	\$ 3,747
GP Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Dev. Fee	\$ 8,291	\$ 7,830	\$ 7,313	\$ 6,738	\$ 6,102
Net Cash Flow	\$ 0	\$ (0)	\$ (0)	\$ 0	\$ 0
Developer Cash Flow Share 30%	\$ 0	\$ (0)	\$ (0)	\$ 0	\$ 0
City Redev Cash Flow Share 40%	\$ 0	\$ (0)	\$ (0)	\$ 0	\$ 0
MHP Cash Flow Share 20%	\$ 0	\$ (0)	\$ (0)	\$ 0	\$ 0
SDHC Cash Flow Share 10%	\$ 0	\$ (0)	\$ (0)	\$ 0	\$ 0

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 190,031	\$ 194,782	\$ 199,651	\$ 204,643	\$ 209,759
Vacancy	\$ 9,502	\$ 9,739	\$ 9,983	\$ 10,232	\$ 10,488
Effective Gross Income	\$ 180,530	\$ 185,043	\$ 189,669	\$ 194,411	\$ 199,271
Operating Expense	\$ 148,145	\$ 153,330	\$ 158,697	\$ 164,251	\$ 170,000
Net Operating Income	\$ 32,384	\$ 31,712	\$ 30,972	\$ 30,159	\$ 29,271
Debt Service(1st) Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments	\$ Deferred Payments
Coverage (1st)					
Replacement Reserve	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Cash Flow	\$ 17,984	\$ 17,312	\$ 16,572	\$ 15,759	\$ 14,871
MHP Annual Admin Fee	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742	\$ 8,742
LP Asset Management Fee	\$ 3,840	\$ 3,936	\$ 4,035	\$ 4,136	\$ 4,239
GP Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Dev. Fee	\$ 5,402	\$ 4,634	\$ 3,795	\$ 2,882	\$ 1,890
Net Cash Flow	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ (0)
Developer Cash Flow Share 30%	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ (0)
City Redev Cash Flow Share 40%	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ (0)
MHP Cash Flow Share 20%	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ (0)
SDHC Cash Flow Share 10%	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ (0)

**ATTACHMENT - 6
HOUSING COMMISSION LOAN TERMS**

Total Development Cost:	The total development cost of \$10,908,411 includes construction, interest costs, builder overhead and profit, and builder fees.
Developer Equity:	The developer's equity is \$5,066,876 which includes: \$3,702,236 in tax credits, \$1,210,000 in land contribution, and \$154,640 in deferred developer's fee or developer's cash.
Housing Commission Loan Amount:	A \$600,000 loan leverages \$10,308,411 from other sources.
Security:	The Housing Commission loan would be secured by the value of the land during construction and by the value of the land and 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, the Agency as a lender, and State Multifamily Housing Program as a lender.
Housing Commission Loan Payments:	Annual debt service payments to the Housing Commission, for years 1-30 will equal 10% of total residual receipts and for years 31-55 that will equal 12% of total residual receipts. Any unpaid principal and interest would be due as a balloon payment upon loan maturity.
Affordability Restrictions:	A Housing Commission Declaration of Covenants, Conditions, and Restrictions with a 55-year term would be recorded against the property to restrict occupancy for 23 units to tenants with incomes between 30% and 40% of AMI and 1 unrestricted manager's unit.

First Deed of Trust: The Housing Commission loan would be subordinate to a \$2,081,535, deferred 55-year loan from the California State Multifamily Housing Program which is part of the permanent financing.

Second Deed of Trust: The Housing Commission loan would be subordinate to an existing \$2,400,000, 55-year residual receipts Agency loan with interest at 3% interest.

Third Deed of Trust: A \$360,000, 15-year Federal Home Loan Bank Affordable Housing Program (AHP) deferred loan.

Fourth Deed of Trust: A \$600,000, 55 year, 3% interest, residual receipts Housing Commission loan.

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 \$8,752 (\$365 per unit/month for 24 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 at 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, the borrower would make minimum annual payments of \$14,400 (\$600/unit/year) into a reserve account. Use of reserves would require the reasonable approval of the Interim President and Chief Executive Officer of the Housing Commission.



May 30, 2008

Mr. Mathew Packard
3137 El Cajon Boulevard, LP
3350 E Street
San Diego, California 92101

Re: 3137 El Cajon Boulevard
Subject: Boulevard Apartments

Dear Mr. Packard:

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

The parameters of this loan commitment are as follows:

Borrower: 3137 El Cajon Boulevard, L.P., a California Limited Liability Company, has been formed as the tax credit ownership entity and to facilitate and coordinate the development of the Boulevard Apartments, a 24-unit multifamily apartment complex intended for rental to very low-income individuals and families. S.V.D.P. Management Inc., a California nonprofit public benefit corporation ("SVDP") is the general partner. TRGHT, Inc, a Delaware Corporation is the Investment Partner and The Richman Group Capital Corporation, a Delaware corporation is the Special Limited Partner. The documentation of the limited partnership, (including the "3137 El Cajon Boulevard LP Amended and Restated Agreement of Limited Partnership") is subject to approval by the Housing Commission staff and its General Counsel.

Use of Loan Proceeds: The loan shall be used by the Borrower to finance the new construction and permanent financing of the Boulevard Apartments.

Number of Units: A minimum of 24 total units shall be constructed.

Terms of the Proposed Loan: A proposed residual receipts loan of up to \$600,000:

- The interest rate will be three percent (3%) simple interest per year.
- The loan would have deferred payments but 3% simple interest would continue to accrue for the loan term.
- The loan would have annual debt service payments for years 1-30 that will equal 6% of total residual receipts which is based on a proportionate (11.81%) share of the Redevelopment Agency's 50% of residual receipts and

for years 31-55 that will equal 9% of total residual receipts based on a proportionate 11.81% of the Agency's 80% of residual receipts.

- Payment of all principal and accrued interest will be due and payable at the earlier of: (i) the end of 55 years from the date project occupancy, or (ii) upon refinancing of the project.
- The borrower will begin making annual residual receipts payments after date of the project occupancy certificate and following the end of the first 12 months of operations that coincide with the end of the borrower's fiscal year.

Loan Term:

The term of the affordability restrictions will be 55 years from the date of occupancy of the development.

Affordability terms:

A Housing Commission Declaration of Covenants, Conditions, and Restrictions with a 55-year term would be recorded against the property to restrict occupancy for 23 units to tenants with incomes between 30% and 40% of AMI and one unrestricted manager's unit

Total Development Cost:

If the actual total development cost of the project is less than \$10,908,411, 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. However, any such reduction shall be shared between the Housing Commission and the Redevelopment Agency of the City of San Diego ("Agency") in relative amount relationship to the two loans.

Security and Senior Financing:

- a) The Housing Commission loan shall be senior to all other encumbrances except for:
 - the existing first position State Multifamily Housing Program Loan (approximately \$2,081,535) which shall remain in first loan position.
 - The existing second position Agency's \$2,400,000 loan which shall remain in second loan position.
 - The existing third position Federal Home Loan Bank's Affordable Housing Program loan of \$360,000. However, SVDP will make its best efforts to obtain a subordination of the AHP loan to the Commission's.
 - SVDP's consultant has informed Housing Commission staff that the HUD McKinney-Vento grant is not secured against the property. However, SVDP will obtain any necessary approvals from the

HUD McKinney-Vento grant program to ensure HUD approval that may be necessary to secure the Housing Commission's loan priority.

- b) The loan shall be secured by a deed of trust, in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretion, made in favor of the Housing Commission and secured by the property.
- c) The Borrower will obtain all necessary approvals from the partners of the 3137 El Cajon Boulevard L.P. and will obtain any approvals needed from all other lenders in order to secure the Housing Commission's loan.
- d) The Housing Commission's loan restrictions shall be recorded against the property. The form and format of all restrictions shall be as drafted and/or approved by the Housing Commission's General Counsel.

Other Contingencies:

The Housing Commission's proposed loan would be contingent upon fulfillment of the conditions described in the Housing Commission's report "Loan for Boulevard Apartments" (estimated for the June 27, 2008 Housing Commission meeting, including that the Agency would approve revisions to its existing Owner Participation Agreement ("OPA") including to:

- a) maintain its current \$2.4 million loan commitment and allow infusion of Housing Commission loan funds without the OPA-required dollar-for-dollar reduction in the Agency's loan commitment due to obtaining alternative sources of funding;
- b) allow the Agency's fifty percent share of residual receipts to be proportionally shared for payment of the Housing Commission's loan; and
- c) consent to the Housing Commission's loan being secured against the property.

Recourse:

Prior to completion of construction this will be a recourse loan to the legal partnership, 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, the Agency, and the first position lender. 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 be entitled to its standard yearly monitoring fees calculated on a per-unit basis during the affordability period.

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.

Tax Credits: The Housing Commission's obligation to fund the loan is further subject to the Borrower complying with all necessary tax credit requirements.

Developer Fee: The total developer fee shall not exceed the tax credit application sum of Nine Hundred and Two Thousand Four Hundred and Fifty Seven Dollars (\$902,457). 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 Three Thousand Dollars (\$3,000) per year with an escalation factor of not more than 3 percent.

Prevailing Wages:

Borrower shall comply with the requirements for payment of both Federal Labor Wage Rates (Davis Bacon Act) if Federal funds are awarded and State of California Prevailing Wages as required by the State lending agency and shall pay the higher of the two in the event of a conflict on a trade-by-trade basis.

Environmental Requirements:

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

clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this project.

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

HOME Program Funds: The Housing Commission loan may be funded in whole or in part with federal HOME Program funds. If the Housing Commission uses HOME Program funds then the construction and operation of the project shall be subject to all applicable HOME Program rules and regulations, including 24 CFR 92 and all requirements thereunder.

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.

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 Federal and/or State prevailing wage rates. This commitment assumes that the Borrower has firm commitments from its other sources of financing.

Acceptance: This commitment is conditional upon the Borrower receiving approval from its other lenders for the financing of this development. Signing and delivering to the Housing Commission of this letter by Wednesday June 4, 2008, shall evidence Borrower's acceptance of this commitment. Until receipt of such acceptance by the Housing Commission, the Housing Commission shall have no liability hereunder, and unless acceptance is made by that date, this commitment shall be null and void.

Mathew Packard
May 30, 2008
Page 7

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

Sincerely,



Cissy Fisher
Director of Housing Finance
619-578-7585
619-578-7356

Agreed to and accepted this 30 day of JUNE, 2008 for "3137 El Cajon Boulevard, L.P.

(Borrower's Authorized Representative)

By: Father Joe Carroll Title: PRESIDENT

Print Name: FATHER JOE CARROLL



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

1. Name of CONTRACTOR:

Chelsea Investment Corporation, a California corporation

2. Address and Zip Code:

5993 Avenida Encinas
Carlsbad, CA 92008

3. Telephone Number:

760-456-6000

4. Name of Principal Contact for CONTRACTOR:

James J. Schmid

5. Federal Identification Number or Social Security Number of CONTRACTOR:

90-0151442

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)

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

Original formation date: February 23, 2004

Restructured: January 1, 2006

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.

<u>Name, Address & Zip Code</u>	<u>Phone Number</u>	<u>Title & % of Interest</u>
James J. Schmid 5993 Avenida Encinas, #101 Carlsbad, CA 92008	760-456-6000	President 100% Shareholder
Lynn Schmid 5993 Avenida Encinas, #101 Carlsbad, CA 92008	760-456-6000	Secretary

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.

N/A

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.

N/A

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.

N/A

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%.

N/A

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

(Attach extra sheet if necessary)

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.

No

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

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

N/A

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:

N/A

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.

Chelsea Investment Corporation, Emmerson Construction and CIC Management are all affiliates and owned by James J. Schmid.

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.

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:

The Dawson Avenue Senior Apartments will be financed from the following sources: a permanent conventional loan (\$2,991,000), tax credit equity (\$14,829,257), a below market rate ground lease and residual receipts loan from the San Diego Housing Commission (SDHC) in the amount of \$6,000,000. Finally, there is \$435,000 in AHP money as a final subsidy to the project. The total project cost is \$24,255,257.

Land will be leased from the SDHC for a 65 year period at annual payments equal to 4.5% of gross rental income.

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

- a. Equity will be funded by tax credit investor

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

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

N/A

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

Amount: \$ _____

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

None proposed

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

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

Mr. Paul Shipstead
 Vice President
 U.S. Bank
 4330 La Jolla Village Drive
 Suite 200
 San Diego, California 92122
 Phone: (858) 642-4632
 Fax: (619) 515-5948
 E-Mail: paul.shipstead@usbank.com

Ms. Catherine M. Niemann
 Senior Vice President
 Security Business Bank
 2701 Loker Avenue West, Ste. 150
 Carlsbad, California 92008
 Phone: (760) 448-8307
 Fax: (760) 929-9864
 E-Mail: cniemann@securitybusinessbank.com

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

___ Yes X No

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

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

___ Yes X No

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

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:
Please refer to Project Sponsor Experience Report

<u>Bond Type</u>	<u>Project Description</u>	<u>Date of Completion</u>	<u>Amount of Bond</u>	<u>Action on Bond</u>
------------------	----------------------------	---------------------------	-----------------------	-----------------------

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

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

Emmerson Construction, Inc.
 5993 Avenida Encinas, Suite 101
 Carlsbad, CA 92008

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

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

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ 81,593,806

General description of such work:

Construction of affordable multifamily and seniors housing projects.

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. See attached Project Listing sheet.

- d. Construction contracts or developments now being performed by such contractor or builder: Please see attached resume.

<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>
N/A		

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: Please see attached resume.

Emmerson Construction, Inc. (ECI) is an affiliate of Chelsea Investment Corporation (CIC). ECI serves as general contractor and/or construction manager only on projects where CIC is an owner. CIC and ECI are in adjacent offices and share management and administrative staff. Additionally, ECI employs a full-time Construction Project Manager and an Office Manager/Contract Administrator, each of whom have several years and many millions of dollars worth of experience. All work is sub-contracted, enabling ECI staff to effectively manage multiple jobs. Depending on workload, some management and administrative functions are occasionally out-sourced to construction management firms such as Gafcon.

ECI has served as construction manager on two rehabilitation projects and fifteen new construction projects that were completed on time and under budget. ECI also benefits from the experience of CIC, which has overseen the construction of most projects listed in the Project Sponsor Experience summary.

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:

N/A

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:

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: See Certificates Attached.

- 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: **N/A**

Government Entity
Making Complaint

Date

Resolution

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

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: **N/A**

<u>Governmental Agency</u> <u>(yes/no)</u>	<u>Description License</u>	<u>Date Issued</u> <u>(original)</u>	<u>Status</u> <u>(current)</u>	<u>Revocation</u>
---	----------------------------	---	-----------------------------------	-------------------

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. **N/A**

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.

Chelsea Investment Corporation has developed and financed over 5,100 affordable housing units at a cost of over \$690 million. Included are inclusionary developments, rural developments and special needs housing.

We have developed over 2,100 inclusionary units in San Diego, Chula Vista and Carlsbad, at a cost of over \$450,000,000.

Our clients include Barratt American, Black Mountain Ranch, Brookfield Homes, Centex Homes, Comite de Bienestar, Lennar, McMillin Homes, Pardee Homes, Santaluz, Shea Homes and others.

Our not-for-profit clients include; The Salvation Army, Senior Community Centers and St. Vincent de Paul Management.

We have completed multiple projects on time, on budget and in complete satisfaction of our clients' affordable housing requirements.

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:
 N/A

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
-------------	--	--	--------------------------

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: Cissy Fisher - San Diego Housing Commission

Address: 1122 Broadway, Suite 300, San Diego, CA 92101

Phone: 619-578-7585

Project Name and Description: _____

Name: Debbie Fountain - City of Carlsbad

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

Phone: 760-434-2810

Project Name and Description: _____

Name: Oscar Rodriguez – Calexico Housing Authority

Address: 1006 E. Fifth Street, Calexico, CA 92231

Phone: 760-357-3013

Project Name and Description: _____

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.

Chelsea Investment Corporation has developed and financed over 5,100 affordable housing units at a cost of over \$690 million. Included are inclusionary developments, rural developments and special needs housing.

We have developed over 2,100 inclusionary units in San Diego, Chula Vista and Carlsbad, at a cost of over \$450,000,000.

Our clients include Barratt American, Black Mountain Ranch, Brookfield Homes, Centex Homes, Comite de Bienestar, Lennar, McMillin Homes, Pardee Homes, Santaluz, Shea Homes and others.

Our not-for-profit clients include; The Salvation Army, Senior Community Centers and St. Vincent de Paul Management.

We have completed multiple projects on time, on budget and in complete satisfaction of our clients' affordable housing requirements.

40. Give the name and experience of the proposed Construction Superintendent.
Please see attached resume.

CERTIFICATION

The CONTRACTOR, Chelsea Investment Corporation, 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: 
Charles Schmid

By: _____

Title: Vice President

Title: _____

Dated: _____

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.

ATTEST:

State of California

County of _____

Subscribed and sworn to before me this _____ day of _____, 20____.

Signature of Notary

Name of Notary

SEAL

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 _____ day of _____, 20____, at San Diego, California.

CONTRACTOR

By: _____

Signature

Vice President

Title

Chelsea Investment Corporation (fka CSC)
BALANCE SHEET
December 31, 2007

ASSETS

CURRENT ASSETS

Cash	\$	110,671
Accounts Receivable		166,886
Interest Receivable		12,473
Prepaid Expenses		16,802
Developer Fee Receivable		201,250
Project Costs Receivable (Net)		285,391
Notes Receivable		668,615
Less: Discount on Notes Receivable		<u>(187,347)</u>
Total Current Assets		1,274,741

LAND, BUILDING, AND EQUIPMENT

Office Furniture and Equipment (Net)		<u>66,541</u>
Total Land, Building, and Equipment		<u>66,541</u>

OTHER ASSETS

Deposits		20,539
Deferred Tax Asset		<u>5,000</u>
Total Other Assets		<u>25,539</u>
Total Assets	\$	<u>1,366,822</u>

LIABILITIES AND OWNER'S EQUITY

LIABILITIES

Accounts Payable	\$	57,723
Notes Payable		260,391
Miscellaneous Payable		76,793
Interest Payable		-
Due to Related Parties		8,795
Unearned Revenue		<u>204,000</u>
Total Current Liabilities		607,702

OWNERS' EQUITY

Capital - J. Schmid		1,198,474
Shareholder Withdrawals		-
Common Stock		100
Current Year Profit (Loss)		<u>(439,453)</u>
Total Owner's Equity		<u>759,121</u>
Total Liabilities and Owner's Equity	\$	<u>1,366,822</u>

Chelsea Investment Corporation (fka CSC)
 STATEMENT OF INCOME AND EXPENSE
 Year ended December 31, 2007

INCOME

Developer Fees	\$ 2,092,618
Reimbursables	253,267
Property Management Fees	129,851
Miscellaneous Income	<u>11,597</u>
Total Income	2,487,332

OPERATING EXPENSES

Salaries & Wages	1,652,239
Rent - Office	214,092
Project Cost Reserves	129,669
Payroll Tax Expense	107,276
Repairs & Maintenance	78,684
Consulting	72,049
Outside Services	71,715
Office Expense	57,984
Advertising & Promotion	56,477
Insurance - Health	54,289
Moving Expenses	49,473
Property Expenses	45,712
401K Plan	43,423
Depreciation	40,707
Utilities	34,459
Professional Fees - Legal	31,761
Telephone	26,101
Boat Shared Expenses	20,834
Meals & Entertainment	20,002
Janitorial Expense	19,895
Contributions	19,125
Postage & Printing	14,425
Insurance - Liability	13,392
Bank Charge	12,909
Miscellaneous	12,872
Travel	12,735
Equipment Rental	12,068
Worker's Comp Insurance	11,238
Training & Seminars	10,120
Professional Fees - Acct. & Tax	9,365
Dues & Publications	9,323
Milcage Reimbursement	8,742
Auto	6,358
Property Taxes	<u>781</u>
Total Operating Expenses	2,980,293

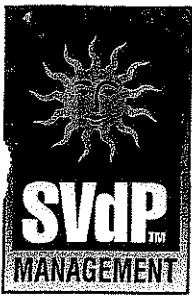
OPERATING INCOME (LOSS) (492,961)

Chelsea Investment Corporation (fka CSC)
STATEMENT OF INCOME AND EXPENSE
Year ended December 31, 2007

OTHER INCOME (EXPENSES)	
Interest Income	109,211
Provision/Benefit for Income Taxes	-
State Income Tax	(800)
Interest Expense	<u>(54,904)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>53,507</u>
NET INCOME (LOSS)	<u><u>\$ (439,453)</u></u>

DRAFT

**THE FOLLOWING DEVELOPER'S DISCLOSURE
STATEMENT WAS PREVIOUSLY
ACCEPTED BY THE
SAN DIEGO HOUSING COMMISSION
FOR ISSUANCE OF BONDS**



January 31, 2008

San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

RE: Developer's Disclosure Statement for S.V.D.P. Management, Inc.

To Whom It May Concern:

S.V.D.P. Management, Inc. has previously submitted a Developer's Disclosure Statement (Statement) to the San Diego Housing Commission dated May 30, 2007. Attached please find updated information for pages 2 and 3 of the Statement, and the most recent audited financial statements for S.V.D.P. Management, Inc. As of the date of this letter, I certify that the information in the original Statement dated May, 30, 2007 along with the updated information on pages 2 and 3 is true and correct to the best of my knowledge and belief.

Sincerely,

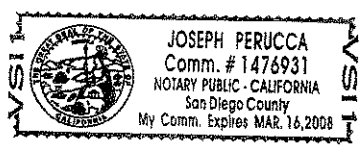
Father Joe Carroll
President

JURAT

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 31 day of JANUARY, 2008
by FATHER JOE CARROLL 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

S.V.D.P. MANAGEMENT, INC. 3350 E STREET SAN DIEGO, CA 92102-3332 619.446.2100 FAX 619.446.2129 www.fatherjoesvillages.org

VINCENT DE PAUL VILLAGE
3350 E Street
San Diego, CA 92102-3332
619.446.2100
FAX 619.446.2129

MARTHA'S VILLAGE & KITCHEN
83791 Date Avenue
Indio, CA 92201-4737
760.347.4741
FAX 760.347.9551

TOUSSAINT YOUTH VILLAGES
3350 E Street
San Diego, CA 92102-3332
619.446.2100
FAX 619.446.2129

JOSUE HOMES
National AIDS Foundation
3350 E Street
San Diego, CA 92102-3332
619.446.2100
FAX 619.446.2129

PADRE LUIS JAYME INTERNATIONAL OUTREACH
3350 E Street
San Diego, CA 92102-3332
619.446.2100
FAX 619.446.2129

A registered trademark of S.V.D.P. Management, Inc., 3350 E Street, SD, CA 92102-3332

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

b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

Board of Directors – S.V.D.P. Management, Inc.

Adelizzi, Bob
Assomull, Mukesh
Benson, Judy
Black, Charles
Boudreau, Steve (Board Secretary)
Burdick, Henry
Conway, Steve
Fischer, Bob (Board Treasurer)
Francis, Steve (Board Chair)
Jennings, Jackie
Kasperick, Vince
Malcolm, David
Mulvaney Sr., James
Norling, Richard
Panetta, Joseph D.
Parisi, Charles
Sudberry, Tom
VanDeWeghe, Bill
Ward, Linc
Witt, Ed

c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.

d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
N/A

e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%.
N/A

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

DISCLOSURE STATEMENT: PAGE 3

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

N/A

Name, Address and Zip Code	Description of character and extent of interest
-------------------------------	--

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

N/A

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

N/A

10. The financial condition of the developer, as of December 31, 2006 is reflected in the attached financial statement.

Please see attached.

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

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

- a. In banks:

<u>Name, Address and ZIP Code of Bank</u>	<u>\$ Amount</u>
Merrill Lynch 11181 Bernardo Plaza Ct. San Diego, CA 92128	\$1,420,902
Union Bank of California 530 B St. San Diego, CA 92101	\$2,273,050

*Note: A \$2,500,000 line of credit has been approved by Security Business Bank of San Diego, located at 12770 High Bluff Drive, Suite 180, San Diego, CA 92130 and the associated paperwork is currently being prepared.



DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE

(add extra sheets if you need more space)

1. Name of developer:
S.V.D.P. Management, Inc.
2. Address, phone number and ZIP Code:
3350 E Street
San Diego, CA 92102
3. IRS Number of Developer:
33-0492304
4. If the developer is not an individual doing business under his own name, the developer has the status indicated below and is organized or operating under the laws of California as:

 A corporation
 A nonprofit or charitable institution or corporation
 A partnership known as: _____
 A business association or a joint venture known as _____
 A Federal, State or local government or instrumentality thereof.
 Other (explain)
5. If the developer is not an individual or a government agency or instrumentality, give date of organization:
N/A
6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:



DISCLOSURE STATEMENT: PAGE 2

- a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
N/A
- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

Board of Directors - S.V.D.P. Management, Inc.

Ahlering, John R.	Khoury, Brian
Anderson, Betty	Madigan, Jan (VC of Nominating/Bd. Development)
Andrews, John S. M.D.	Morgan, Roxanne (VC of Programs)
Bourque, Dennis	Mulvaney, Jr., James (Co-VC of Fundraising/Marketing)
Daniels, Mike	O'Riordan, Michael
Davidson, Carolyn	Palmer, Gregg
Farley, Dan	Shevlin, Michael
Finch, Mike	Steinberg, Harris I.
Gault, Peter	Valverde, Chuck
Heath, Scott	van Adelsberg, Joost H. (Treasurer)
Kasperick, Candace	Waters, Jim (Board Secretary)
Kasperick, Vince (Board Chair) (VC of Audit)	Whelan, William (Co-VC of Strategic Planning)
Kelly, Paula	
Kennedy, Kevin	
Kennedy, Pat	

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

Name, Address & Zip Code

Phone Number

Position Title (if any) and percent of interest or description of character and extent of interest

DISCLOSURE STATEMENT: PAGE 3

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

N/A

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

8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above:
N/A
9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm.
N/A
10. The financial condition of the developer, as of December 31, 2005 is reflected in the attached financial statement.
Please see attached.
11. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:
12. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking:
- a. In banks:

<u>Name, Address and ZIP Code of Bank</u>	<u>\$ Amount</u>
Merrill Lynch 11181 Bernardo Plaza Ct. San Diego, CA 92128	\$2,300,000
Union Bank of California 530 B St. San Diego, CA 92101	\$500,000
US Bank 4330 La Jolla Village Drive, Suite 200 San Diego, CA 92122	\$500,000

DISCLOSURE STATEMENT: PAGE 4

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

Name, Address and ZIP Code of Source \$ Amount

c. By sale of readily salable assets:

Description Market Value Mortgages or Liens

13. Name and addresses of bank references:
 Union Bank of California, 530 B St. San Diego, CA 92101
 Wells Fargo 4365 Executive Dr, San Diego, CA 92121
 Merrill Lynch 11181 Bernardo Plaza Ct, San Diego, CA 92128

14. Has the developer or any of the developer'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 X
 If yes, give date, place, and under what name.

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

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

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

Project Name:	Project Address:	# of Units	Date of Completion
Villa Harvey Mandel (new construction)	72 17 th Street, San Diego, CA 92101	A six story, 90-unit permanent affordable housing facility with 8 Shelter + Care units and 25 units set aside for persons with special needs. The unit count consists of 85 studios (326 s.f.) and 5 One-BR (540 s.f.)	May-03
Village Place (rehab)	32 17 th Street, San Diego, CA 92101	A two story, 47-unit permanent affordable housing facility with 45 One-BR and 2 Two-BR units	Jan-97
Toussaint Academy of the Arts and Sciences (new construction)	1404 5th Avenue, San Diego, CA 92101	A four story facility with 30 transitional housing beds, 5 permanent affordable studio units	1998
Martha's Village and Kitchen	83791 Date Avenue, Indio, CA 92201	A two story transitional housing complex with 120 beds and 34 private rooms serving homeless families and singles.	January-01

DISCLOSURE STATEMENT: PAGE 5

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

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

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

General description of such work:

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

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
--	-----------------	---------------	-----------------------------

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

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

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

DISCLOSURE STATEMENT: PAGE 6

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

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

CERTIFICATION

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

Date: 5/30/2007

Date: _____


Signature

Signature

Title: President

Title: _____

Address & ZIP Code

3350 E Street

San Diego, CA 92102

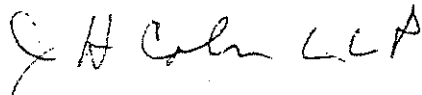
Report of Independent Public Accountants

To the Board of Directors
S.V.D.P. Management, Inc.

We have audited the accompanying consolidated statements of financial position of S.V.D.P. Management, Inc. and Consolidated Entities ("S.V.D.P.") as of December 31, 2006 and 2005, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of S.V.D.P.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of S.V.D.P. Management, Inc. and Consolidated Entities as of December 31, 2006 and 2005, and the changes in their net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



San Diego, California
August 27, 2007

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2006 AND 2005**

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$ 203,702	\$ 807,061
Investments, at market	1,087,216	3,330,360
Contributions receivable	308,663	9,635
Due from San Diego Health and Faith Alliance, Inc.		231,133
Inventory	283,717	344,248
Prepaid expenses and other current assets	50,586	242,453
Total current assets	<u>1,933,884</u>	<u>4,964,890</u>
Property and equipment, at cost:		
Land	11,470,399	11,470,399
Buildings and improvements	58,145,294	58,028,645
Construction in progress	5,655,645	3,370,598
Furniture and equipment	3,603,108	3,488,279
	<u>78,874,446</u>	<u>76,357,921</u>
Less accumulated depreciation and amortization	<u>(18,858,924)</u>	<u>(16,873,265)</u>
	<u>60,015,522</u>	<u>59,484,656</u>
Restricted cash	748,348	100,970
Designated cash fund and statutory reserves	1,636,165	1,132,293
Long-term investments	677,528	592,768
Investment in limited partnership	1,704,719	1,581,189
Charitable remainder trusts	561,463	752,650
Property held for sale	78,000	
Bond issuance costs, net	333,185	348,488
Deposits and other assets	458,667	401,438
	<u>68,147,481</u>	<u>69,359,342</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Borrowings under line of credit		\$ 500,000
Accounts payable and accrued liabilities	\$ 3,119,720	2,502,493
Current portion of long-term debt	192,111	156,973
Total current liabilities	<u>3,311,831</u>	<u>3,159,466</u>
Refundable advance		50,056
Forgivable debt	549,862	449,876
Long-term debt, net of current portion	16,084,898	16,219,669
Development fee payable to St. Vincent de Paul Village, Inc.	651,605	651,605
Due to St. Vincent de Paul Village, Inc.	2,219,025	1,893,332
Due to Martha's Village and Kitchen, Inc.	2,325,830	2,403,529
Other liabilities	403,372	100,970
Total liabilities	<u>25,546,423</u>	<u>24,728,503</u>
Limited partners' interest in real estate limited partnerships	8,086,200	8,918,111
Commitments and contingencies		
Net assets:		
Unrestricted	30,922,518	33,428,195
Temporarily restricted	3,592,340	2,284,533
Total net assets	<u>34,514,858</u>	<u>35,712,728</u>
Total liabilities and net assets	<u>\$ 68,147,481</u>	<u>\$ 69,359,342</u>

See Notes to Consolidated Financial Statements.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

**CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
Changes in unrestricted net assets:		
Revenue, contributions and other:		
Contributions from organizations, foundations and individuals	\$ 125,925	\$ 46,814
Sales of donated automobiles	8,847,380	9,170,567
Contract charges for services to St. Vincent de Paul Village, Inc. Transitional Housing Centers	5,906,800	5,710,573
Rental income	4,156,792	4,142,045
Grants		467,320
Interest income	211,459	242,065
Miscellaneous income	227,325	296,955
Net assets released from donor restrictions	92,821	527,000
Total revenue, contributions and other	<u>19,568,502</u>	<u>20,603,339</u>
Expenses and donations:		
Administration	769,476	740,217
Fundraising	<u>342,387</u>	<u>269,483</u>
Program expenses:		
Salaries and employee benefits	6,402,979	7,004,298
Food	2,151,494	1,989,606
Advertising	1,933,896	1,974,441
Preparation expense of donated automobiles	1,272,009	1,602,899
Other	3,297,443	4,122,863
Interest	991,182	753,990
Depreciation and amortization	2,016,815	1,836,371
Total program expenses	<u>18,065,818</u>	<u>19,284,468</u>
Donation to St. Vincent de Paul Village, Inc.	2,486,692	
Donation to Martha's Village and Kitchen, Inc.	<u>1,341,717</u>	<u>1,485,290</u>
Total expenses and donations	<u>23,006,090</u>	<u>21,779,458</u>
Change in unrestricted net assets before equity of limited partners in losses of limited partnerships	(3,437,588)	(1,176,119)
Equity of limited partners in operating results of real estate limited partnerships	<u>931,911</u>	<u>853,636</u>
Change in unrestricted net assets	<u>(2,505,677)</u>	<u>(322,483)</u>
Changes in temporarily restricted net assets:		
Contributions	1,400,628	200,607
Net assets released from donor restrictions	<u>(92,821)</u>	<u>(527,000)</u>
Change in temporarily restricted net assets	<u>1,307,807</u>	<u>(326,393)</u>
Change in net assets	<u>(1,197,870)</u>	<u>(648,876)</u>
Net assets at beginning of year	<u>35,712,728</u>	<u>36,361,604</u>
Net assets at end of year	<u>\$ 34,514,858</u>	<u>\$ 35,712,728</u>

See Notes to Consolidated Financial Statements.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
Increase (decrease) in cash and cash equivalents:		
Operating activities:		
Revenue, contributions and other:		
Contributions from organizations, foundations, and individuals	\$ 995,995	\$ 369,081
Sales of donated automobiles	8,907,911	10,179,871
Contract charges for services to St. Vincent de Paul Village, Inc. Transitional Housing Centers	5,906,800	5,710,573
Rental income	4,156,792	4,142,045
Grants		674,175
Interest income	211,459	242,065
Miscellaneous income	411,582	472,289
	<u>20,590,539</u>	<u>21,790,099</u>
Expenses and donations:		
Administration	769,476	740,217
Fundraising	342,387	269,483
Program:		
Salaries and employee benefits	6,369,548	6,955,891
Other operating expenses	7,619,859	8,790,851
Interest	1,030,197	782,534
Donation to St. Vincent de Paul Village, Inc.	2,486,692	
Donation to Martha's Village and Kitchen, Inc.	1,135,000	1,428,857
	<u>19,753,159</u>	<u>18,967,833</u>
Net cash provided by operating activities	<u>837,380</u>	<u>2,822,266</u>
Investing activities:		
Purchases of property and equipment	(2,963,616)	(3,458,650)
Increase in restricted cash	(647,378)	(100,970)
Increase in designated cash fund and statutory reserves	(503,872)	(429,092)
Purchase of investment securities	(1,487,011)	(1,324,275)
Proceeds from sale of investment securities	3,602,269	1,222,865
Repayments from (advances to) San Diego Health and Faith Alliance, Inc.	231,133	(10,928)
Repayments from (advances to) Martha's Village and Kitchen, Inc.	(70,401)	(27,549)
Net cash used in investing activities	<u>(1,838,876)</u>	<u>(4,128,599)</u>
Financing activities:		
Capital contributions to limited partnerships by outside limited partners	100,000	331,595
Repayments of Martha's Village, L.P. from Martha's Village and Kitchen, Inc. - net	(175,000)	(185,000)
Advances from (repayments to) St. Vincent de Paul Village, Inc.	972,784	(1,580,940)
Net proceeds from (repayments to) borrowings under line of credit	(500,000)	500,000
Net proceeds from forgivable debt	99,986	449,876
Net proceeds from borrowings	81,981	7,770,284
Payments on long-term debt	(181,614)	(5,699,540)
Net cash provided by (used in) financing activities	<u>398,137</u>	<u>1,586,275</u>
Net increase (decrease) in cash and cash equivalents	<u>(603,359)</u>	279,942
Cash and cash equivalents at beginning of year	<u>807,061</u>	<u>527,119</u>
Cash and cash equivalents at end of year	<u>\$ 203,702</u>	<u>\$ 807,061</u>

See Notes to Consolidated Financial Statements.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONCLUDED)
YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ (1,197,870)	\$ (648,876)
Bad debt expenses		500,000
Depreciation and amortization	2,016,642	1,836,371
Donation of land	(78,000)	
Limited partners' equity in operating results of partnerships	(931,911)	(853,636)
Accretion of discount on investment in limited partnership	(153,530)	(149,358)
Realized and unrealized loss on investment securities	43,126	99,446
Change in value of charitable remainder trusts	141,131	75,888
Contributions to Martha's Village and Kitchen, Inc.	206,717	56,433
Changes in operating assets and liabilities:		
Contributions receivable	(299,028)	271,018
Grants receivable		206,855
Inventory	60,531	1,009,304
Other assets	148,958	(110,678)
Accounts payable and accrued liabilities	578,212	428,529
Other liabilities	302,402	100,970
Net cash provided by operating activities	\$ 837,380	\$ 2,822,266
Supplemental disclosure of noncash investing and financing activities:		
Transfer of leasehold improvements to St. Vincent de Paul Village, Inc.	\$ 447,091	
Reallocation of net loss on investment in limited partnership		\$ 23,078
Restated interest related to development fee payable to St. Vincent de Paul Village, Inc.		\$ 51,531

See Notes to Consolidated Financial Statements.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies:

Organization:

S.V.D.P. Management, Inc. ("Management"), also known as Father Joe's Villages, develops, maintains and leases property, receives and sells donated automobiles and provides contract services for St. Vincent de Paul Village, Inc. ("Village") and Martha's Village and Kitchen, Inc. ("Martha's"), which through its fundraising activities, provides charitable services for the homeless in San Diego and Indio. Management is also the general partner of Mirabile Housing, L.P., Village Place Apartments, L.P., Martha's Village, L.P., Toussaint Teen Center, L.P., Villa Harvey Mandel, L.P. and a limited partner in a family limited partnership. The Automotive Division was transferred from the Village to Management at the beginning of 2005.

Mirabile Housing, L.P.

In 1994, Management formed Mirabile Housing, L.P. ("Mirabile Housing"), a California limited partnership, with Management as the General Partner and Chevron U.S.A., Inc. as the Investor Limited Partner. Mirabile Housing was formed to develop and operate low-income housing, including housing that qualifies for low-income housing credits under Section 42 of the Internal Revenue Code. In connection with the formation of Mirabile Housing, Management transferred the land, buildings and equipment of the Paul Mirabile Center to Mirabile Housing in exchange for a \$8,447,740 note receivable which bears interest at 6.75%. The note is collateralized by the property. Interest and principal payments are due from cash flows (as defined). The Investor Limited Partner has contributed \$4,375,641 to the capital of Mirabile Housing. These capital contributions were used to repay partnership expenses and obligations to Management for developing and financing the project. Management's share of Mirabile Housing profits and losses is 1%. The Investor Limited Partner receives 99% of the profits and losses.

The partners have received a total of \$7,498,210 in Federal low-income housing tax credits from the California Tax Credit Allocation Committee ("TCAC") through 2004.

Village Place Apartments, L.P.

Village Place Apartments, L.P. ("Village Place") is a California limited partnership formed to develop and operate affordable housing, including housing that qualifies for low-income housing credits under Section 42 of the Internal Revenue Code. At the date of formation of Village Place, January 16, 1997, Management became the General Partner and on June 1, 1997, under the first amendment to Limited Partnership Agreement dated July 1, 1997, Columbia Housing Partners Corporate Tax Credit V Limited Partnership was admitted as the sole Investor Limited Partner. The Investor Limited Partner has invested \$472,981. Village Place profits and losses are allocated .01% to the General Partner and 99.99% to the Investor Limited Partner.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Organization (continued):

The partners receive \$66,400 annually of Federal low-income housing tax credits through 2007.

Construction of the Village Place Apartments ("the Project"), a 47-unit apartment complex for low to moderate income tenants, was completed in June 1997 and was subsequently placed in service. The costs of the land and rehabilitation of the apartments were paid by Management and title to the property was transferred to Village Place on February 26, 1997. Village Place issued a note payable to Management for \$1,173,633 in payment of such costs and has an obligation for the payment of a development fee to Management. This loan was repaid in 1997 from permanent financing obtained from the California Housing Finance Agency ("CalHFA"). The Project is operated under a Regulatory Agreement that regulates rent charges, operating methods and other matters.

Martha's Village, L.P.

Martha's Village, L.P. ("Martha's Village") is a California limited partnership formed in 1999 to acquire, own, develop and operate low-income housing, including housing that will qualify for low-income housing credits, under Section 42 of the Internal Revenue Code.

Construction of the low-income transitional housing building was substantially completed in January 2001 and was subsequently placed in service, at which time Martha's Village commenced operations.

Under the first amendment to the first amended and restated Agreement of Limited Partnership effective on August 24, 2001, Martha's transferred its general partnership interest of \$279,983 to Management. Banc of America Housing Fund III D Limited Partnership is the Limited Partner. The partnership term expires December 31, 2050. Management has contributed land valued at \$280,000 to Martha's Village. The Limited Partner has contributed \$2,615,387. Martha's Village profits and losses are allocated .01% to the General Partner and 99.99% to the Limited Partner.

The partners receive \$312,285 annually of Federal low-income housing tax credits from the TCAC until 2009.

The building was leased to Management for 16 years beginning in 2001. Annual rent of \$220,000 is payable in monthly installments of \$18,333. Management in turn has leased the building to Martha's until December 31, 2009 for an annual rent of \$240,000 payable \$20,000 per month. Management was awarded a grant from the Department of Housing and Urban Development to provide funding of \$1,947,500 for the operations of the building. Included in this amount was \$376,309 which was loaned to Martha's Village to purchase certain equipment. The grant was renewed annually through November 2007 with an additional funding of \$525,000 each year. The loan is secured by a trust deed on the property, bears interest at .5% and is due in 2055.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Organization (continued):

Martha's Village has also engaged Management under a property management agreement, which is renewable every three years, to manage the property until December 31, 2006 and has not been subsequently renewed. Management will receive a fee of 10% of the monthly net rental income to the extent sufficient funds are available. No fee was accrued as of December 31, 2006 and 2005.

Toussaint Teen Center, L.P.

In 1997, Management purchased land and a building in San Diego, California. Management rehabilitated the building for use as a center for homeless teenagers in transition. The cost of the property was \$1,051,075 and the rehabilitation costs were \$3,006,677. It was Management's intention to have the building qualify for low-income housing credits under Section 42 of the Internal Revenue Code.

In 1999, Management formed a California limited partnership, Toussaint Teen Center, L.P. ("Teen Center"), to acquire, develop, finance and operate the 21-unit building for rental to low-income individuals. Management became the General Partner and Reverend Joseph A. Carroll became the Limited Partner.

On May 30, 2002, Management entered into an amended and restated Agreement of Limited Partnership wherein Management contributed its interest in the rehabilitated building and certain other costs to the Teen Center, Reverend Joseph A. Carroll withdrew, U.S.A. Institutional Tax Credit Fund XXVII, L.P. was admitted as the Investment Partner and the Richman Group Capital Corporation was admitted as the Special Limited Partner.

In accordance with the amended agreement, the Limited Partners contributed \$837,514 to the Teen Center. The \$708,763 contribution is to be held in a restricted account until 2015, but may be released earlier under certain conditions. Teen Center profits and losses are allocated .01% to both Management and the Special Limited Partner and 99.98% to the Investment Partner. In 2005, decisions regarding special elections were made with the consent of the Limited Partners for special allocation of profits and losses in accordance with Section 704(c) of the Internal Revenue Code.

The partners will receive \$142,723 annually of Federal low-income housing tax credits from the TCAC until 2008. In the event all of the credit is recaptured or all of the reported credit becomes unavailable, the Limited Partners have the option to have the General Partner pay for certain amounts of the credits taken by the Limited Partners.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Organization (concluded):

Villa Harvey Mandel, L.P.

Villa Harvey Mandel, L.P. ("Villa Harvey Mandel"), a California limited partnership, was formed for the purpose of developing, managing, and operating a 90-unit multi-family apartment complex that qualifies for low-income housing credits under Section 42 of the Internal Revenue Code to be known as Villa Harvey Mandel Apartments (the "Project") located in San Diego, California.

From October 19, 2001 to February 12, 2002, the General Partner of Villa Harvey Mandel was Management, and the Limited Partner was Reverend Joseph A. Carroll. On February 12, 2002, the initial Limited Partner, Reverend Joseph A. Carroll withdrew from Villa Harvey Mandel and TRGHT, Inc., a Delaware corporation, and The Richman Group Capital Corporation, a Delaware corporation, were admitted to the partnership as the Investor Limited Partner and Special Limited Partner, respectively. On February 12, 2002, TRGHT, Inc. withdrew from the partnership as the Investor Limited Partner, and U.S.A. Institutional Tax Credit Fund XXVIII, L.P., a Delaware limited partnership was admitted as the Investor Limited Partner. Therefore, from February 12, 2002, the Investor Limited Partner was U.S.A. Institutional Tax Credit Fund XXVIII, L.P. (the "Investment Partner"), and the Special Limited Partner was The Richman Group Capital Corporation (the "Special Limited Partner").

Under the amended and restated Agreement of Limited Partnership (the "Partnership Agreement"), the Investment Partner has contributed \$7,228,250 through December 31, 2006. Villa Harvey Mandel profits and losses are allocated .01% to both Management and the Special Limited Partner and 99.98% to the Investment Partner.

Villa Harvey Mandel expects to generate an aggregate of \$9,106,290 of low-income housing tax credits from the TCAC. Generally, such credits become available for use by its partners pro rata over a ten-year period beginning in June 2003. In order to qualify for these credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. Villa Harvey Mandel has also agreed to maintain and operate the Project as low-income housing for another 40 years after that period ends.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Principles of consolidation:

Management, Mirabile Housing, Village Place, Martha's Village, Teen Center and Villa Harvey Mandel have been consolidated and all material intercompany transactions and accounts have been eliminated in the accompanying consolidated financial statements.

Basis of accounting:

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements of Not-for-Profit Organizations". Accordingly, Management is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Management has no permanently restricted net assets.

Investments:

Management carries investments in equity securities with readily determinable fair values and all investments in debt securities at fair value with realized and unrealized gains and losses included in the statements of activities.

Inventory:

Inventory consists primarily of donated automobiles and property held for resale. Donated automobiles are stated at estimated fair value at year end. Property held for resale is stated at estimated fair value at the date of donation.

Contributions:

Management records promises to give and receive cash and other assets by both donees and donors at fair value in the period in which the promise is made. Conditional promises to give are recognized when the conditions are substantially met in accordance with SFAS No.116, "Accounting for Contributions Received and Contributions Made".

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a current risk-free interest rate. Accretion of the discount is included in contribution revenue. Conditional promises to give are not included as contributions until such time as the conditions are substantially met.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Grant revenue:

Management is awarded grants from Federal agencies. Those grants funded are typically awarded for a multi-year period, with the amount awarded negotiated in advance. Grant revenue is recognized as revenue when the related program costs are incurred. Unexpended grant funds received in advance of the related expenditures are reported as deferred grant revenue.

Expiration of donor restrictions:

The expiration of a donor restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Long-lived assets:

Management records impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

Use of estimates:

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

Cash equivalents:

Management considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk:

Management maintains its cash balances in two financial institutions. As of December 31, 2006, the balances exceeded the Federal Deposit Insurance Corporation limitation coverage by approximately \$2,137,000. Management reduces its exposure to credit risk by maintaining such deposits with high credit quality financial institutions.

Advertising:

Management expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2006 and 2005 were approximately \$1,934,000 and \$1,974,000, respectively.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (concluded):

Income taxes:

Management is exempt from income taxes on the basis that it qualifies under Section 501(c)(3) of the Internal Revenue Code and Section 23701 (d) of the California Franchise Tax Code.

Property and equipment:

Property and equipment is stated at cost. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets, which range from five to ten years.

Bond issuance costs:

Bond issuance costs are capitalized and amortized over the term of the bond using the straight-line method.

Reclassification:

Certain reclassifications have been made to the 2005 consolidated financial statements to conform to the 2006 consolidated financial statements.

Note 2 - Property and equipment:

Property and equipment includes land, buildings and improvements, equipment, leasehold improvements and construction in progress for the following facilities operated by various entities of Management, the Village, and Martha's:

	<u>2006</u>	<u>2005</u>
Joan Kroc Center	\$ 12,723,110	\$ 12,670,807
Martha's Village	9,135,739	9,135,739
Paul Mirabile Center	8,438,080	8,858,054
"E" Street headquarters	3,870,531	3,810,374
Bishop Maher Center	2,591,622	2,585,879
Thrift warehouses and stores	2,318,956	2,318,956
Ballpark Apartments	2,015,527	24,265
Toussaint Teen Center	4,057,752	4,071,735
Otay Mesa property	8,718,206	8,601,555
Josue AIDS Centers	487,101	487,101
El Cajon Boulevard property	785,959	627,442
Village Place Apartments	1,362,309	1,362,309
Flying "A" Ranch	2,258,919	1,991,425
Village residences	2,903,010	2,903,010
Villa Harvey Mandel	13,229,417	13,229,417
Campo Ranch	2,744,722	2,601,871
Singe family residences	375,161	240,791
Pala land and improvement	347,289	340,000
Automotive division	511,036	497,191
Totals	<u>\$ 78,874,446</u>	<u>\$ 76,357,921</u>

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Related party transactions:

Management has service contracts with the Village to provide administrative, security, food, building repairs and maintenance services. Charges under these contracts were \$5,906,800 and \$5,710,573 in 2006 and 2005, respectively.

Management and Mirabile Housing lease property to the various operating activities of the Village and Martha's under long-term operating leases expiring at various dates through 2009. These leases are adjusted annually for changes in the Consumer Price Index. Aggregate minimum lease payments expected to be received by Management and Mirabile Housing from the Village and Martha's operating activities as of December 31, 2006 and thereafter are as follows:

Year Ending December 31,	Martha's	Transitional Housing	Retail	Fundraising	Totals
2007	\$ 240,000	\$ 2,828,679	\$ 202,469	\$ 60,000	\$ 3,331,148
2008	240,000	572,127			812,127
2009	240,000	589,291			829,291
Total	<u>\$ 720,000</u>	<u>\$ 3,990,097</u>	<u>\$ 202,469</u>	<u>\$ 60,000</u>	<u>4,972,566</u>

Included in rental income were amounts from related parties of \$3,309,965 and \$3,260,069 in 2006 and 2005, respectively.

Amounts receivable from and (payable to) Village as of December 31, 2006 and 2005 were as follows:

	2006	2005
Transitional housing	\$ 1,997,907	\$ 1,349,955
Retail	(7,062,974)	(6,349,827)
Fundraising	2,846,042	3,306,540
Total	<u>\$ (2,219,025)</u>	<u>\$ (1,693,332)</u>

Food purchases by Management from Village retail operations were \$ 646,854 and \$550,325 in 2006 and 2005, respectively. A receivable in the amount of \$898,913 and \$963,394 in 2006 and 2005, respectively, due to the Automotive Division primarily consists of cash held by Village retail operations and advances. These amounts have been offset by Management's payable due to Village retail operations in the consolidation in 2006 and 2005, respectively. In addition, Management made donations to support the operations of the Village in the amount of \$2,486,692 in 2006.

Management made donations to support the operation of Martha's in the amount of \$1,341,717 and \$1,485,290 in 2006 and 2005, respectively.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Related party transactions (concluded):

Martha's Village has notes and advances payable to Martha's in the amount of \$5,008,789 and \$5,147,242 in 2006 and 2005, respectively. These obligations bear interest at .5% per annum. The notes payable of \$4,987,575 and \$5,005,472 in 2006 and 2005, respectively, are due and payable in 2055. These amounts are secured by a trust deed on the property and have been offset by Management's receivables of \$2,682,959 and \$2,743,713 due from Martha's in the consolidation in 2006 and 2005, respectively.

On February 12, 2002, Village and Chelsea Investment Corporation ("CIC") (collectively the "Developers") entered into an agreement with Villa Harvey Mandel to supervise and oversee the development of the Project for a development fee of \$1,094,858. The development fee is to be earned as services are performed. The Village will receive 60% and CIC will receive 40% of the development fee. In the event that a portion of the fee is deferred, the cash portion of the development fee will be paid first to CIC. As of December 31, 2006 and 2005 \$651,605 of the development fee was due to the Village.

Management made advances for the operation of San Diego Health and Faith Alliance, Inc., an affiliate of Management, in the amount of \$231,133 in 2005. The advances were reimbursed in 2006.

Note 4 - Long-term debt and forgivable debt:

Long-term debt consists of the following:

	<u>2006</u>	<u>2005</u>
4% Certificates of Participation (A)	\$ 5,310,000	\$ 5,310,000
Note payable to bank in monthly installments of \$41,073 due December 31, 2015. Interest at LIBOR plus 1.75%, secured by a Deed of Trust. (B)	5,530,019	5,673,500
6% mortgage note payable to CalHFA in monthly installments of \$7,195 through 2027 by Village Place, collateralized by property and equipment.	1,025,397	1,049,421

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Long-term debt and forgivable debt (continued):

	<u>2006</u>	<u>2005</u>
\$2,000,000 note payable to San Diego Housing Commission by Villa Harvey Mandel in annual installments commencing April 1, 2004 of the greater of 50% of the Project's residual receipts as defined in the loan agreement or \$27,034, applied first to unpaid interest and then to principal. The term is fifty-five years, due January 31, 2057 with interest at 5.6%, secured by a Deed of Trust. The interest is compounded annually at the note rate of 5.6%. At the year end 2006 and 2005, \$440,493 and \$312,172, respectively, has been accrued. Of the 2006 amount, \$413,458 is a long-term payable. The minimum required payment of \$27,034 was paid by Villa Harvey Mandel and Management in 2006 and 2005, respectively.	\$ 2,000,000	\$ 2,000,000
Affordable Housing Program - California ("AHP") loan payable to a bank by Villa Harvey Mandel, due in 2020 and secured by a Deed of Trust, a Security Agreement, an assignment of rents, and Fixture Filing. Interest accrues at 1%.	900,000	900,000
AHP loan payable to bank by Martha's Village due in 2031. Interest at FHLB rate (4.396% at December 31, 2006), collateralized by a trust deed on the property.	500,000	500,000
Center City Development Corporation loan payable to the Redevelopment Agency of the City of San Diego by Villa Harvey Mandel in annual installments commencing April 1, 2004 of the remaining balance of the residual receipts calculation under the Order of Priority as defined in Section 8(b) of the loan agreement. The term is fifty-five years, due September 30, 2057 with interest at 5%, secured by a subordinate Deed of Trust, a Security Agreement, an assignment of rent and leases, and an assignment of agreements.	920,000	920,000
Other	91,593	23,721
	<u>16,277,009</u>	<u>16,376,642</u>
Less current portion	<u>192,111</u>	<u>156,973</u>
Long-term debt	<u>\$ 16,084,898</u>	<u>\$ 16,219,669</u>

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Long-term debt and forgivable debt (continued):

- (A) In June 1998, Management issued \$7,485,000 of Certificates of Participation Bonds ("Bonds") to the California Statewide Communities Development Authority. Proceeds from the issuance of the Bonds were used to repay certain indebtedness and provide reserve funds for future properties. The Bonds are collateralized by certain real estate and a bank letter of credit that expires on June 28, 2008. The agreement provided that no more than \$7,485,000 and \$110,737 may be drawn under the principal and interest portion, respectively, of these letters of credit. The letters of credit require that Management maintain certain debt service coverage and debt to equity covenants. The initial interest rate on the Bonds was 4% which is subject to periodic adjustments. Management is required to set aside in a designated sinking fund \$375,000 in years 2003 through 2007 and \$125,000 in 2008 as collateral for the letters of credit. The designated sinking fund amounted to \$1,002,610 at December 31, 2006. The Bonds are due February 1, 2028.
- (B) Management refinanced the construction loan into a permanent loan on November 9, 2005.

The note bears interest at the variable note rate, which is 1.75% per annum in excess of the bank's LIBOR rate. Management has the one-time option and right to exercise a fixed rate conversion option to convert the variable note rate to a fixed interest rate which is 1.75% per annum in excess of the bank's then current adjusted U.S. Treasury rate for similar property types as calculated by the bank in its sole discretion and shall apply, without further modification, to the full principal amount then outstanding under the note for the full remaining term of the note. Management can exercise this option by no later than December 1, 2008.

Management also has the option to enter into an interest rate swap transaction with the bank in respect of the full outstanding principal amount of the loan evidenced by the note and with a termination date coinciding with the maturity date and shall, at the time it enters into the swap transaction, exercise the option to convert the variable note rate to a rate which is 1.75% per annum in excess of the BBA LIBOR rate.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Long-term debt and forgivable debt (continued):

The agreements with the bank require that Management and the Village maintain certain loan covenants for which Management and the Village were in compliance at December 31, 2006. However, Management and the Village were unable to provide audited financials to the bank within the 210 days required by the agreement. Management and the Village obtained a waiver from the bank, which waives the breach of the reporting requirement related to the financial audit for the year ended December 31, 2006.

Maturities of long-term debt in each of the five years subsequent to December 31, 2006 and thereafter are as follows:

2007	\$	192,111
2008		207,874
2009		218,029
2010		227,932
2011		235,947
Thereafter		<u>15,195,116</u>
Total	\$	<u>16,277,009</u>

Management maintains certain reserves under the CalHFA loan amounting to \$258,897 at December 31, 2006.

Management is also required to maintain operating reserves of at least \$125,000 and \$75,000 throughout the term of the partnership for Martha's Village and Villa Harvey Mandel, respectively. In addition, Management is also required to make an annual deposit of \$13,600 and \$18,000 as a replacement reserve for any major repair, capital expenditures and replacement of capital items for Martha's Village and Villa Harvey Mandel, respectively. At December 31, 2006, the replacement reserve amounted to \$81,755 and \$56,095 for Martha's Village and Villa Harvey Mandel, respectively. Interest earned on both reserves shall be added to the reserves.

Management maintains restricted bank accounts for Village Place and Villa Harvey Mandel tenants' security deposits which amounted to \$38,498 at December 31, 2006.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Long-term debt and forgivable debt (concluded):

The net book value of the land and buildings collateralizing the long-term debt was \$29,337,413 at December 31, 2006.

In July 2003, Management was awarded a loan of \$499,862 from EHAP of the State of California for the rehabilitation of the Joan Kroc and Bishop Maher transitional housing centers, funding for which expired in June 2006 and was extended through September 2006. The loan is secured by a Deed of Trust on the property and bears interest at 3%. The loan and interest will be forgiven in seven years from the project completion date, if certain conditions are met. Management has drawn \$499,862 on this loan as of December 31, 2006 and has accrued interest of \$14,955 as of December 31, 2006.

In January 2004, Management was awarded a loan of \$443,194 from EHAP of the State of California for the rehabilitation of the Paul Mirabile Center, funding for which was extended through January 2007. Management assigned its rights under the loan agreement and transferred the loan to the Village in June 2006.

In June 2006, Management was awarded a loan of \$50,000 from the Corporation for Supportive Housing for the construction of Boulevard Apartments, a supportive housing project. The loan bears interest at 0% and will be forgiven upon the request of Management, the earlier of closing of construction financing or August 2008, if certain conditions are met.

Note 5 - Contingent liability:

Management is contingently liable as guarantor with respect to indebtedness of the Village at December 31, 2006 and 2005. The Village has not incurred any bank debt during each of the years ended December 31, 2006 and 2005.

Note 6 - Investment in limited partnership:

A former Chairman of the Village contributed a 19.6% interest in a limited partnership to the Village. The assets of the partnership were sold and the Chairman and the Village transferred their interest in the partnership to VJB Partners, L.P. The resulting Village interest was assigned to Management. As a result of these transactions, Management has a 97% limited partnership interest in VJB Partners, L.P., the assets of which include cash, investments and a note receivable from the general partner. Management also has an option exercisable on December 31, 2035 (or sooner under certain circumstances) to sell its interest back to the partnership for the greater of \$4,500,000 or the fair market value of its interest.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 - Investment in limited partnership (concluded):

The future fair value of the partnership is collateralized by insurance policies on the lives of the former Chairman and his spouse.

Based upon life expectancy tables, the present value of Management's estimated minimum interest in the partnership has been recorded as an investment under temporarily restricted net assets. Periodic adjustments are being made to the carrying amount of the investment for the accretion of the discount over the life expectancy of the donor at date of donation.

Note 7 - Contributions receivable:

Contributions receivable are summarized as follows at December 31:

	2006	2005
Contributions receivable	\$ 308,663	\$ 8,885
Capital campaign pledges expected to be collected in:		
Less than one year		1,000
One to five years		
	308,663	9,885
Less discount		
Less reserve		(250)
Net contributions receivable	\$ 308,663	\$ 9,635

The discount rate used in determining the net present value of contributions receivable ranged from 4.25% to 4.75% at December 31, 2006 and 2005.

Note 8 - Charitable remainder trusts:

Management is the beneficiary under several charitable remainder trusts that it administers or are administered by third parties.

The charitable remainder trust is an arrangement whereby a donor contributes assets in exchange for distributions to a designated beneficiary over the remainder of the beneficiary's life. At the end of that time, the remaining assets will be given to Management.

For charitable remainder trusts that Management administers, the assets to be received were recorded at fair value on the date the agreement was recognized, and a corresponding liability equal to the present value of the future distributions was recorded. The difference between the fair value of the assets to be received and the liability to the donors' beneficiaries were recognized as temporarily restricted contributions. On an annual basis, Management revalues the liabilities based on the applicable life expectancy table and a discount rate of 4.25%, the prime rate at the date of donation.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Charitable remainder trusts (concluded):

For charitable remainder trusts that are administered by third parties, the beneficial interest in the trusts were recorded at fair value based on the present value of the future benefits expected to be received from the trust at the date the agreements were recorded. Discounts on the present value of expected benefits are amortized annually.

The total unamortized discount for the charitable remainder trusts was approximately \$515,000 and \$498,000 as of December 31, 2006 and 2005, respectively.

Note 9 - Investments:

The cost and fair value of investments as of December 31, 2006 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Short-term:		
U.S. government obligations	\$ 686,970	\$ 689,479
U.S. treasury bills	297,750	297,891
Money market funds	99,846	99,846
Totals	<u>\$ 1,084,566</u>	<u>\$ 1,087,216</u>
Long-term:		
U.S. government obligations	\$ 592,768	\$ 592,768
Preferred stocks	100,000	84,760
Totals	<u>\$ 692,768</u>	<u>\$ 677,528</u>

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Investments (concluded):

The cost and fair value of investments as of December 31, 2005 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Short-term:		
Mutual funds	\$ 788,322	\$ 770,759
U.S. government obligations	992,140	987,190
U.S. treasury bills	697,875	693,106
Money market funds	470,327	470,326
Corporate stock	<u>477,032</u>	<u>408,979</u>
Totals	<u>\$ 3,425,696</u>	<u>\$ 3,330,360</u>
Long-term - U.S. government obligations	<u>\$ 592,769</u>	<u>\$ 592,768</u>

Fair values have been determined by reference to the most recent market quotations for the respective investments.

Investment returns included in interest or miscellaneous income consists of the following:

	<u>2006</u>	<u>2005</u>
Investment income	\$ 125,812	\$ 164,119
Investment fees	(35,213)	(42,175)
Realized losses	(125,872)	(67,230)
Unrealized gains	<u>82,745</u>	<u>17,750</u>
	<u>\$ 47,472</u>	<u>\$ 72,464</u>

Note 10- 401(k) profit-sharing plan:

Management participates in a profit-sharing retirement plan that covers all eligible employees of the Village, Management and Martha's. Contributions are made by the Village, Management, and Martha's on a discretionary basis. In March 2007, a discretionary matching contribution was made for those eligible at December 31, 2006. The contribution totaled \$48,323 for 2006. No contribution was made in 2005.

Note 11- Grant agreement:

Management has entered into a grant agreement with the U.S. Department of Health and Human Services ("HHS") to serve as an "intermediary organization" providing technical assistance and sub-awards to help smaller organizations operate and manage their programs more effectively. Management earned \$467,320 from this agreement in 2005. From the amount earned, \$304,006 was paid on sub-awards in 2005.

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12- Temporarily restricted net assets:

Temporarily restricted net assets are available for the following periods or purposes:

	<u>2006</u>	<u>2005</u>
Restricted for use in future periods:		
Charitable remainder trusts	\$ 561,463	\$ 702,594
Investment in VJB LP	1,704,719	1,581,189
Restricted for specific projects:		
Capital campaign pledges for Campo Ranch and Flying A Ranch projects		750
St. Martin de Porres - Pala Funds	189,612	
16th and Market	1,136,546	
Totals	<u>\$ 3,592,340</u>	<u>\$ 2,284,533</u>

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13- Limited partners' interests in real estate limited partnerships:

	Mirabile Housing, L.P.	Village Place Apartments, L.P.	Martha's Village, L.P.	Toussaint Teen Center, L.P.	Villa Harvey Mandel, L.P.	Total Limited Partners' Interest in Limited Partnerships
Balance, January 1, 2005	\$ 1,044,761	\$ 268,123	\$ 1,779,663	\$ 299,006	\$ 5,973,990	\$ 9,365,543
Capital contributions					331,595	331,595
Reallocation of net loss on investment in limited partnership				23,078		23,078
Restated interest related to development fee payable to St. Vincent de Paul Village, Inc.					51,531	51,531
Equity of limited partners in operating results of limited partnerships	<u>(192,024)</u>	<u>(20,964)</u>	<u>(116,101)</u>	<u>(92,151)</u>	<u>(432,396)</u>	<u>(853,636)</u>
Balance, December 31, 2005	852,737	247,159	1,663,562	229,933	5,924,720	8,918,111
Capital contributions					100,000	100,000
Equity of limited partners in operating results of limited partnerships	<u>(170,593)</u>	<u>(42,265)</u>	<u>(125,306)</u>	<u>(102,458)</u>	<u>(491,289)</u>	<u>(931,911)</u>
Balance, December 31, 2006	<u>\$ 682,144</u>	<u>\$ 204,894</u>	<u>\$ 1,538,256</u>	<u>\$ 127,475</u>	<u>\$ 5,533,431</u>	<u>\$ 8,086,200</u>

S.V.D.P. MANAGEMENT, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14- Subsequent event:

16th and Market, L.P. ("16th and Market") was formed as a California limited partnership on April 6, 2007 to develop, manage and finance low-income rental housing including housing that qualifies for low-income housing credits under Section 42 of the Internal Revenue Code. Management is the Managing General Partner and CIC 16th and Market, LLC is the Administrative General Partner. U.S.A. Institutional Tax Credit Fund LX, L.P. is the Investor Limited Partner and The Richman Group Capital Corporation is the Special Limited Partner. In 2006, Management recorded \$1,136,546 in revenue and \$2,015,727 towards construction in progress for the project. Groundbreaking for the 12 story 136-unit apartment building took place on May 17, 2007. Financing for the project closed in June 2007. The completion of construction is targeted for January 2009.

**Report of Independent Public Accountants
on Supplementary Information**

To the Board of Directors
S.V.D.P. Management, Inc.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements of S.V.D.P. Management, Inc. and Consolidated Entities taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

J.H. Cohn CPA

San Diego, California
August 27, 2007

**S.V.D.P. MANAGEMENT, INC.
(INCLUDING AUTOMOTIVE DIVISION)**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2006 AND 2005**

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents		\$ 440,622
Investments, at market	\$ 1,087,216	3,330,360
Contributions receivable	308,663	9,635
Due from San Diego Health and Faith Alliance, Inc.		231,133
Inventory	283,717	344,248
Prepaid expenses and other current assets	40,051	144,715
Total current assets	1,719,647	4,500,713
Property and equipment, at cost:		
Land	8,985,613	8,985,613
Buildings and improvements	25,964,307	25,847,659
Construction in progress	5,655,645	3,370,598
Furniture and equipment	2,038,083	1,923,254
	42,643,648	40,127,124
Less accumulated depreciation and amortization	(12,055,286)	(11,026,344)
	30,588,362	29,100,780
Restricted cash	748,348	100,970
Designated cash fund and statutory reserves	1,002,610	623,459
Investment in limited partnership	1,704,719	1,581,189
Charitable remainder trusts	561,463	752,650
Property held for sale	78,000	
Bond issuance costs, net	333,185	348,488
Due from Martha's Village and Kitchen, Inc.	2,682,959	2,743,713
Deposits and other assets	310,108	237,198
Due from real estate limited partnerships	9,304,622	9,302,236
Investments in real estate limited partnerships	3,686,914	3,699,503
	748,348	100,970
Total assets	\$ 52,720,937	\$ 52,990,899
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Cash overdraft	\$ 222,433	
Borrowings under line of credit		\$ 500,000
Accounts payable and accrued liabilities	2,344,332	1,891,565
Current portion of long-term debt	166,605	132,949
Total current liabilities	2,733,370	2,524,514
Refundable advance		50,056
Forgivable debt	549,862	449,876
Long-term debt, net of current portion	10,765,007	10,874,272
Due to St. Vincent de Paul Village, Inc.	2,187,268	1,670,395
Due to limited partnerships		40,888
Other liabilities	403,372	100,970
Total liabilities	16,638,879	15,710,971
Net assets:		
Unrestricted	33,626,264	34,995,395
Temporarily restricted	2,455,794	2,284,533
Total net assets	36,082,058	37,279,928
Total liabilities and net assets	\$ 52,720,937	\$ 52,990,899

See Report of Independent Public Accountants on Supplementary Information

**S.V.D.P. MANAGEMENT, INC.
(INCLUDING AUTOMOTIVE DIVISION)**

**STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
Changes in unrestricted net assets:		
Revenue, contributions and other:		
Contributions from organizations, foundations and individuals	\$ 125,925	\$ 46,814
Sales of donated automobiles	8,847,380	9,170,567
Contract charges for services to St. Vincent de Paul Village, Inc. Transitional Housing Centers	5,906,800	5,710,573
Rental income	2,832,780	2,806,209
Contract income from limited partnerships	122,274	126,409
Grants		467,320
Interest income	695,205	741,083
Miscellaneous income	228,334	283,713
Net assets released from donor restrictions	1,229,367	527,000
Total revenue, contributions and other	19,988,065	19,879,688
Expenses and donations:		
Administration	769,476	740,217
Fundraising	342,387	269,483
Program expenses:		
Salaries and employee benefits	6,302,509	6,896,504
Food	2,151,494	1,989,606
Advertising	1,933,895	1,974,441
Preparation expense of donated vehicles	1,272,009	1,602,899
Other	3,038,411	3,905,511
Interest	674,188	483,692
Depreciation and amortization	1,044,418	854,528
Total program expenses	16,416,924	17,707,181
Donation to St. Vincent de Paul Village, Inc.	2,486,692	
Donation to Martha's Village and Kitchen, Inc.	1,341,717	1,485,290
Total expenses and donations	21,357,196	20,202,171
Change in unrestricted net assets	(1,369,131)	(322,483)
Changes in temporarily restricted net assets:		
Contributions	1,400,628	200,607
Net assets released from donor restriction	(1,229,367)	(527,000)
Change in temporarily restricted net assets	171,261	(326,393)
Change in net assets	(1,197,870)	(648,876)
Net assets at beginning of year	37,279,928	37,928,804
Net assets at end of year	\$ 36,082,058	\$ 37,279,928

See Report of Independent Public Accountants on Supplementary Information

