

**REPORT**

DATE ISSUED: July 2, 2009

REPORT NO.:HCR09-057

ATTENTION: Chair and Members of the Housing Commission  
For the Agenda of July 10, 2009SUBJECT: Hacienda Townhomes  
(Council District 2)REQUESTED ACTION:

Approve the sale or transfer of the tax credit investor limited partnership interest in Hacienda Townhomes by Fannie Mae (formerly Federal National Mortgage Association, or "FNMA") to San Diego Community Housing Corporation (SDCHC).

STAFF RECOMMENDATION:

Approve the following and authorize the President and Chief Executive Officer or designee to execute necessary documents under the advisement of the Housing Commission's General Counsel:

1. Sale or transfer of limited partnership interest in Hacienda Townhomes by FNMA to SDCHC.
2. Amend and restate the Housing Commission Loan Agreement to reflect the change of limited partner under the conditions that; (a) the borrower, Hacienda Townhomes, Ltd., shall work to identify avenues of project revenue increases and expense reductions including but not limited to rent increases; (b) formulate a plan to rehabilitate and reconfigure the common areas of the building to alleviate security and appearance problems; and (c) work with the City, Police Department, and community groups to identify measures that may lessen the impact of crime, traffic, noise and other negative environmental conditions on Hacienda Townhomes.
3. Amend and restate the Housing Commission Loan Agreement to clarify the accumulation and distribution of residual receipts and project reserves, with the amounts at the discretion of the President and Chief Executive Officer or designee.

BACKGROUND:

Hacienda Townhomes, a 52-unit rent-restricted housing development for low-income families, is located at 350 17<sup>th</sup> Street in East Village (Attachment 4). The development is operating and fully occupied. The owner of the property is Hacienda Townhomes, Ltd., a partnership with Hacienda Townhomes as its sole asset. The general partner, Occupational Training Services, Inc. (OTS), is a private nonprofit 501(c)(3) public benefit corporation formed in 1973 with the primary mission

of providing job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons in San Diego. OTS constructed Hacienda Townhomes in 1993 with financing from low-income housing tax credits and a \$748,197 residual receipts loan from the Housing Commission.

SDCHC, the proposed limited partner in Hacienda Townhomes, is an experienced developer of affordable housing formed in 1994 by OTS to be its affiliated affordable housing development organization. Board members of OTS also serve on the Board of Directors of SDCHC. In 1997, SDCHC borrowed \$2,065,897 from the Housing Commission to acquire and rehabilitate Mountain View Estates (formerly Town & Country Apartments), a 145-unit affordable housing development in Southeastern San Diego. In 2004, the Housing Commission purchased land for \$1,570,000 and loaned Ken-Tal Senior Partners, LP \$315,000 in an arrangement whereby the partnership leased the land from the Housing Commission and successfully developed a 91-unit senior housing development in City Heights. SDCHC is the administrative general partner in Ken-Tal Senior Partners, LP.

The proposed transaction is permitted under the Housing Commission's Loan Agreement for Hacienda Townhomes. The 15-year tax credit period has expired and the former tax credit investor, Fannie Mae, is proposing the sale of its limited partnership interest in the development for \$50,000, which is the cost to Fannie Mae to purchase a surety bond against any future tax liabilities of the project. The sale of limited partnership interest would not release Fannie Mae from any outstanding legal obligations to the owner and borrowing entity, Hacienda Townhomes, Ltd. It is the opinion of Housing Commission staff that payment of \$50,000 to Fannie Mae would not adversely impact operations.

After the proposed sale or transfer of limited partnership interest, Hacienda Townhomes, Ltd., would remain the owner and borrower and OTS would remain the general partner in the development. Hacienda Townhomes, Ltd. is currently in compliance with the reporting requirements and repayment procedures of the Housing Commission loan for this project. SDCHC would assume any rights, powers, and obligations that were vested in Fannie Mae, including any obligations to Hacienda Townhomes, Ltd. and the Housing Commission following the effective date of the sale. A Developer's Statement For Public Disclosure from SDCHC is attached to this report (Attachment 1).

Housing Commission 55-year rent restrictions for 51 units (one unit is the resident manager's apartment) would remain in effect until 2048. Currently, four 3-bedroom and eight 2-bedroom units are restricted at 35 percent of Area Median Income (AMI); ten 3-bedroom, eight 2-bedroom, and one 1-bedroom units are restricted at 50 percent of AMI; ten 3-bedroom and ten 2-bedroom units are restricted at 60 percent AMI.

Hacienda Townhomes is under-performing financially with a negative cash flow due to high site security costs, the loss of rental income caused by high vacancy rates, and high unit turnover costs from repairing damage done by low quality tenants. An amended Housing Commission Loan Agreement would require Hacienda Townhomes, Ltd. to explore the benefits of physical

improvements to the property, improve screening of prospective tenants, and increase involvement in neighborhood policing efforts. These measures will improve the living conditions of the residents and reduce operating costs by decreasing the impact of crime, traffic, noise, and other negative environmental factors. Hacienda Townhomes, Ltd. may also apply to the Housing Commission to increase the rents for some units if rent increases fall within the parameters of affordability restrictions required by the lenders.

The Housing Commission loan documents for Hacienda Townhomes do not specify the use of residual receipts for any purposes other than to repay the Housing Commission loan and do not specify the level of annual reserves for replacement. It is customary for the Housing Commission to approve borrower retention of 50 percent of the residual receipts of a project as an incentive to control expenses and enhance project income. Staff recommends amendment of the Housing Commission loan documents to bring the distribution and use of residual receipts in line with current Housing Commission standards and require the operator to make a minimum annual deposit to a reserve account. It is recommended that the amount of residual receipts to be retained by Hacienda Townhomes, Ltd. and the amount of required reserves for the development be at the discretion of the Chief Executive Officer. Any Housing Commission financing of property improvements and the implementation of any rent increases would be brought forward for Housing Commission and Housing Authority approval at a later date.

To assist staff in formulating a strategy to deal with a tax credit partnership nearing the end of its fifteen-year tax credit compliance period, the Housing Commission's accountant, Reznick Group, was engaged. Staff has determined that the amount of exit tax liability for this transaction is likely to be thirty-five percent of the negative capital account, or approximately \$189,321.00. According to FNMA's representative Mr. Tony Petropolus, this exit tax will be paid for by NFMA.

FISCAL CONSIDERATIONS:

None with this action. The financial obligations of Hacienda Townhomes, Ltd. to the Housing Commission would be unchanged.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This sale of limited partnership interest was approved by the Centre City Development Corporation, which is also a lender to the project, on February 27, 2008.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

No community group approvals are required for the proposed sale or transfer of partnership interest.

ENVIRONMENTAL REVIEW:

The proposed sale or transfer of partnership interest in this previously approved development is not a "project" as defined in the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15060(c)(3) and no environmental review under CEQA is required. Because

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Hacienda Townhomes

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no federal funding would be committed as a result of this action, environmental review pursuant to the National Environmental Policy Act (NEPA) is not required.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

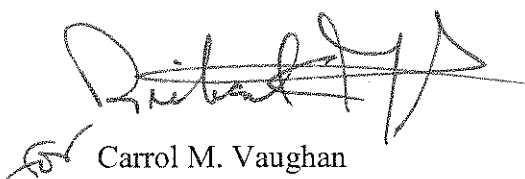
Stakeholders include Hacienda Townhomes, Ltd. as the owner, OTS as the general partner, and SDCHC as the proposed limited partner. Approval of the sale or transfer of limited partner interest would have no impact on the viability, use, or affordability of the housing units.

Respectfully submitted,



D. Lawrence Clemens  
Senior Vice President

Approved by,



Carrol M. Vaughan  
Executive Vice President  
and Chief Operating Officer

- Attachments:
1. Limited Partner Disclosure Statement
  2. Project Financial Statement
  3. Project Proforma
  4. Location Map

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



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

1. Name of CONTRACTOR:

San Diego Community Housing Corporation, Inc.

2. Address and Zip Code:

6160 Mission Gorge Rd. Suite 204  
San Diego, CA 92120

3. Telephone Number:

619 876-4222

4. Name of Principal Contact for CONTRACTOR:

J. Robert St. Germain.

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

33-0661980

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). See Attached Exhibit "A".

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:

October 24, 1994

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

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

<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>
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(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):

Name, Address and  
Zip Code

Position Title (if any) and  
extent of interest

None.

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:

None.

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.

Occupational Training Services, Inc. (OTS) helped to form the San Diego Community Housing Corporation, Inc. and is the sole member of OTS. The address of OTS is:

6160 Mission Gorge Rd., Suite 204  
San Diego, CA 92120

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.

See Attached Exhibit 'C'.

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:

Funds are coming from Contractor's own funds.



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

a.

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

Amount: \$ \_\_\_\_\_

Washington Mutual Bank  
Neighborhood National Bank  
Wells Fargo Bank

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

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

Amount: \$ \_\_\_\_\_

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

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

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

Clifford Melrose, Washington Mutual Bank, Seattle, WA  
Bob McGill, Neighborhood National Bank, National City, CA  
Karen Taylor, Wells Fargo Bank, San Diego, CA

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  No

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

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

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

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:  
 Not Applicable.

a. Name and addresses of such contractor or builder:

NA

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

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

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

General description of such work:

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

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

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

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

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

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

NA

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:

See Attached Exhibit "D".

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: See Attached Exhibit "E"

- 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)]

See Attached Exhibit "F".

- 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)]

See Attached Exhibit "G".

- f. Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

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

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

<u>Government Entity Making Complaint</u>	<u>Date</u>	<u>Resolution</u>
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None.

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

None.

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

<u>Governmental Agency</u>	<u>Description License</u>	<u>License Number</u>	<u>Date Issued (original)</u>	<u>Status (current)</u>	<u>Revocation (yes/no)</u>
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None.

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

None.

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

None.

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

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
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None.



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:

None.

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:

None.

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

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Project Name and Description: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Project Name and Description: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

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.

SDCHC is the managing general partner in over 1,000 units in San Diego County.

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

Randy Simmrin, SDCHC Asset Manager is overseeing Hacienda Townhomes and all of SDCHC owned properties.

**CALIFORNIA JURAT WITH AFFIANT STATEMENT**

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_

6 \_\_\_\_\_

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this

8 day of August, 20 08, by

(1) [Signature]  
Name of Signer

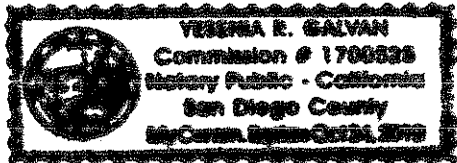
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (.)

(and

(2) \_\_\_\_\_  
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature [Signature]  
Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Further Description of Any Attached Document**

Title or Type of Document: Consent to Public Disclosure  
by Contractor

Document Date: 8/7/08 Number of Pages: 2

Signer(s) Other Than Named Above: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER #1**

Top of thumb here

**RIGHT THUMBPRINT OF SIGNER #2**

Top of thumb here

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

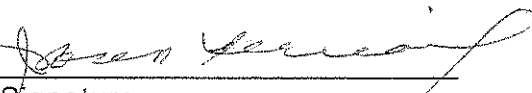
By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop 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 7 day of August, 2008, at San Diego, California.

CONTRACTOR

By:   
Signature  
  
Chief Executive Officer  
Title

**CERTIFICATION**

The CONTRACTOR, San Diego Community Housing Corporation, Inc., hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: *[Signature]* By: \_\_\_\_\_  
Title: Chief Executive Officer Title: \_\_\_\_\_  
Dated: 8/7/08 Dated: \_\_\_\_\_

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

ATTEST:

*See attached loose certificate*

State of California

County of \_\_\_\_\_

Subscribed and sworn to before me this 8 day of August, 20 08

\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
Name of Notary

SEAL

HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)

FINANCIAL STATEMENTS

DECEMBER 31, 2007



HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
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Leaf & Cole, LLP  
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## Independent Auditor's Report

To the Partners  
Hacienda Townhomes, Ltd.  
(A California Limited Partnership)  
8799 Balboa Avenue, Suite 100  
San Diego, California 92123

We have audited the accompanying balance sheet of Hacienda Townhomes, Ltd. (A California Limited Partnership) as of December 31, 2007, and the related statements of income (loss), changes in partners' equity (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hacienda Townhomes, Ltd. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Leaf & Cole LLP*

San Diego, California  
February 2, 2008



HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
BALANCE SHEET  
DECEMBER 31, 2007

ASSETS

Current Assets: (Note 1)

Cash and investments	\$ 93,297
Cash - Tenant security deposits	25,660
Prepaid insurance	<u>2,155</u>
Total Current Assets	<u>121,112</u>

Restricted Assets: (Notes 2 and 3)

Replacement reserve	30,833 ✓
Operating deficit reserve	<u>130,315</u>
Total Restricted Assets	<u>161,148</u>

Property and Equipment: (Notes 1 and 5)

Land	750,000
Buildings	5,193,029
Furniture and equipment	<u>87,129</u>
Subtotal	6,030,158
Less: Accumulated depreciation	<u>(2,620,162)</u>
Total Fixed Assets	<u>3,409,996</u>

Other Assets: (Note 1)

Intangible assets, net of accumulated amortization	<u>119,092</u>
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**TOTAL ASSETS**

**\$3,811,348**

The accompanying notes are an integral part of the financial statements.

HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
BALANCE SHEET  
DECEMBER 31, 2007

LIABILITIES AND PARTNERS' EQUITY

<b><u>Current Liabilities:</u></b> (Notes 1, 4, 5 and 6)	
Accounts payable	\$ 76,218
Security deposits	24,131
Accrued interest payable	5,234
Construction advance	85,826
Current portion of notes payable	<u>15,195</u>
Total Current Liabilities	<u>206,604</u>
<b><u>Long-Term Liabilities:</u></b> (Note 5)	
Accrued interest payable	1,043,437
Notes payable, less current portion above	<u>2,677,535</u>
Total Long-Term Liabilities	<u>3,720,972</u>
Total Liabilities	3,927,576
<b><u>Partners' Equity (Deficit)</u></b> (Notes 7 and 8)	<u>(116,228)</u>
<b>TOTAL LIABILITIES AND PARTNERS' EQUITY</b>	<b><u>\$3,811,348</u></b>

The accompanying notes are an integral part of the financial statements.

**HACIENDA TOWNHOMES, LTD.**  
**(A CALIFORNIA LIMITED PARTNERSHIP)**  
**STATEMENT OF INCOME (LOSS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<b><u>Income:</u></b>	
Rental income	\$449,456
Laundry income	8,687
Tenant charges	1,008
Late charges	<u>652</u>
Total Income	<u>459,803</u>
<b><u>Operating Expenses:</u></b>	
Depreciation	192,613
Interest expense	153,959
Repairs and maintenance	74,857
Salaries	64,955
Security	58,800
Utilities	37,691
Educational enrichment	33,214
Property management fees	27,468
Partnership management fee	16,649
Administration	16,412
Community development	15,106
Employee benefits	14,620
Sponsor services	12,000
Legal/professional fees	11,459
Insurance	11,209
Rent free unit	10,286
Payroll taxes	9,492
Trash removal	8,731
Workers compensation	8,431
Property taxes	5,503
Amortization	4,803
Telephone	2,834
Exterminating	2,061
Miscellaneous	2,017
Office supplies and expenses	1,805
Equipment rental	232
Advertising	<u>202</u>
Total Operating Expenses	<u>797,409</u>
Operating Income (Loss)	<u>(337,606)</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
STATEMENT OF INCOME (LOSS)(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2007

Other Income (Expense):

Other miscellaneous income	\$ 16,311
Interest income	11,146
Franchise tax	<u>(800)</u>
Total Other Income (Expense)	<u>26,657</u>

NET INCOME (LOSS) \$ (310,949)

The accompanying notes are an integral part of the financial statements.

**HACIENDA TOWNHOMES, LTD.**  
**(A CALIFORNIA LIMITED PARTNERSHIP)**  
**STATEMENT OF CHANGES IN PARTNERS' EQUITY (DEFICIT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General Partner</u>	<u>Limited Partner</u>	<u>Total</u>
Partners' Equity (Deficit), December 31, 2006	\$(39,856)	\$274,418	\$234,562
Prior Period Adjustment (Note 8)	<u>(398)</u>	<u>(39,443)</u>	<u>(39,841)</u>
Partners' Equity (Deficit), December 31, 2006 (As Restated)	(40,254)	234,975	194,721
Net Income (Loss) for the Year Ended December 31, 2007	<u>(3,109)</u>	<u>(307,840)</u>	<u>(310,949)</u>
<b>PARTNERS' EQUITY (DEFICIT), DECEMBER 31, 2007</b>	<b><u>\$(43,363)</u></b>	<b><u>\$(72,865)</u></b>	<b><u>\$(116,228)</u></b>

The accompanying notes are an integral part of the financial statements.

**HACIENDA TOWNHOMES, LTD.**  
**(A CALIFORNIA LIMITED PARTNERSHIP)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<b><u>Cash Flows From Operating Activities:</u></b>	
Net Income (Loss)	\$(310,949)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	192,613
Amortization	4,803
(Increase) Decrease in:	
Prepaid insurance	358
Increase (Decrease) in:	
Accounts payable	9,920
Security deposits	(1,912)
Accrued interest payable	90,403
Construction advance	<u>(16,085)</u>
Net Cash Used by Operating Activities	<u>(30,849)</u>
<b><u>Cash Flows From Investing Activities:</u></b>	
Replacement reserve deposits	(4,945)
Replacement reserve withdrawals	44,801
Operating deficit reserve deposits	(6,185)
Property and equipment purchases	<u>(8,899)</u>
Net Cash Provided by Investing Activities	<u>24,772</u>
<b><u>Cash Flows From Financing Activities:</u></b>	
Principal payments on notes payable	<u>(13,778)</u>
Net Cash Used by Financing Activities	<u>(13,778)</u>
Net Decrease in Cash	(19,855)
Cash and Cash Equivalents at Beginning of Year	<u>138,812</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$118,957</u></b>
<b><u>Supplemental Disclosure of Cash Flow Information:</u></b>	
Cash paid during the year for:	
Interest	<u>\$ 63,557</u>
Taxes	<u>\$ 800</u>

The accompanying notes are an integral part of the financial statements.

HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

Note 1 - Organization and Summary of Significant Accounting Policies:

Organization and Purpose

Hacienda Townhomes, Ltd. (the "Partnership") was organized as a California Limited Partnership on December 11, 1992. The Partnership was organized to construct and operate a 51 unit residential apartment complex located in San Diego. The units are eligible for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code. The Partnership shall continue until 2050 unless terminated sooner in accordance with the Partnership agreement.

Accounting Method

The Partnership's books are maintained on the accrual basis of accounting.

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

Depreciation

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

	<u>Method</u>	<u>Estimated Life</u>
Buildings	Straight-Line/MACRS	27.5 years
Furniture and equipment	MACRS	5 years

Depreciation aggregated \$192,613 for the year ended December 31, 2007.

HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

Note 1 - Organization and Summary of Significant Accounting Policies: (Continued)

Amortization

Intangible assets consist of syndication costs, loan costs and TCAC fees. The syndication costs total \$87,197 at December 31, 2007. The loan costs total \$48,049, net of accumulated amortization of \$20,961 at December 31, 2007. The loan costs are being amortized over the life of the loans using the straight-line method. The TCAC fees total \$48,018, net of accumulated amortization of \$43,211. TCAC fees are being amortized over the life of the credit period using the straight-line method. Amortization on the loan costs and TCAC fees aggregated \$4,803 for the year ended December 31, 2007.

Tenant Security Deposits

Tenant security deposits are held in a separate bank account in the name of the Partnership.

Income Taxes

No provision for federal income taxes has been made as the respective share of Partnership income is included in the taxable income for each partner. The Partnership is liable for a California minimum tax payment. The minimum tax payment for the year ended December 31, 2007 was \$800.

Concentration of Credit Risk

The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts. The Partnership believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Investments

For the purposes of the statement of cash flows, the Partnership considers all investment instruments purchased with a maturity of three months or less to be cash equivalents. Included in cash is a certificate of deposit. The terms are such that once a year, a withdrawal of any amount may take place without penalty. Under these terms, the certificate of deposit is considered a cash equivalent.



**HACIENDA TOWNHOMES, LTD.**  
**(A CALIFORNIA LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 2 - Replacement Reserve Account:**

In accordance with the provisions of the Partnership Agreement, the Partnership has established a replacement reserve account to fund capital improvements of the Project. The initial reserve fund was to be established at \$230 per unit for a total of \$11,730. Commencing in 1995 and continuing in each calendar year thereafter throughout the term of the partnership, the general partner is required to deposit 104% of the amount deposited in the prior year. For purposes of these deposits Hacienda Townhomes considers September 1995 to be the start date of these requirements. The following is a summary of the replacement reserve account activity for the year ended December 31, 2007:

Balance at December 31, 2006	\$70,689
Add: Deposits	4,384 X
Interest	561
Less: Withdrawals	<u>(44,801)</u>
Balance at December 31, 2007	<u>\$30,833</u>

**Note 3 - Operating Deficit Reserve Account:**

In accordance with the provisions of the Partnership Agreement, the Partnership has established an operating deficit reserve account to be used only to avoid or reduce an operating deficit. The balance in the operating deficit reserve account totalled \$130,315 at December 31, 2007.

**Note 4 - Construction Advance:**

The Partnership was a party to a lawsuit claiming damages for construction defects related to the original construction of the apartment complex. On March 17, 1999 the Partnership was awarded \$950,000 in settlement of this litigation. At December 31, 2007 proceeds totalling \$85,826 remained to be expended.

The remaining settlement proceeds of \$85,826 will be used to repair construction defects and have been reported as construction advances. During the year ended December 31, 2007 a total of \$16,085 was expended from the settlement proceeds.

HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

Note 5 - Long-Term Liabilities:

The Partnership has the following notes payable at December 31, 2007:

Citicorp Mortgage, Inc.

The note payable is due in monthly installments of \$6,445 including interest at 9.83% through the year 2009. Interest will readjust in January, 2010 and January, 2020 to the lower of the lender's current market rate for similar transactions or an annual rate 2.25% above the weekly average yield on U.S. Treasury Securities. Any unpaid principal and interest are due in January 2025. The note is secured by a first deed of trust on the Partnership's real property. Accrued interest totalled \$5,234 at December 31, 2007.

\$ 638,982

The note payable bears no interest provided the property securing the note is not transferred to a party not approved by the lender and the property and its tenants comply with the affordable restrictions. The note matures in January, 2035 and is secured by a second trust deed on the partnership's real property.

505,501

San Diego Housing Commission

The note payable bears interest at 4.5%. Principal and accrued interest are due and payable at the earlier of the project generating sufficient residual receipts or November, 2047. The note is secured by a third deed of trust on the partnership's real property. Accrued interest totalled \$719,733 at December 31, 2007.

748,197

Redevelopment Agency of the City of San Diego

The note payable consists of two components. The first loan in the amount of \$363,196 bears interest at 3% with all principal and accrued interest due and payable July, 2048. The second loan in the amount of \$350,000 bears interest at 3% and is payable in installments ranging from \$10,000 to \$150,000 through March, 2005. Principal payments may be deferred at the discretion of the Redevelopment Agency. The note is secured by a fourth deed of trust on the partnership's real property. Accrued interest totalled \$152,254 at December 31, 2007.

363,196

**HACIENDA TOWNHOMES, LTD.**  
**(A CALIFORNIA LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 5 - Long-Term Liabilities:** (Continued)

Mercy Housing Inc.

The note payable bears interest at 3% and is payable annually to the extent that revenues exceed expenses including debt service and the partnership management fees. Any unpaid principal and interest are due September, 2024. The note is secured by a fifth deed of trust on the Partnership's real property. Accrued interest totalled \$171,450 at December 31, 2007.

Total Long-Term Liabilities	\$ <u>436,854</u>
Less: Current portion	2,692,730
	<u>(15,195)</u>
	<u>\$2,677,535</u>

Principal payments for long-term liabilities are as follows:

<u>As of</u> <u>December 31,</u>	<u>Amount</u>
2008	\$ 15,195
2009	16,757
2010	18,481
2011	20,382
2012	22,478
Thereafter	<u>2,599,437</u>
	<u>\$2,692,730</u>

Included in long-term liabilities is \$1,043,437 of accrued interest payable, which in accordance with the terms of the notes payable, will not be paid within one year.

**Note 6 - Related Party Transactions:**

Occupational Training Services, Inc. (OTS), the general partner, and other related entities have entered into the following related party transactions:

**Partnership Management Fees**

Pursuant to a partnership management services agreement, OTS is entitled to an annual partnership management fee to be paid from available cash flows. The partnership management fee expense totalled \$16,649 for the year ended December 31, 2007.

HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

Note 6 - Related Party Transactions: (Continued)

Sponsor Services

The Partnership paid OTS for sponsor services in the amount of \$12,000 for the year ended December 31, 2007. Sponsor services provide residents with benefits including social and development programs and citizen's patrol.

Educational Enrichment

The Partnership paid San Diego Community Housing Corporation (SDCHC), a related party, for educational enrichment programs in the amount of \$33,214 for the year ended December 31, 2007. The Partnership offers the residents educational enrichment programs that are designed to provide educational services for children residing in affordable apartment communities located in San Diego's low-income areas.

The core program areas of the educational enrichment program are:

**School Pop** - Educational enrichment for elementary school aged children 1<sup>st</sup> through 5<sup>th</sup> grade, providing active learning through the use of technology and the scientific method of problem solving.

**SEED** - Secondary enrichment development for youth 6<sup>th</sup> through 8<sup>th</sup> grade. SEED gives students a better understanding of math and technology by reinforcing critical thinking development, analysis, investigative skills, and fundamental scientific knowledge.

**"Step-Up"** - An educational transition program for 9<sup>th</sup> through 12<sup>th</sup> grade youth planning to enter college or vocational training.

**READ 180** - A comprehensive research based software reading intervention program that continually monitors and adjusts the level of instruction that fosters motivation through success.

**HACIENDA TOWNHOMES, LTD.**  
**(A CALIFORNIA LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 6 - Related Party Transactions:** (Continued)

**Community Development**

The Partnership paid SDCHC for the community development in the amount of \$15,106 for the year ended December 31, 2007. Community Development Division (CDD) develops funding sources for addressing social and economic needs of the community. CDD is designed to empower residents with the ultimate goal of economic mobility. By providing case management services in the workforce development, financial literacy, educational enrichment, and computer training; OTS is setting the pathway to self sufficiency. The residents develop an understanding of K - 12<sup>th</sup> grade school-based curriculum, banking practices and systems and are awarded with certificates in computer applications and job placement services.

**Operating Expenses**

The Partnership paid SDCHC \$128,510 for salaries, management fees, workers compensation, fringe benefits, and administrative expenses for the year ended December 31, 2007.

The Partnership paid Neighborhood CDC Construction \$90,461 for salaries, repairs and maintenance, workers compensation, fringe benefits, and payroll taxes for the year ended December 31, 2007. SDCHC has a 40% ownership in Neighborhood CDC.

**Partner Advance**

At December 31, 2007 SDCHC has advanced \$60,554 to the Partnership. This advance is included in accounts payable at December 31, 2007.

**Note 7 - Partner's Contributions:**

Contributions to the partnership by each of the partners consists of the following:

	<u>General Partner</u>	<u>Limited Partner</u>	<u>Total</u>
Partner Contributions Through December 31, 2007	<u>\$100</u>	<u>\$4,230,000</u>	<u>\$4,230,100</u>

HACIENDA TOWNHOMES, LTD.  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

Note 8 - Prior Period Adjustment:

Certain adjustments resulting in an overstatement of previously reported partners' equity were discovered in the current year. In prior years, the Partnership recorded interest expense on notes payable based on confirmations provided by lenders using simple interest. An adjustment was made to increase accrued interest payable by \$39,841 at December 31, 2006 based on calculations provided by lenders using compound interest. A corresponding entry was made to decrease previously reported partners' equity by \$39,841.

Hacienda Townhomes Ltd  
15 Year Cash Flow

Primary Income/Expense	Year 1 2009	Year 2 2010	Year 3 2011	Year 4 2012	Year 5 2013	Year 6 2014	Year 7 2015	Year 8 2016	Year 9 2017	Year 10 2018	Year 11 2019	Year 12 2020	Year 13 2021	Year 14 2022	Year 15 2023
4000 - Revenues															
4110 - Rent Income	511,756	527,111	542,924	559,212	575,966	593,288	611,066	629,398	648,260	667,728	687,760	708,393	729,645	751,534	774,080
4135 - Vacancies	(26,568)	(26,566)	(27,146)	(27,961)	(28,769)	(29,569)	(30,353)	(31,470)	(32,414)	(33,366)	(34,386)	(35,420)	(36,482)	(37,577)	(38,704)
4137 - Uncollected Rent	(3,838)	(3,953)	(4,072)	(4,184)	(4,220)	(4,459)	(4,583)	(4,720)	(4,862)	(5,008)	(5,156)	(5,313)	(5,472)	(5,637)	(5,806)
4140 - Late Fees	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900
4145 - Credit Handling Fees	840	840	840	840	840	840	840	840	840	840	840	840	840	840	840
4155 - Laundry Income	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900
4188 - Interest Security Deposits	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
4170 - Employee Apartment	13,224	13,560	13,896	14,244	14,604	14,976	15,384	15,768	16,164	16,566	17,016	17,446	18,012	18,420	18,840
4190 - Miscellaneous Income	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Total 4000 - Revenues	506,496	521,302	536,542	552,241	568,413	585,071	602,264	619,915	638,108	656,870	676,170	696,048	716,642	737,681	759,350
Total Income	506,496	521,302	536,542	552,241	568,413	585,071	602,264	619,915	638,108	656,870	676,170	696,048	716,642	737,681	759,350

Expense	Year 1 2009	Year 2 2010	Year 3 2011	Year 4 2012	Year 5 2013	Year 6 2014	Year 7 2015	Year 8 2016	Year 9 2017	Year 10 2018	Year 11 2019	Year 12 2020	Year 13 2021	Year 14 2022	Year 15 2023
6000 - Operating Expenses															
6010 - Administrative Expenses															
6010-01 - Sponsor Services	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
6010-03 - Wages - Resident Manager	27,000	27,810	28,644	29,504	30,389	31,300	32,239	33,207	34,203	35,229	36,285	37,374	38,496	39,650	40,840
6010-05 - Educational Enrichment Programs	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,785	38,003	39,143	40,318	41,527	42,773	44,056	45,377
6010-09 - Employee Apartment	13,224	13,560	13,896	14,244	14,604	14,976	15,384	15,768	16,164	16,566	17,016	17,446	18,012	18,420	18,840
6012-01 - Employer Payroll Taxes	12,900	13,287	13,686	14,097	14,520	14,956	15,405	15,867	16,343	16,833	17,338	17,858	18,394	18,946	19,514
6012-03 - Employees Fringe Benefits	16,000	16,480	16,974	17,483	18,007	18,547	19,103	19,677	20,267	20,875	21,501	22,146	22,808	23,486	24,201
6012-05 - Worker's Compensation Insurance	10,612	10,930	11,258	11,596	11,944	12,302	12,671	13,051	13,443	13,846	14,262	14,689	15,130	15,584	16,052
6015-01 - Agent Management Fees	30,390	31,278	32,193	33,134	34,105	35,104	36,135	37,195	38,286	39,412	40,570	41,763	42,989	44,261	45,561
6015-03 - Partnership Management Fee	17,662	18,192	18,738	19,300	19,879	20,475	21,089	21,722	22,374	23,045	23,736	24,448	25,182	25,937	26,715
6015-07 - Outside Services	14,400	14,832	15,277	15,735	16,207	16,694	17,194	17,710	18,241	18,789	19,352	19,931	20,531	21,147	21,781
6015-15 - Legal & Professional Services	6,567	6,895	7,240	7,602	7,982	8,381	8,800	9,240	9,702	10,188	10,697	11,232	11,793	12,383	13,002
6015-16 - Auditing Services	7,000	7,350	7,718	8,103	8,509	8,934	9,381	9,850	10,342	10,859	11,402	11,972	12,571	13,200	13,860
6015-18 - Advertising and Promotions	300	308	318	326	336	348	358	369	380	391	403	415	428	441	454
6015-21 - Community Services	10,000	10,300	10,608	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126
6015-23 - Licenses/Permit/Fees	405	455	505	555	605	655	725	775	825	925	1,025	1,125	1,225	1,325	1,425
6015-28 - Postage & Freight	290	304	319	335	352	370	389	408	428	449	471	494	519	545	572
6015-29 - Office Supplies	1,600	1,600	1,600	1,800	1,900	1,900	2,000	2,000	2,200	2,200	2,400	2,500	2,800	3,000	3,300
6015-30 - Misc expense	200	206	212	219	225	232	239	246	253	261	269	277	285	294	303
6015-31 - Bank Charges	500	500	550	550	550	600	600	600	650	650	650	700	700	700	700
6015-33 - Credit Check Fees	840	840	840	840	840	840	840	840	840	840	840	840	840	840	840
6140-03 - Equipment Rental/Leases	300	309	318	328	338	348	358	369	380	391	403	415	428	441	454
6140-11 - Telephone & Answering Service	2,900	2,987	3,077	3,169	3,264	3,362	3,463	3,567	3,674	3,784	3,897	4,014	4,135	4,259	4,387
Total 6010 - Administrative Expenses	215,090	221,326	227,938	234,631	241,577	248,705	256,137	263,545	271,667	279,764	288,276	297,144	306,085	315,609	325,302

Hacienda Townhomes Ltd  
15 Year Cash Flow

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>6110 - Maintenance Expenses</b>															
6110-01 - Maintenance Wages	31,200	32,136	33,100	34,093	35,116	36,169	37,254	38,372	39,523	40,709	41,930	43,186	44,464	45,816	47,193
6110-06 - Painting Maintenance	4,200	4,410	4,631	4,862	5,105	5,360	5,628	5,910	6,205	6,516	6,841	7,183	7,543	7,920	8,316
6110-08 - Plumbing Maintenance	3,200	3,360	3,528	3,704	3,890	4,084	4,288	4,503	4,728	4,964	5,212	5,473	5,747	6,034	6,336
6110-10 - Carpet Cleaning	6,000	6,300	6,615	6,945	7,293	7,658	8,041	8,443	8,865	9,308	9,773	10,262	10,775	11,314	11,889
6110-12 - Appliances Maintenance	1,300	1,365	1,433	1,505	1,580	1,659	1,742	1,831	1,920	2,016	2,117	2,221	2,327	2,434	2,574
6110-14 - HVAC Maintenance	1,500	1,575	1,654	1,736	1,823	1,914	2,010	2,111	2,216	2,327	2,443	2,566	2,694	2,828	2,970
6110-15 - Cleaning/Hauling	6,000	6,300	6,615	6,945	7,293	7,658	8,041	8,443	8,865	9,308	9,773	10,262	10,775	11,314	11,889
6110-16 - Landscaping Maintenance	14,000	14,420	14,853	15,296	15,757	16,230	16,717	17,218	17,735	18,267	18,815	19,379	19,961	20,559	21,178
6110-17 - Repairs & Maintenance	18,000	18,900	19,845	20,837	21,879	22,973	24,122	25,328	26,594	27,924	29,320	30,786	32,325	33,942	35,639
6110-18 - Electric Maintenance	331	348	365	383	402	422	444	466	489	513	539	566	594	624	655
6110-20 - Pest Control	2,600	2,730	2,867	3,010	3,160	3,318	3,484	3,658	3,841	4,033	4,235	4,447	4,669	4,903	5,148
6110-50 - Paint Supplies	550	577	606	636	668	701	736	776	812	853	896	941	988	1,037	1,089
6110-52 - Hardware Supplies	1,600	1,680	1,764	1,852	1,945	2,042	2,144	2,251	2,364	2,482	2,606	2,737	2,873	3,017	3,168
6110-54 - Electrical Supplies	420	441	463	486	511	537	564	592	622	653	686	720	756	794	834
6110-55 - Glass & Screen Replacement	248	261	274	288	302	317	333	350	368	386	405	425	447	470	493
6110-60 - Cleaning Supplies	720	756	794	833	875	919	965	1,013	1,063	1,117	1,173	1,231	1,293	1,358	1,426
6110-70 - Refinishing	800	840	882	926	972	1,021	1,072	1,126	1,182	1,241	1,303	1,366	1,437	1,509	1,584
6110-75 - Elevator Maintenance	2,900	3,045	3,197	3,357	3,525	3,701	3,887	4,081	4,285	4,498	4,724	4,960	5,208	5,468	5,742
6110-80 - Entry Gate Repairs	800	840	882	926	972	1,021	1,072	1,126	1,182	1,241	1,303	1,366	1,437	1,509	1,584
6110-90 - Other Renting Expenses	300	315	331	347	365	383	402	422	442	464	489	513	539	566	594
6110-99 - Recovered Damages	(809)	(840)	(892)	(928)	(972)	(1,021)	(1,072)	(1,126)	(1,182)	(1,241)	(1,303)	(1,366)	(1,437)	(1,509)	(1,584)
Total 6110 - Maintenance Expenses	95,869	99,759	103,816	108,046	112,462	117,067	121,873	126,892	132,120	137,581	143,282	149,231	155,443	161,926	168,696
<b>6140 - Services &amp; Utilities</b>															
6140-05 - Water & Sewer	10,000	10,500	11,025	11,576	12,155	12,763	13,401	14,071	14,775	15,513	16,289	17,103	17,959	18,856	19,799
6140-07 - Gas & Electric	29,000	30,450	31,973	33,571	35,250	37,012	38,853	40,806	42,946	44,989	47,238	49,600	52,080	54,684	57,418
6140-08 - Refuse Removal	9,000	9,450	9,922	10,418	10,939	11,486	12,060	12,663	13,296	13,961	14,659	15,392	16,161	16,969	17,817
6140-13 - Security	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239	67,196	69,212	71,288	73,427	75,629
6140-17 - Fire Prevention/Safety	1,200	1,280	1,323	1,388	1,458	1,531	1,608	1,688	1,773	1,862	1,955	2,053	2,156	2,264	2,378
Total 6140 - Services & Utilities	99,200	103,160	107,288	111,591	116,077	120,756	125,634	130,722	136,028	141,583	147,337	153,360	159,643	166,200	173,042
<b>6150 - Facilities Expenses</b>															
6150-03 - Fire & General Liability Insura	11,500	12,075	12,679	13,313	13,979	14,678	15,412	16,183	16,992	17,842	18,734	19,671	20,655	21,688	22,772
6150-06 - Business Downtown Taxes	5,500	5,775	6,064	6,367	6,685	7,019	7,370	7,738	8,125	8,531	8,958	9,406	9,876	10,370	10,889
6150-07 - Business Rental Tax	600	630	662	695	730	766	804	844	886	930	977	1,025	1,076	1,130	1,187
6150-08 - Other Insurance	180	186	176	185	195	204	214	225	236	248	261	274	287	302	317
Total 6150 - Facilities Expenses	17,760	18,648	19,581	20,660	21,589	22,567	23,600	24,690	25,829	27,014	28,300	30,076	31,884	33,480	35,165
Total 6000 - Operating Expenses	\$ 427,919	\$ 442,891	\$ 458,683	\$ 474,827	\$ 491,705	\$ 509,194	\$ 527,445	\$ 546,548	\$ 566,054	\$ 586,449	\$ 607,825	\$ 630,081	\$ 653,066	\$ 677,225	\$ 702,205
Total Expense	\$ 427,919	\$ 442,891	\$ 458,683	\$ 474,827	\$ 491,705	\$ 509,194	\$ 527,445	\$ 546,548	\$ 566,054	\$ 586,449	\$ 607,825	\$ 630,081	\$ 653,066	\$ 677,225	\$ 702,205
Net Operating Income	78,577.16	78,410.64	77,859.29	77,413.64	76,707.60	75,876.67	74,809	73,957	72,054	70,420	68,345	65,957	63,576	60,456	57,145



Hacienda Townhomes Ltd  
15 Year Cash Flow

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
6160 - Debt Service & Reserves															
6160-11 - CHBank	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340
Total 6160 - Debt Service & Reserves	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340	77,340
Net Cash Flow	1,237	1,071	519	74	(632)	(1,463)	(2,531)	(3,373)	(5,286)	(6,920)	(8,956)	(11,373)	(13,764)	(16,684)	(20,195)

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