



HOUSING COMMISSION AGENDA
Regular Meeting: January 13, 2010

Time: 8:00 a.m.

HACA Board Room, 22941 Atherton Street, Hayward, CA 94541-6633

*The public is welcome at all Housing Commission meetings. If you wish to speak on a matter on the Agenda, please obtain a card from the Housing Commission Secretary and give your name, comments and/or questions. If you wish to speak on a matter not on the Agenda, please wait until the Chair calls for Public Comments. Please be brief and limit your comments to the specific subject under discussion. **NOTE:** Only matters within the Housing Commission's jurisdiction may be addressed. Time limitations shall be at the discretion of the Housing Commission Chair.*

*The Commission Secretary of the Housing Authority of the County of Alameda has, on **Thursday, January 7, 2010**, duly distributed this Agenda to the Clerk of the Board of Supervisors for posting in the office of the Alameda County Administration Building and has posted it on the bulletin board of the Housing Authority of the County of Alameda.*

AMERICANS WITH DISABILITIES: *In compliance with the Americans with Disabilities Act, if special assistance to participate in this meeting is needed, please contact the Housing Authority office at (510)727-8511. Notification at least 48 hours prior to the meeting will enable the Housing Authority to make reasonable arrangements.*

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MINUTES

November 10, 2009



HOUSING COMMISSION MINUTES

Special Meeting: November 10, 2009, 8:00 a.m.

HACA Board Room, 22941 Atherton Street, Hayward, CA 94541

1. CALL TO ORDER / ROLL CALL

A Special meeting of the Housing Commission was called to order by Chairperson Natarajan at 8:03 a.m.

COMMISSIONERS PRESENT:

Runa Atai (entered after roll call)
Carol Dutra-Vernaci
Maxine Haddock
Janet Lockhart
Allan Maris (entered after roll call)

Anna May
Roberto Medina
Anu Natarajan
Ursula Reed (entered after roll call)
Christine Steiner

COMMISSIONERS EXCUSED:

Ruth Atkin
Mark Gerry

STAFF PRESENT:

Christine Gouig, Executive Director
Ron Dion, Deputy Director for Programs
Cathy Leoncio, Finance Director
Tom Makin, Deputy Director for Operations
Irv Aragon, Network Administrator
Jennifer Cado, Sr. Administrative Analyst

Sharon DeCray, HAFS Manager
Jim McRoberts, IT Manager
Mary Rizzo-Shuman, HAHM Manager
George Smith, Contracts Manager
Melissa Taesali, Executive Assistant

2. APPROVAL OF THE MINUTES OF THE OCTOBER 14, 2009 MEETING

Recommendation: Approve the minutes of October 14, 2009
Motion/Second: Lockhart/Dutra-Vernaci. Unanimous

3. PUBLIC COMMENTS – *On items not on the agenda*

Pamela Holmes-Morton submitted a document to the Housing Commission. Ms. Morton stated that the document outlined her concerns with a recent recruitment.

4. NEW BUSINESS

4-1. Management Class Annual Comparability Adjustment	ACTION
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Tom Makin presented the staff report.

Mr. Makin reported that a survey of the agencies in the Housing Authority’s Comparability Pool was conducted to determine the cost of living salary adjustments that were granted to management employees in the Pool. Mr. Makin presented the results of the survey and explained that the average adjustment was 1.13%, and that the amount, rounded down to 1%, is the amount proposed for the HACA management

class annual comparability adjustment. He indicated that the adjustment would be applied to both the employees' salaries and salary ranges and that approval was required from the Commission.

Recommendation: Approve the management class comparability adjustment.
Motion/Second: Maris/Medina. Unanimous

4-2.	Addition of an Administrative Analyst Position	ACTION
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Tom Makin presented the staff report.

Mr. Makin reported that staff has been working to bring HACA's existing contracts into compliance with the new HACA Procurement Policy that was adopted by the Commission in October 2008. He described some of the procurement activities and contracts that staff has completed and indicated that there are still several existing contracts that are not in compliance with the new Procurement Policy. He stated that this is a concern since HUD closely monitors procurement activities whenever they conduct audits of housing authorities.

Mr. Makin explained that since HACA does not have full time procurement staff, staff recommends the addition of an Administrative Analyst position to bring the balance of the Housing Authority's contracts and contracting activities into compliance with the Procurement Policy. He noted that the appointment to this position would be on a provisional basis, expected to last one year. Mr. Makin also noted that the Personnel Committee had considered and approved the creation of the Administrative Analyst position at their meeting held earlier that morning and that final approval from the Housing Commission is required.

Recommendation: Approve the addition of an Administrative Analyst position.
**Motion/Second: Haddock/May. 8 ayes; 1 nay: Cmr. Maris;
1 abstention: Cmr. Reed
Motion passed**

4-3.	Award Contract for Architect of Record	ACTION
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Tom Makin presented the staff report.

Mr. Makin reported that staff issued a request for qualifications (RFQ) for an architect of record in July and that 15 responses were received. He explained that staff reviewed and scored the responses and selected a "short list" of 3 firms. He further explained that the firms were invited to a formal panel interview and presentation on September 30, 2009 and reported that the panel unanimously selected K2A Architecture + Interiors (K2A). Mr. Makin stated that K2A's presentation was thorough and that they used a Styrofoam model of the office building to present design alternatives that included a cost analysis detailing how the alternatives would save construction costs. He also stated that K2A had excellent references including the San Mateo County Housing Authority, the San Francisco Housing Authority, the City of San Francisco, the San Francisco Superior Court, City College of San Francisco, and Calyon Investments. Mr. Makin noted that staff reviewed K2A's financial statements and the information that

was presented was acceptable. He recommended that the Commission award the contract for architectural and engineering services to K2A for a two year period with an option for a third year. Henry Kwong, Principal, and Cheryl Gordon, Interior Design Director, were present at the meeting to answer questions from the Commission.

Questions and Comments from the Commission:

Cmr. Steiner recounted that prior to the termination of the contract with Edward J. Gee and Associates (EJGA) plans had been submitted to the City of Hayward. She asked staff for the outcome. Mr. Makin stated that after the plans were submitted, HACA's Contracts Manager met with the city staff to discuss their comments on the plans. Mr. Makin said that the comments from the city were extensive and that the plans developed by the new architect will have to address the city's concerns. Cmr. Steiner also asked for an updated timeline of the office remodel. Mr. Makin explained that once the contract is awarded and signed, the new architects will need a couple of weeks to familiarize themselves with the state of the project and then they will be able to provide a schedule for the project.

Chairperson Natarajan asked Mr. Kwong to outline his experience with green/sustainable projects. Mr. Kwong described a project that K2A did for the City College of San Francisco. He also indicated that some of K2A's subcontractors are LEED consultants that have worked on green/sustainable buildings throughout the Bay Area. Chairperson Natarajan asked if there were any LEED Accredited Professionals (LEED APs) within the K2A organization. Mr. Kwong indicated that he and Ms. Gordon both were LEED APs. Ms. Gordon added that two project managers at K2A were also LEED APs.

Cmr. Maris asked what criteria staff used to judge the firm's financial statements as acceptable. Mr. Makin explained that in the response to the RFQ, K2A provided indication of their ongoing projects. He further explained that the ongoing projects were reflected in their financial statements. Cmr. Maris asked how long K2A has been in business. Ms. Gordon stated that in 2010, K2A will celebrate its 20 year anniversary and indicated that K2A has future projects lined up. Cmr. Maris asked what priority K2A will give to the HACA project. Ms. Gordon stated that once the contract is awarded they will begin working on the HACA project immediately. Mr. Kwong added that they have started working on some design plans already and are excited to start the HACA office remodel project.

Recommendation: Award contract for Architect of Record to K2A Architecture + Interiors.

Motion/Second: Reed/Maris. Unanimous

4-4.	Quarterly Budget Status Report for the Quarter Ending September 30, 2009	INFORMATION
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Cathy Leoncio presented the staff report. Report received with no questions or comments from the Commission.

4-5. Program Activity Reports	INFORMATION
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Jennifer Cado presented the staff report.

Ms. Cado highlighted two items in the report. She reported that the participants in the 2009 NAHRO *What Home Means to Me* poster contest would be recognized at the next Housing Commission meeting scheduled for December 9, 2009.

She also reported that staff opened the waitlist for public housing one bedroom units for the elderly and disabled in Union City. Ms. Cado stated that the waitlist was opened from November 2, 2009 to November 6, 2009 and that HACA received a little over 500 applications. She also stated that HACA would conduct a lottery among the applications received to create a waitlist of 300 applicants. Ms. Cado reported that a number of city libraries and community based organizations served as distribution sites. Ms. Gouig commented that staff received excellent cooperation from the city libraries.

Questions and Comments from the Commission:

Com. May asked Ms. Cado to clarify how the libraries acted as distribution sites. Ms. Cado explained that the libraries agreed to let HACA place paper applications at the library so that those who did not have access to the internet could visit their local library for a paper application.

5. COMMITTEE REPORTS

None.

6. COMMISSIONER REPORTS

None.

Com. Maris commented on the personnel matter that was raised by Pamela Holmes-Morton and asked if staff was looking into the matter. Com. Dutra-Vernaci, who chaired the Personnel Committee meeting earlier that morning, stated that she talked to Christine Gouig about the issues and that Ms. Gouig reassured her that the matter is being handled internally. Com. Makin thanked Com. Dutra-Vernaci and stated that he wanted to be sure that the matter was being dealt with.

7. COMMUNICATIONS

Christine Gouig announced that HACA was one of a few select housing authorities invited by HUD's Secretary Shaun Donovan to participate in a Section 8 stakeholders meeting in Washington D.C. She stated that it was an honor to be invited and reported that Ron Dion, HACA's Deputy Director for Programs, attended the event. She asked Ron to speak briefly about the event. Mr. Dion described the format for the meetings and indicated that attendees had the opportunity to talk with Secretary Donovan during question and answer sessions. He stated that the topics for discussion at the meetings and work sessions included deconcentration, HUD's initiative to re-engineer business practices by creating a massive database to automate information, and HUD's plan to conduct

NEW BUSINESS

January 13, 2010

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: January 13, 2010

Subject: Amend Disposition and Development Agreement (DDA) for Arroyo Vista

Exhibits Attached: Attachment A: DDA amendment

Recommendation: Approve the amendment and authorize the Executive Director to sign it

Financial Statement: n/a

BACKGROUND

On July 25, 2007, HACA, the Dublin Housing Authority, the City of Dublin, Eden Housing and Citation Homes all entered into a Disposition and Development Agreement (DDA) for the redevelopment of the Arroyo Vista public housing site in Dublin. In October of that same year the parties were sued by four Arroyo Vista tenants, represented by the Public Interest Law Project and Bay Area Legal Aid, to set aside the DDA.

On May 22, 2009, HUD approved the Dublin Housing Authority's disposition application and the plaintiffs' counsel proposed negotiations to settle the lawsuit. Negotiations were conducted over several months and approved by your Commission, the Dublin Housing Authority Commission and the City of Dublin City Council, as well as Eden and Citation, and ultimately, HUD. On December 17 the settlement was approved by the court and the case dismissed.

As the DDA is now over two years old, the settlement agreement calls for it to be amended to incorporate certain HUD approval conditions, including affordability provisions and the use of sales proceeds.

DISCUSSION AND ANALYSIS

HUD Affordability Conditions

The Dublin Housing Authority proposed, and HUD accepted the proposal and conditioned its approval on, HACA providing Section 8 project based vouchers to the new project (49 vouchers for seniors and 32 for families). Your Commission will recall that you authorized issuance of a Request for Proposals for project based vouchers last year. Eden Housing, developer of the rental portion of the new Arroyo Vista, applied for and was awarded 81 project based vouchers. HACA awarded these vouchers prior to HUD's approval of the disposition application. Thus, amending the DDA to include the project based voucher requirement simply documents actions already taken.

The HUD approval requires Eden to market and rent the project based units to Section 8-eligible households for at least 20 years. A reverter clause will be recorded against the property stipulating that the property shall revert to the Dublin Housing Authority, or its successors and assigns, and be placed under a Declaration of Trust in favor of HUD if Eden fails to develop, operate and maintain the property in accordance with HUD's conditions.

In addition, HUD imposed various conditions related to relocation of the Arroyo Vista residents. These included: provision of a list of participating Section 8 landlords with special emphasis on Dublin landlords; providing special assistance to disabled households, including reasonable accommodation; monitoring the success of voucher holders in finding housing and taking reasonable actions to ensure that success; and briefing displaced tenants on their fair housing rights and addressing any fair housing complaints that may arise. HUD's relocation conditions have been incorporated verbatim in the DDA amendment.

Payment and Use of Sales Proceeds

Citation Homes is paying \$12 million for its portion of the property as reflected in the original DDA. This money will be used to develop the affordable rental housing. HUD's conditions, as proposed by the Dublin Housing Authority in its disposition application, include an allocation of these proceeds as follows:

- ❖ \$1 million for relocation of existing residents
- ❖ Up to \$10 million for the family rental housing
- ❖ Remainder for the senior rental housing

Eden has revised the development budgets that were included in the original DDA to allocate \$8.7 million for the family housing and \$2.3 million for the senior housing. In addition, Eden has generally updated its development budgets to reflect current rents, construction costs and loan and equity pricing. These are attached as Exhibit B to the DDA amendment.

Citation has agreed to make its payments as follows:

- ❖ \$250,000 by February 1, 2010 (after all parties have signed this amendment)
- ❖ \$500,000 by August 1, 2010 (six months from execution of the amendment)
- ❖ \$11,250,000 at conveyance of the subdivided property to Eden and Citation (expected to be February 2011)

Finally, the amendment provides for a \$1.5 million construction loan from the City of Dublin to Eden Housing. The budgets in Exhibit B show the full amount being used as a loan for the family units.

Staff recommends that your Commission approve the DDA amendment and authorize the Executive Director to sign it and any other documentation that may be needed to implement the amendment.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: January 13, 2010

Subject: Section 8 Benefit Payment Standards

Exhibits Attached: Payment Standards by City, Payment Standards Amounts

Recommendation: Approve the Proposed Payment Standards

Financial Statement: None

BACKGROUND

A housing authority's payments to landlords to subsidize the rents of Section 8 Housing Choice Voucher Program (HCV) participants are called "Housing Assistance Payments" (HAP). A formula determines the total HAP funding that HUD provides annually to each housing authority in order to pay HAP to landlords. Congress may or may not appropriate sufficient funds to fund 100% of that formula.

A housing authority must manage the HAP funds that it receives from HUD to pay landlords enough so that families can afford modest housing and yet not run out of money before the end of the year when new funding is provided. If a housing authority sets the rents that families are allowed to pay too low for its market area, families won't be able to find suitable housing and/or will have to pay too much (i.e., more than 30% - 40% of their income) as rent. If the housing authority sets rent too high, it will run out of HAP funds and will have to reduce the size of its program, possibly having to terminate the leases of participating families.

The rents that a housing authority allows participating families to pay are determined, in part, by HUD. Each year, HUD publishes the fair market rents (FMR) for each market area in the United States to be effective on October 1 of that year. FMR is the rent, including the cost of utilities (except telephone), that is generally paid in the market area to rent privately owned, existing, decent, safe and sanitary rental housing that is modest (i.e., non-luxury).

After HUD publishes the FMRs, each housing authority must then adopt one or more payment standard schedules based on the FMRs. A housing authority may either adopt a single payment standard amount for its entire area, or a separate payment standard amount for each designated part of the FMR area (e.g., each city).

The payment standard establishes the voucher payment standard amount for each unit size—i.e., the **maximum** gross rent (rent plus utilities) that will be used by the housing authority to compute the monthly HAP that it will pay the landlord on behalf of the family. (The **actual** gross rent that the housing authority will use is based on the reasonableness of the rent in comparison to that of comparable units in the same neighborhood; it is not automatically the payment standard.)

The housing authority may establish the payment standard amount for a unit size at any level between 90 percent and 110 percent of the published FMR for that unit size. HUD approval is not required to establish a payment standard amount in that range (called the “basic range”), but is required to establish a payment standard amount that is higher or lower than the basic range.

DISCUSSION AND ANALYSIS

At your September 2009 meeting you approved payment standards based on HUD’s most recent FMRs. Those payment standards lowered the maximum gross rent for most unit sizes in most of the cities HACA serves. When payment standards are lowered, currently housed participants do not experience the decrease until their second annual reexamination after the decrease. Participants who move and new participants experience the decrease immediately.

HACA lowered its payment standards last fall as a part of a plan to conserve funds in the face of changes made by HUD in its HAP funding formula in the last two years. In addition, the economic crisis has resulted in Section 8 tenants losing their jobs and/or having their public assistance reduced. These factors have resulted in a number of housing authorities cutting participants from their programs. HUD and housing professional associations continue to expect future budget cuts for the HCV program.

Since HACA lowered its payment standards last fall, we have continued to experience an increase in HAP payments (as illustrated in the table below), as a result of various factors, including, especially, lower average participant income.

Average HAP

Period	Average HAP
January 2010	\$1,076
October 2009	\$1,063
July 2009	\$1,040
January 2009	\$1,002
October 2008	\$988
July 2008	\$984

Staff has analyzed data including gross rents currently being paid by Section 8 participants, the number of over-housed families, the number of families whose rent exceeds the current payment standards, approved increases in the utility allowance, and impact on the total tenant portion of existing participants. The proposed payment standards are surgical adjustments necessary to continue to allow HACA to pay landlords enough so that families can afford modest housing and yet not run out of money before the end of the fiscal year when new HUD funding will be provided. Staff recommends that your Housing Commission approve the following payment standards.

Payment Standards by City

City	Number of Bedrooms				
	1	2	3	4	5
Albany	95%	95%	95%	95%	95%
Castro Valley	90%	95%	95%	95%	95%
Dublin	120%	120%	120%	120%	120%
Emeryville	95%	95%	90%	95%	95%
Fremont	95%	90%	90%	90%	90%
Hayward	90%	95%	95%	90%	90%
Newark	95%	95%	95%	95%	95%
Pleasanton	90%	95%	95%	95%	95%
San Leandro	90%	95%	95%	95%	95%
San Lorenzo	95%	95%	95%	95%	95%
Union City	95%	90%	90%	90%	90%

(Cities shown in the same background color have identical payment standards. Payment standards in excess of 100% are bordered. Payment standards shown in **red fonts** required HUD approval which was received in October 2009.)

Dublin payment standards are higher due to the commitment to relocate the Arroyo Vista residents. Once all residents are relocated Dublin's payment standards will be revised as appropriate.

Payment Standards Amounts

BR	FMR*	Benefits Payment Standard						
		90%	95%	100%	105%	110%	115%	120%
1	\$1,162	\$1,046	\$1,104	\$1,162	\$1,220	\$1,278	\$1,336	\$1,394
2	\$1,377	\$1,240	\$1,308	\$1,377	\$1,445	\$1,514	\$1,583	\$1,652
3	\$1,867	\$1,681	\$1,774	\$1,867	\$1,960	\$2,053	\$2,147	\$2,240
4	\$2,312	\$2,081	\$2,196	\$2,312	\$2,427	\$2,543	\$2,658	\$2,774
5	\$2,658	\$2,393	\$2,525	\$2,658	\$2,790	\$2,923	\$3,056	\$3,189

***effective 10/1/09**

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: January 13, 2010

Subject: Resolution Approving Amendments to the Conflict of Interest Code

Exhibits Attached: - Edited and Clean versions of the proposed amendments to the HACA Conflict of Interest Code
- Resolution No. 01-10

Recommendation: Approve the proposed amendments

Financial Statement: None

BACKGROUND

The Political Reform Act (Government Code §81000) requires state and local governmental agencies to adopt and promulgate a Conflict of Interest Code (Code) and to review its Code on a biennial basis.

In 2008, staff reviewed the Code and determined that changes to department and job titles, newly created job classifications, and the elimination of positions warranted amendments to the Code. Your Commission approved these changes at your March 2008 meeting.

DISCUSSION AND ANALYSIS

Since March 2008 there have been additional changes to department and job titles and newly created job classifications. In order to reflect these changes, amendments to the Code's List of Designated Employees are necessary.

Edited and clean versions of Appendix A of HACA's Conflict of Interest Code are attached. Staff recommends that your Commission approve the proposed amendments to the Code.

Upon approval, the amended Code will be submitted to the Alameda County Board of Supervisors for final approval. The amended Code is not effective until it has been approved by the Board.

**APPENDIX "A"
CONFLICT OF INTEREST CODE FOR THE
HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA**

	<u>Designated Employees</u>	<u>Disclosure Categories</u>
INSERT	Administrative Analyst	ALL
	Administrative Services Assistant	ALL
	*Consultants	ALL
	Contracts Manager	ALL
	Deputy Director for Operations	ALL
	Deputy Director for Programs	ALL
	Dublin Area Manager	ALL
	Eligibility Services Leadworker	I, III
	Executive Assistant	ALL
INSERT	Family Self-Sufficiency Leadworker	I, III
DELETE	Housing Assistance and Housing Management Leadworker	I, III
	Housing Assistance and Housing Management Manager	ALL
DELETE	Housing Assistance and Family Services Leadworker	I, III
	Housing Assistance and Family Service Manager	ALL
	Housing Inspector	I, III
DELETE	Housing Manager	I, III
INSERT	Housing Management Assistant	I, III
INSERT	Housing Management Leadworker	I, III
	Housing Specialist	I, III
	Information Technology Manager	ALL
INSERT	Leasing Services Leadworker	I, III
	Network Administrator	I, III
	Sr. Administrative Analyst	ALL

APPENDIX "A"
CONFLICT OF INTEREST CODE FOR THE
HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

<u>Designated Employees</u>	<u>Disclosure Categories</u>
Administrative Analyst	ALL
Administrative Services Assistant	ALL
*Consultants	ALL
Contracts Manager	ALL
Deputy Director for Operations	ALL
Deputy Director for Programs	ALL
Dublin Area Manager	ALL
Eligibility Services Leadworker	I, III
Executive Assistant	ALL
Family Self-Sufficiency Leadworker	I, III
Housing Assistance and Housing Management Manager	ALL
Housing Assistance and Family Service Manager	ALL
Housing Inspector	I, III
Housing Management Assistant	I, III
Housing Management Leadworker	I, III
Housing Specialist	I, III
Information Technology Manager	ALL
Leasing Services Leadworker	I, III
Network Administrator	I, III
Sr. Administrative Analyst	ALL

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

RESOLUTION NO. 01-10

APPROVING AMENDMENTS TO THE HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA CONFLICT OF INTEREST CODE

WHEREAS, the Political Reform Act (Government Code §81000 et seq.) requires every local governmental agency to review its Conflict of Interest Code ("Code") to determine if it is necessary to amend the Code; and

WHEREAS, the Housing Authority of the County of Alameda ("HACA") has reviewed its Code and has determined that amendments to the Code's List of Designated Employees are necessary, including changes to department and job titles, and newly created job classifications;

NOW, THEREFORE, BE IT RESOLVED, that the Housing Commission of the Housing Authority of the County of Alameda does hereby approve the amendments to the Code.

BE IT FURTHER RESOLVED, that the Executive Director shall submit the amended Code to the Alameda County Board of Supervisors for final approval.

PASSED, APPROVED, AND ADOPTED by the Housing Commission of the Housing Authority of the County of Alameda on January 13, 2010, by the following vote:

AYES:

NAYS:

ABSTAIN:

EXCUSED:

ABSENT:

Anu Natarajan
Housing Commission Chairperson

Attest:

Christine Gouig
Executive Director/Commission Secretary

Adopted: January 13, 2010

HOUSING AUTHORITY OF ALAMEDA COUNTY

AGENDA STATEMENT

Meeting: January 13, 2010

Subject: Re-Appointment of Resident Advisory Board (RAB)

Exhibits Attached: - Current RAB Members
- Resolution 02-10

Recommendation: Adopt Resolution 02-10

Financial Statement: None

BACKGROUND

The HACA Agency Plan is a comprehensive guide to HACA's policies, programs, operations, and strategies for meeting local housing needs and goals. HUD regulations require that housing authorities develop both annual plan and five-year plans. A new HACA Five-Year is due this year. It and the HACA annual plan will be information items on your Commission's February 10 meeting agenda and action items on your March 10 meeting agenda. The Plans must be submitted to HUD by April 15.

Each housing authority is required to establish a Resident Advisory Board (RAB) to assist in making recommendations regarding the development or significant modification of the Plan. Membership has to "adequately reflect and represent the residents assisted by the PHA." In submitting its Plan to HUD, a housing authority must include a copy of the recommendations made by the RAB and a description of the manner in which HACA addressed the recommendations.

DISCUSSION AND ANALYSIS

In late 2007, HACA expanded the scope of its recruitment for the RAB to all 5,456 Section 8 participants as well as to all 230 PH residents. Previously, HACA had attempted to develop a RAB from among all Public Housing (PH) residents, but only a random sampling of Section 8 participants. Nineteen Section 8 participants and two PH residents, including then Commissioner Atai, responded. Only Section 8 participants from Fremont, Hayward, San Leandro and Union City applied. The two PH applicants live in Union City.

Senior staff screened the submitted applications and selected a broadly representational number of applicants for appointment to the RAB. In doing so, staff considered housing program, gender, race, elderly and/or disabled status, family size and composition, presence of wage income, and city of

residence. At your Commission's January 2008 meeting, you appointed the 10-member RAB which staff recommended for a 2-year term. The RAB's term has now expired. Additionally, three RAB members have voluntarily left the Section 8 and PH Programs because of changes in their family circumstances. Seven members of the RAB remain participants of the Section 8 or PH Program. Staff has succeeded in contacting five, all of whom have expressed interest in being re-appointed to the RAB. We continue to attempt to reach the two remaining members.

A RAB of 5-7 members is sufficient for providing input into the Agency Plan and for complying with the HUD RAB requirement. In light of the significant effort required to recruit and vet new RAB members, staff recommends that the existing RAB members be re-appointed for another 2-year term, i.e., for FY 2010-2011 and FY 2011-2012.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
RESIDENT ADVISORY BOARD (RAB)**

Current RAB Member	City
Jill Alarcon	San Leandro
Sahara Baldwin	Hayward
Jasmine Brooks	Hayward
Geneva Farmer	Fremont
Annie Joseph	Union city
Joanette Tavarez	San Leandro
Goljan Zamani	Union City

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

RESOLUTION NO. 02-10

APPROVING APPOINTMENT OF THE RESIDENT ADVISORY BOARD

WHEREAS, HUD regulations require that housing authorities develop an annual Agency Plan ("Plan") and Five-Year Plan and the Housing Authority of the County of Alameda ("HACA") Five-Year Plan is due this year; and

WHEREAS, HACA is required to establish a Resident Advisory Board ("RAB") to assist in making recommendations regarding the development or significant modification of the Plan and Five-Year Plan; and

WHEREAS, in January 2008, the HACA Housing Commission appointed a RAB to a 2-year term and the RAB's term has now expired; and

WHEREAS, seven members of the RAB appointed in 2008 remain participants of the Section 8 Housing Choice Voucher Program or Public Housing Program and desire to remain on the RAB.

NOW, THEREFORE, BE IT RESOLVED, that the Housing Commission of the Housing Authority of the County of Alameda does hereby approve the appointment of the existing RAB members for another 2-year term for the purposes of the submission and modifications of the FY2010-2011 and the FY2011-2012 Plan and Five-Year Plan.

PASSED, APPROVED, AND ADOPTED by the Housing Commission of the Housing Authority of the County of Alameda on January 13, 2010, by the following vote:

AYES:

NAYS:

ABSTAIN:

EXCUSED:

ABSENT:

Anu Natarajan
Housing Commission Chairperson

Attest:

Christine Gouig
Executive Director/Commission Secretary

Adopted: January 13, 2010

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: January 13, 2010

Subject: Resolution Approving an Amended and Restated Intergovernmental Cooperation Agreement Between HACA and the Housing Authorities Risk Retention Pool

Exhibits Attached: - Resolution 03-10
- Attachment B: Intergovernmental Cooperation Agreement

Recommendation: Adopt Resolution 03-10

Financial Statement: None

BACKGROUND

HACA is a member of the Housing Authorities Risk Retention Pool (HARRP). HARRP's primary purpose is to provide its members insurance and indemnification against losses.

HARRP was formed by housing authorities from the states of California, Nevada, Oregon, and Washington. The HARRP Board of Directors is composed of nine (9) members: three (3) representing members from the Association of Washington Housing Authorities, three (3) representing members from the Association of Oregon Housing Authorities, and three (3) representing members of the Northern California/Nevada Executive Directors' Association.

On July 15, 1992, the participating housing authorities entered into an intergovernmental cooperation agreement (ICA) that set forth the powers, duties, and functions of HARRP.

DISCUSSION AND ANALYSIS

Despite the success of its public housing insurance program, state laws have precluded HARRP from providing coverage to other types of affordable housing entities in which housing authorities are involved such as nonprofit corporations, tax credit limited partnerships and limited liability companies. In 2009, HARRP successfully sponsored legislation in Washington and Oregon that established the regulatory framework for an insurance pool for these different types of affordable housing entities. This legislation became effective January 1, 2010 and provides the statutory authorization for HARRP to provide coverage to these other affordable housing entities. HARRP will pursue similar legislation in Nevada and California this year.

The Board of Directors of HARRP is proposing to amend the existing ICA to update some outdated provisions and to include new provisions that would allow HARRP to establish an Affordable Housing Pool for the purpose of providing insurance coverage to other types of affordable housing entities.

Staff recommends that your Commission adopt the resolution approving an amended and restated ICA between HACA and HARRP.

THE HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

RESOLUTION NO. 03-10

APPROVING AN AMENDED AND RESTATED INTERGOVERNMENTAL COOPERATION AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA AND THE HOUSING AUTHORITIES RISK RETENTION POOL

WHEREAS, the Housing Authority of the County of Alameda ("HACA") is a member of the Housing Authorities Risk Retention Pool ("HARRP"), an intergovernmental entity created by agreement, which provides indemnification against risk of loss; and

WHEREAS, the Board of Directors of HARRP has proposed that HARRP's members enter into an Intergovernmental Cooperation Agreement ("ICA"), which amends and restates the Amended and Restated ICA dated July 15, 1992; and

WHEREAS, the ICA which sets forth the powers, duties and functions of HARRP, shall become effective upon the approval of at least two-thirds of HARRP's members;

RESOLVED, that HACA shall be authorized to enter into the ICA.

RESOLVED FURTHER, that the Executive Director is authorized to execute and deliver the ICA on behalf of HACA.

RESOLVED FURTHER, that the Executive Director shall be authorized and directed on behalf of HACA to do the following:

- (a) Take such actions as shall be necessary or appropriate for HACA to perform its obligations on a timely basis under the ICA or as otherwise required by HARRP; and
- (b) Take from time to time such other actions as are necessary or desirable to effect the purposes for which HARRP is organized as provided in the ICA; and
- (c) Approve any amendments to the ICA; and
- (d) Execute and deliver any agreements, instruments or documents (or amendments thereto) necessary or desirable to carry out the foregoing resolutions.

PASSED, APPROVED AND ADOPTED by the Commissioners of the Housing Authority of the County of Alameda, this _____ day of _____ by the following vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

EXCUSED:

Attest:

Anu Natarajan Date
Commission Chairperson

Christine Gouig Date
Executive Director/Commission Secretary

Adopted:

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: January 13, 2010

Subject: Contract for Emphasys Housing Software Update

Exhibits Attached: None

Recommendation: Information Only

Financial Statement: Maximum \$17,000, Funding from Local Fund

BACKGROUND

At your March 2009 Commission meeting, you awarded a contract to Emphasys Software at an estimated cost of \$338,405 for the Housing Software and related services. The cost at that time was only estimated because staff was unclear about some customizations that might be required and additional training that might be needed. The estimated cost contained a contingency of \$23,000. Staff is using \$18,900 of this contingency in making the software communicate with our Electronic Content Management (ECM) system and for two additional weeks of onsite training and management during the Section 8 Conversion process.

Since there are still two other modules left to convert (Public Housing and Accounting/Finance), staff is increasing the contingency line item from \$23,000 to \$40,000 to allow for the possibility of more customization and training with the other modules, should it be required.

Housing Authority data conversion is completed and the software setup in advance of the conversion is taking place. The conversion of the Section 8 process is anticipated to start in February.

DISCUSSION AND ANALYSIS

No action is necessary. This is an information item only.

BUDGET STATUS REPORTS

**Housing Authority of Alameda County
HOUSING CHOICE VOUCHER
Budget Status Report FYE 2009-2010
November 2009**

FY 2010 OPERATING BUDGET	Budgeted @ 11/30/2009	Actual @ 11/30/2009	OVER (UNDER)	PROJECTED TO 6/30/10	SCH. NO.	2009 BUDGET	2010 BUDGET	DIFFERENCE
INCOME								
Investment Income	14,167	416	(13,751)	997	A1	39,500	34,000	(5,500)
Misc. Income	145,000	149,721	4,721	359,331	A1	450,300	348,000	(102,300)
(Fees)	3,128,387	2,964,960	(163,427)	7,115,904	A	6,987,776	7,508,129	520,354
TOTAL INCOME	3,287,554	3,115,097	(172,457)	7,476,232		7,477,576	7,890,129	412,554
EXPENSES								
Administration								
Salaries	1,833,488	1,748,157	(85,331)	4,195,576	B-1&2	4,191,398	4,400,371	208,973
Other Admin.	460,807	489,159	28,353	1,173,983	C-1&2	986,473	1,105,936	119,463
Total	2,294,294	2,237,316	(56,978)	5,369,559		5,177,871	5,506,306	328,436
General								
Insurance	71,169	52,283	(18,887)	125,479	E	155,433	170,807	15,374
Employee Benefits	916,744	805,956	(110,788)	1,934,294		2,095,699	2,200,185	104,486
Miscellaneous	0	0	0	0		0	0	0
Total	987,913	858,239	(129,675)	2,059,773		2,251,132	2,370,992	119,860
Total Routine Expenses	3,282,208	3,095,555	(186,653)	7,429,331		7,429,003	7,877,298	448,296
Capital Expenditures	0	0	0	0	D2	33,700	0	(33,700)
TOTAL EXPENSES	3,282,208	3,095,555	(186,653)	7,429,331		7,462,703	7,877,298	414,596
NET INCOME (DEFICIT)	5,346	19,542	14,196	46,901		14,873	12,831	(2,042)

Unrestricted Net Assets-AF @ 6/30/08
Income/(Deficit) @ 6/30/09
Projected Unrestricted Net Assets @ 6/30/09
Budgeted Income/(Deficit) @ 6/30/10
Budgeted Unrestricted Net Assets-AF @ 6/30/10

\$ 2,633,795
344,413
\$ 2,978,208
12,831
\$ 2,991,039

**Housing Authority of Alameda County
PUBLIC HOUSING
Budget Status Report FYE 2009-2010
November 2009**

FY 2010 OPERATING BUDGET	YTD BUDGET 11/30/2009	YTD ACTUALS 11/30/09	OVER/(UNDER) BUDGET	Projected to 6/30/10	SCH. NO.	2009 BUDGET	2010 BUDGET	Difference
INCOME								
Dwelling Rentals	463,300	423,082	(40,218)	1,015,397		1,111,920	1,111,920	0
Investment Income	3,906	290	(3,617)	695	A	18,400	9,375	(9,025)
Misc. Income	71,526	38,053	(33,474)	91,326		82,905	171,663	88,758
Operating Subsidy (HUD form 52723)	171,245	172,827	1,581	414,785	**	334,582	410,989	76,407
Capital Grant (salaries/benefits)	63,030	0	(63,030)	0		105,923	151,272	45,349
TOTAL INCOME	773,007	634,251	(138,757)	1,522,203		1,653,730	1,855,218	201,488
EXPENSES								
Administration								
Salaries	160,394	146,539	(13,855)	351,693	B-1& 2	406,827	384,945	(21,882)
Other Admin.	24,769	24,056	(714)	57,733	C-1	51,853	59,446	7,593
Total	185,163	170,594	(14,569)	409,427		458,680	444,391	(14,289)
Tenant Services								
Resident Managers	2,292	1,125	(1,167)	2,700		5,500	5,500	0
Recreation	3,125	5,114	1,989	7,500		7,500	7,500	0
Total	5,417	6,239	822	10,200		13,000	13,000	0
Utilities								
Water	37,519	30,741	(6,778)	73,779		90,045	90,045	0
Electricity	8,275	6,388	(1,887)	15,331		19,860	19,860	0
Gas	2,372	705	(1,667)	1,691		5,693	5,693	0
Sewage	18,750	18,750	0	45,000		40,156	45,000	4,844
Total	66,916	56,584	(10,330)	135,801		155,754	160,598	4,844
Maintenance								
Salaries	51,010	52,609	1,599	126,263	B-2	118,296	122,424	4,128
Materials	52,275	31,679	(20,596)	76,030	D	76,997	125,461	48,464
Capital Fund Grants	(44,327)	0	44,327	0		(175,786)	(106,385)	69,402
Contract Costs	318,984	221,000	(97,984)	530,401	D	677,715	765,562	87,847
Total	377,943	305,289	(72,654)	732,693		697,222	907,062	209,840
General								
Insurance	27,038	22,018	(5,019)	52,843	E	67,553	64,891	(2,662)
Tax-In Lieu Of	39,638	39,638	(0)	95,132		95,617	95,132	(485)
Employee Benefits	105,702	75,968	(29,734)	182,323		262,561	253,685	(8,876)
Collection Loss	417	0	(417)	1,000		1,000	1,000	0
Miscellaneous	417	0	(417)	1,000		1,000	1,000	0
Total	173,212	137,624	(35,587)	332,298		427,731	415,708	(12,023)
Total Routine Expenses	808,650	676,330	(132,318)	1,620,418		1,752,386	1,940,759	188,373
Capital Expenditure						0	0	0
TOTAL EXPENSES	808,650	676,330	(132,318)	1,620,418		1,752,386	1,940,759	188,373
NET INCOME (DEFICIT)	(35,642)	(42,078)	(6,439)	(98,215)		(98,656)	(85,541)	13,115

Unrestricted Net Assets, @ 7/1/08	455,550
Net Deficit @ 6/30/09	(171,697)
Unrestricted Net Assets, 6/30/09	\$ 283,853
Budgeted Net Loss @ 6/30/10	(85,541)
Budgeted Unrestricted Net Assets, 6/30/10	\$ 198,311

PROGRAMS ACTIVITY REPORT

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: January 13, 2010

Subject: Programs Activity Report

Exhibits Attached: Section 8 Contract Report; Fraud Payments Report; Landlord Rental Listing Report; FSS Program Monthly Report

Recommendation: Receive Report

Financial Statement: None

SECTION 8 HOUSING CHOICE VOUCHERS

- **Lease-Up:** As of January 1, 2010 the Section 8 Housing Choice Voucher program had 5,570 units under contract. The 1-month lease-up average for the 2009 calendar year is 98.65%.
- **Program Utilization:** As of January 1, 2010 the average HAP subsidy is \$1,076 and the average tenant-paid rent portion is \$352 for an average Contract Rent of \$1,428.
 - ❖ As of January 1, 2010 HACA has 109 outgoing billed portability contracts (i.e., HACA voucher holders who are housed in another housing authority's jurisdiction).
 - ❖ As of January 1, 2010 HACA billed other housing authorities, primarily the Oakland Housing Authority, for 1,441 incoming portability contracts. HACA receives only 80% of the HUD-authorized Administrative Fee for billed incoming portability contracts.
- **Section 8 Contract Report:** A copy of the Contract Report is attached.
- **Fraud / Debt Recovery:** HACA successfully collected \$4,452.94 in fraud and debt recovery payments for the month of December 2009. A total of \$43,776.42 was collected over the last six months.

HACA collected \$576.70 in Housing Assistance Payment (HAP) overpayments for the month of December 2009. A total of \$3,563.70 was collected over the last six months.
- **Landlord Rental Listings:** As of January 4, 2010 there are 1,012 landlords with properties in HACA's jurisdiction utilizing the *GoSection8* rental listing service. Of those, 30 are new to the Section 8 program this month. There were 231 active properties listed.

FAMILY SELF SUFFICIENCY

2009 ended with a blur of activity and gift-giving in FSS. One hundred thirteen families benefited from the generosity of our Commissioners, landlords, HACA staff, businesses, and FSS participants by receiving at least one grocery or department store gift card. We partnered with the Hayward Fire Department and Toys for Tots to distribute gifts to the children. More than one family told us that without the FSS grocery card, their holiday dinner would have been meatless.

FSS staff would like to express their special thanks to Commissioners Natarajan, Maris, and Reed for their role in recognizing the NAHRO Poster Contest winners. All six local winners were presented their posters in attractive frames. The highlight of this event was the reading by the national winner of her essay on the experience. She was also presented with a framed copy of the essay.

Our enrollment at the end of the year was 202 families. This was an achievement for the program because we have been working with only two of the three regular staff for the last eight months. We anticipate recruiting and hiring the third staff in the first quarter of 2010.

PUBLIC HOUSING

- **Occupancy:** As of January 1, 2010 the Public Housing program had 223 of 230 units leased and has a 96.96% fiscal year-to-date lease up rate.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
**Section 8 Contract and HAP Report for the month of
 December 2009**

City	Certificates		Vouchers		DECEMBER 2009 TOTAL		DECEMBER 2008	DECEMBER 2007
	Number	HAP*	Number	HAP**	Number	HAP		
Albany	-	\$ -	44	\$ 46,552	44	\$ 46,552	43	40
Castro Valley	13	\$ 11,453	237	\$ 250,746	250	\$ 262,199	239	265
Dublin	2	\$ 1,762	224	\$ 236,992	226	\$ 238,754	199	154
Emeryville	6	\$ 5,286	90	\$ 95,220	96	\$ 100,506	97	103
Fremont	28	\$ 24,668	1,402	\$ 1,483,316	1,430	\$1,507,984	1,364	1,441
Hayward	111	\$ 97,791	2,288	\$ 2,420,704	2,399	\$2,518,495	2,391	2,358
Newark	3	\$ 2,643	291	\$ 307,878	294	\$ 310,521	293	290
Pleasanton	4	\$ 3,524	143	\$ 151,294	147	\$ 154,818	150	152
San Leandro	20	\$ 17,620	1,315	\$ 1,391,270	1,335	\$1,408,890	1,302	1,283
San Lorenzo	2	\$ 1,762	190	\$ 201,020	192	\$ 202,782	179	177
Union City	3	\$ 2,643	693	\$ 733,194	696	\$ 735,837	699	741
TOTALS	192	\$ 169,152	6,917	\$ 7,318,186	7,109	\$7,487,338	6,956	7,004

**based on an average December Housing Assistance Payment (HAP) of \$887 per certificate contract*

***based on an average December Housing Assistance Payment (HAP) of \$1055 per voucher contract*

09-10

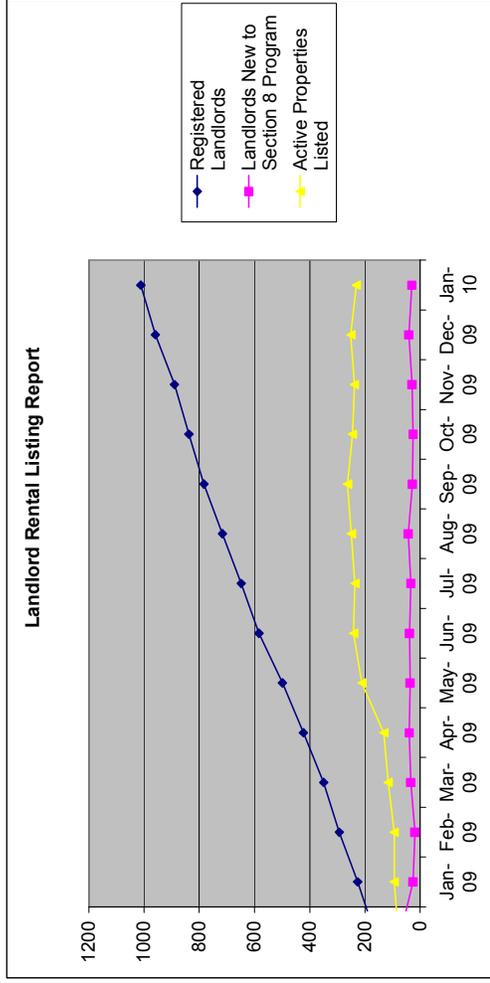
DEBT COLLECTIONS
FYE 6/30/10

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	GRAND TOTALS
<i>DAMAGE CLAIMS</i>	\$0.00	\$0.00	\$0.00	\$50.00	\$0.00	\$0.00	\$0.00						\$50.00
<i>FRAUD REPAYMENTS</i>	\$15,456.33	\$8,002.83	\$6,044.44	\$5,083.96	\$4,735.92	\$4,452.94							\$43,776.42
<i>HAP OVERPAYMENTS</i>	\$686.50	\$538.00	\$691.50	\$570.00	\$501.00	\$576.70							\$3,563.70
TOTALS	\$16,142.83	\$8,540.83	\$6,735.94	\$5,703.96	\$5,236.92	\$5,029.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$47,390.12

Landlord Rental Listing Report

Monthly

	10/27/08	12/1/08	1/1/09	2/2/09	3/2/09	4/1/09	5/1/09	6/1/09	7/1/09	8/1/09	9/1/09	10/1/09	11/2/09	12/1/09	1/4/10
Registered Landlords	0	166	226	293	349	423	499	584	648	716	783	838	890	959	1012
Landlords New to Section 8 Program	0	69	26	19	34	39	36	38	33	43	28	25	29	41	30
Active Properties Listed	64	79	94	94	116	131	211	241	236	249	263	245	238	251	231





To: Christine Gouig, Executive Director
From: Sharon DeCray, HAFS Manager
Re: **FSS Program Summary**
CC: Ron Dion, Phyllis Harrison, Linda Evans
Date: December 31, 2009

Program Summary

December 2009

Total Clients Under Contract:	202
Graduates:	1
Escrow Disbursed:	\$0-participant will pick up check 1/6/10
Ports In:	0
Ports Out:	0
Terminations:	3
New Contracts:	0

FSS Program News

Workshops

FSS partnered with Consumer Credit Counselors of the East Bay on Saturday December 5, 2009 and held a “Ready, Willing, and Able” Financial Workshop. Twenty-one FSS participants attended. Participants were shown strategies to examine current financial habits, develop new money management skills, set financial goals, and create a plan for the future. The presenter from Consumer Credit Counselors of the East Bay expressed her own excitement about the FSS program by stating the following, “You have a wonderful group of people that you are working with and I am so impressed with your program and the turnout on a Saturday morning....”

Holiday Celebration

December 9, 2009, FSS held its end of the year holiday celebration. The event was a great success with 71 adults in attendance plus all their enthusiastic children. The celebration began with HACA’s Executive Director, Chris Gouig, and Anu Natarajan, Housing Commission Chairperson, acknowledging the NAHRO poster contest winners and participants. The agency winners received certificates and their framed poster. National NAHRO winner Alaysia received the highest recognition. She read an essay describing her experience drawing her poster. Two other commissioners were in attendance, Allan Maris and Ursula Reed. Commissioner Maris participated in the event by assisting with the certificate presentations. Commissioner Reed was acknowledged for her leadership in

overseeing the art activity where these posters were created and presented a certificate to one of the agency winners.

Many HACA staff and volunteers from the FSS program also assisted in making the night successful. For entertainment, the families engaged in arts and crafts such as taking photos and making photo frames, coloring and decorating holiday cards. There were several raffles for grocery gift cards and food baskets.

Holiday Gifts Gathering

Each year the need for support for this event grows and the number of families who are struggling grows. Thanks to donations from Commissioners, HACA staff, Toys for Tots, local retailers and vendors and FSS participants themselves, we were able to give gifts and/or grocery gift cards to 113 FSS families.

ATTACHMENT A

FIRST AMENDMENT TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Arroyo Vista)

This First Amendment to Disposition and Development Agreement (the "Amendment") is entered into as of the ___ day of January, 2010, by and among the Dublin Housing Authority, a public body, corporate and politic (the "Authority"), the City of Dublin, a municipal corporation (the "City"), the Housing Authority of the County of Alameda, a public body, corporate and politic ("HACA"), Eden Housing, Inc., a California nonprofit public benefit corporation ("Eden") and SCS Development Company, dba Citation Homes Central ("Citation") (Eden and Citation, collectively, the "Developer", and the Authority, the City, HACA, Eden and Citation, collectively, the "Parties"), with reference to the following facts:

RECITALS

- A. This Amendment amends the Disposition and Development Agreement by and among the Parties dated as of July 25, 2007 (the "DDA").
- B. On May 22, 2009, the U.S. Department of Housing and Urban Development ("HUD") approved the Authority's disposition application for the Property, and imposed certain conditions on the use of net sales proceeds resulting from such disposition and the affordability restrictions to be imposed on the newly developed housing on the Property. On May 29, 2009, HUD amended its approval letter to correct a technical error. The HUD letters dated May 22, 2009 and May 29, 2009 are referred to collectively, hereinafter, as the "HUD Approval Letter".
- C. The Parties desire to amend the DDA in order to incorporate the conditions included in the HUD Approval Letter.

AGREEMENT

NOW, THEREFORE, in consideration of the recitals hereof and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Affordability Restrictions. Section 2.5 of the DDA is amended to add the following provision after the first paragraph:

At least 32 units in the Affordable Family Rental Housing shall be used exclusively as project-based Section 8 units and marketed to, reserved for, and occupied solely by eligible residents under the Section 8 program for a period of not less than twenty (20) years. All 49 units in the Affordable Senior Rental Housing shall be used exclusively as project-based Section 8 units and marketed to, reserved for, and occupied solely by eligible residents under the Section 8 program for a period of not less than twenty (20) years. The grant deed conveying the Property from the Authority to Eden shall include a reversion clause stipulating that the Property shall revert to the Authority, or its successors and assigns, and be placed under a Declaration of

Trust in favor of HUD if Eden fails to develop, operate and maintain the Property for the uses described herein for a period of not less than twenty (20) years from the date of issuance of the certificate(s) of occupancy, or their substantial equivalent. Eden shall also execute a Use Agreement with the Authority ensuring that the number of units described herein are developed and used as project-based Section 8 units for a period of not less than twenty (20) years.

2. Financing Terms. Section 2.8 of the DDA is hereby amended and replaced in its entirety by the following:

(a) Purchase Price for the Property Conveyed to Citation. The purchase price for the portion of the Property to be conveyed to Citation is Twelve Million Dollars (\$12,000,000) ("Purchase Price"). Of this total, up to \$1 million may be used by the Authority to cover costs related to relocation of residents of the Existing Housing. Up to \$10 million of net proceeds shall be used by the Authority as a subsidy for the Affordable Family Rental Housing. The remaining amount of net proceeds shall be used as a subsidy for the Affordable Senior Rental Housing.

(b) Payment of Purchase Price. Citation shall pay the Purchase Price in accordance with the following:

(1) On or before February 1, 2010, Citation will pay to the Authority the sum of Two Hundred Fifty Thousand Dollars (\$250,000). This sum shall be credited toward the Purchase Price, and shall be nonrefundable unless the Authority fails to relocate all residents of the Existing Housing and convey title to the Developer despite having satisfied all conditions precedent described in the Agreement.

(2) On or before November 15, 2010, Citation will pay to the Authority the sum of Five Hundred Thousand Dollars (\$500,000). This sum shall be credited toward the Purchase Price, and shall be nonrefundable unless the Authority fails to relocate all residents of the Existing Housing and convey title to the Developer despite having satisfied all conditions precedent described in the Agreement.

(3) Upon conveyance of the Property to the Developer, or upon such earlier date as is mutually agreed upon by the Parties, Citation will pay to the Authority the sum of Eleven Million Two Hundred Fifty Thousand Dollars (\$11,250,000). In the event the Parties mutually agree that some or all of this sum shall be paid to the Authority prior to conveyance of the Property, such amount shall be credited toward the Purchase Price, and shall be nonrefundable unless the Authority fails to relocate all residents of the Existing Housing and convey title to the Developer despite having satisfied all conditions precedent described in the Agreement.

(c) City Loan. Provided that all conditions to conveyance of the Property have been satisfied, the City agrees to provide a loan to Eden in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000)(the "City Loan") to assist in financing the construction of the Affordable Family Rental Housing and/or Affordable Senior Rental Housing. The City Loan will be evidenced by a nonrecourse promissory note, requiring payment on a residual receipts basis on such terms as the City and Eden shall mutually agree upon, and be secured by a deed of

trust recorded against the affected parcel(s) and subordinated to Eden's rental housing construction and permanent loans for affected parcel(s). The City Loan will be funded following satisfaction of the conditions agreed upon by the City and Eden as set forth in a Loan Agreement to be executed by the City and Eden. The City's financial contribution to the Development is limited to the City Loan and City Relocation Funds, as such latter term is defined in Section 3.3(b).

(d) Authority Financing. Provided that all conditions to conveyance of the Property have been satisfied, the Authority agrees to provide financial assistance to Eden in an amount up to Eleven Million Dollars (\$11,000,000)(the "Authority Financing") to assist in the development and construction of the Affordable Family Rental Housing and/or Affordable Senior Rental Housing, as provided more specifically in Section 2.8(a) of the DDA, as amended herein. The loans and/or grants will be structured in such manner as the parties determine will maximize the feasibility of the transaction, and where relevant, its tax credit eligibility. Eden and the Authority shall execute such loan and/or grant agreements, notes, deeds of trust, security agreements and other documentation as may be necessary to effectuate the Authority Financing. Any portion of the Authority Financing in the form of a loan will be evidenced by a nonrecourse promissory note, requiring payment on a residual receipts basis on such terms as the Authority and Eden shall mutually agree upon. The Authority Financing, whether in the form of a loan or grant, shall be secured by a deed of trust recorded against the affected parcel(s) and subordinated to Eden's rental housing construction and permanent loans for affected parcel(s). The Authority Financing will be funded with funds to be provided to the Authority by Citation pursuant to Section 2.8(b) of this Agreement, following satisfaction of the conditions agreed upon by the Authority and Eden as set forth in a Loan Agreement to be executed by the Authority and Eden. The Authority's financial contribution to the Development Components under this Agreement is limited to the Authority Financing and the Authority Relocation Funds, as such latter term is defined in Section 3.2(e).

3. Financing Plan. Exhibit B (Financing Plan/Development Budget) is hereby amended and replaced in its entirety with Exhibit B attached hereto.

4. Relocation. Section 4.2(d), as provided below, is hereby added to the DDA as a new provision:

(d) Relocation Requirements. The Authority shall be responsible for carrying out the relocation of residents from the Existing Housing in a manner consistent with the HUD Approval Letter, including, in particular, the following:

(1) The Authority and/or HACA should provide a list of participating landlords (referral list to residents to be displaced, which should include a broad range of housing choices within the city of Dublin as well as including listings in non-racially or – ethnically impacted census tracts/neighborhoods elsewhere in Alameda County.

(2) The Authority and/or HACA should ensure the referral list contains other properties within the city of Dublin, to enable residents who wish to continue residency in the city to find suitable housing there. If the referral list will not contain enough listings in the city

of Dublin to meet the demand, then the Authority should conduct the necessary affirmative marketing to promote participation and increase in Dublin listings.

(3) The Authority and/or HACA should review and adopt necessary procedures to comply with Section 504 regulations, particularly 24 CFR 8.25, 8.28 and 8.33, to provide for special needs of displaced tenants whose households include persons with disabilities, including but not limited to reasonable accommodations, and other forms of assistance and counseling, to ensure they are able to find suitable, accessible housing meeting their family's special needs.

(4) The Authority and/or HACA should monitor the success of voucher-holders, taking reasonable and necessary actions to promote success of displaced tenants issued vouchers, to ensure that they are actually able to find suitable replacement housing using their Section 8 vouchers.

(5) The Authority and/or HACA should specifically brief tenants to be displaced on their rights to fair housing, and inform them that if they should encounter situations which they believe may be violations of fair housing laws, that they should immediately bring these to the attention of the Authority and/or HACA, and/or HUD's Office of Fair Housing and Equal Opportunity, as appropriate.

5. Survival. No other provision of the DDA, except as otherwise provided in this Amendment, is amended, revised or modified, and all other provisions of the DDA shall remain in full force and effect.

6. Capitalized Terms. Capitalized terms used in this Amendment, but not defined, shall have the meaning set forth in the DDA.

7. Counterparts. This Amendment may be executed in any number of counterparts, all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first written above.

AUTHORITY:

Dublin Housing Authority, a public body,
corporate and politic

By: _____
Christine Gouig
Executive Director

CITY:

City of Dublin, a municipal corporation

By: _____
Joni Pattillo
City Manager

HACA:

Housing Authority of the County of Alameda, a
public body, corporate and politic

By: _____
Christine Gouig
Executive Director

DEVELOPER:

Eden Housing, Inc., a California non-profit
public benefit corporation

By: _____
Linda Mandolini
Executive Director

SCS Development Corporation, a California
corporation, dba Citation Homes Central

By: _____
Charles McKeag
Vice President

EXHIBIT B

FINANCING PLAN/DEVELOPMENT BUDGET

A. Developers shall use their own funds to pay for all costs prior to conveyance of the Property. Following conveyance, Eden will finance its share of costs with the following:

1. Interim loans from funding sources such as Low Income Housing Fund (LIHF), Local Initiative Support Corporation (LISC), and Lenders for Community Development (LCD);
2. Proceeds from a portion of the Authority Financing, and
3. Eden's own funds or line of credit.

Citation will use its own funds for its share of costs both prior to and following conveyance.

B. In order to fund construction of the Development, Eden intends to apply for or use the following financing:

1. Affordable Family Rental Housing
 - a. Either:
 - i. 9% Low Income Housing Tax Credits or
 - ii. Tax-exempt Bonds with 4% Low-Income Housing Tax-Credits and a California Department of Housing and Community Development (HCD) Multifamily Housing Program (MHP) loan
 - b. Conventional construction/permanent loan from a private institutional lender;
 - c. Federal Home Loan Bank's Affordable Housing Program;
 - d. Other affordable housing programs;
 - e. A portion of the City Loan;
 - f. Up to \$10 million of the Authority Financing
2. Affordable Senior Rental Housing
 - a. Either:
 - i. 9% Low Income Housing Tax Credits or
 - ii. Tax-exempt Bonds with 4% Low-Income Housing Tax-Credits and a California Department of Housing and Community Development (HCD) Multifamily Housing Program (MHP) loan
 - b. Conventional construction/permanent loan from a private institutional lender;
 - c. Federal Home Loan Bank's Affordable Housing Program;
 - d. Other affordable housing programs;
 - e. A portion of the City Loan;
 - f. Such portion of the Authority Financing not allocated to the Affordable Family Rental Housing

Citation will use its own funds to finance all construction activity at the site, including demolition, infrastructure improvements, and vertical construction. Citation does not intend to use any third party capital (debt, equity, or otherwise) to finance this project.

Arroyo Vista Family Housing 4% MHP/MHSA, New Construction
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	TOTAL	Acq./Predev.	Construction	Permanent	% of Total	Commercial	Per Unit	Assumption	TERMS	
Other contribution - WFB EQD Predevelopment loan	\$ -	\$ 500,000	\$ (500,000)	\$ -	0.00%	\$ -	\$ -	2.00%	36 months	
Other Predevelopment Loan: LOGO/Opportunity Fund	\$ -	\$ 216,788	\$ (216,788)	\$ -	0.00%	\$ -	\$ -	8.00%	Eden LOC (prime +1%)	
City of Dublin Financing (\$1.5 million)	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	5.47%	\$ -	\$ 11,538		Loan - 55 yr deferred loan @ 3% simple	
DHA Financing (Citation) (\$9 million)	\$ 8,700,000	\$ -	\$ 8,700,000	\$ -	20.10%	\$ 1,425,284	\$ 86,923		Loan - 55 yr deferred loan @ 3% simple	
County HOME	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -		Loan - 55 yr deferred loan @ 3% simple	
MCD MHP Loan	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000	23.10%	\$ -	\$ 78,928		None	
Housing Trust Fund	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -			
MHSA Capital Grant	\$ 1,300,000	\$ -	\$ 1,300,000	\$ -	3.00%	\$ -	\$ 10,000			
MHSA Capitalized Operating Subsidy	\$ 1,225,250	\$ -	\$ 1,225,250	\$ -	2.89%	\$ -	\$ 9,425			
Construction Loan	\$ -	\$ -	\$ 25,491,071	\$ (25,491,071)	0.00%	\$ -	\$ -	5.00% int	Construction Loan @	
FHLB - AMP	\$ 1,250,000	\$ -	\$ 1,250,000	\$ -	2.96%	\$ -	\$ 9,923		Loan @ 0%	
LH Tax Credit/LP Capital Contribution	\$ 11,318,466	\$ -	\$ 2,293,855	\$ 9,054,773	26.15%	\$ -	\$ 87,065	.75 cents		
LH Tax Credit/GSP Capital Contribution	\$ 1,009,835	\$ -	\$ 1,009,835	\$ -	2.54%	\$ -	\$ 8,460			
Permanent Financing	\$ 4,638,116	\$ -	\$ -	\$ 4,638,116	10.71%	\$ -	\$ 35,678			
Permanent Financing - 2nd Mortgage	\$ 2,015,501	\$ -	\$ -	\$ 2,015,501	4.86%	\$ -	\$ 15,504			
Deferred Developer Fee	\$ 200,000	\$ -	\$ -	\$ 200,000	0.46%	\$ -	\$ 1,538			
GAP - InH Infrastructure Grant	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -		Grant (project not competitive)	
TOTAL SOURCES	\$ 43,287,168	\$ 2,216,788	\$ 37,027,978	\$ 4,042,464	100.00%	\$ 1,425,284	\$ 332,978			
Surplus/(Deficit)	0	0	0	0						
USES OF FUNDS	TOTAL	Acq./Predev.	Construction	Permanent	Basic Eligible	Commercial	Cost/Unit	Cost/SqFt	Assumption	Comments
LAND & IMPROVEMENTS:										
Land Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Permanent Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Demolition	\$ 317,925	\$ -	\$ 317,925	\$ -	\$ -	\$ -	\$ 2,446	\$ 2		
Environmental Remediation	\$ 136,253	\$ -	\$ 136,253	\$ -	\$ -	\$ -	\$ 1,048	\$ 1		potential contamination from adjacent gas stations
Site Maintenance (i.e. Security, Clean-Up)	\$ 22,709	\$ 22,709	\$ -	\$ -	\$ 22,709	\$ -	\$ 175	\$ 0		Take Title at Construction close
Site Value Beyond Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Title & Escrow - Land Acquisition	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 77	\$ 0		
Legal - Land Acquisition	\$ 14,000	\$ -	\$ 14,000	\$ -	\$ -	\$ -	\$ 108	\$ 0		
Total Land & Improvements	\$ 500,887	\$ 22,709	\$ 478,178	\$ -	\$ 22,709	\$ -	\$ 3,853	\$ 3		
DESIGN & CONSULTING:										
Architect	\$ 1,250,000	\$ 900,000	\$ 300,000	\$ -	\$ 1,167,114	\$ 32,288	\$ 9,231	\$ 8	8.00%	scope of BIM
Civil Engineering/Joint Trench Utility Design	\$ 95,000	\$ 95,000	\$ -	\$ -	\$ 92,907	\$ 2,693	\$ 731	\$ 1		
Construction Estimating/Management Services	\$ 100,000	\$ 20,000	\$ 80,000	\$ -	\$ 97,280	\$ 2,740	\$ 789	\$ 1		
Engineering Reports (i.e. Topo, Noise, Soils, Traffic, Biology)	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ 88,082	\$ 1,918	\$ 538	\$ 0		
Environmental	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ 38,904	\$ 1,098	\$ 308	\$ 0		
Testing & Inspection	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ 77,698	\$ 2,192	\$ 615	\$ 1		
Total Design & Consulting	\$ 1,665,000	\$ 1,125,000	\$ 480,000	\$ -	\$ 1,541,963	\$ 43,437	\$ 12,762	\$ 11		
CONSTRUCTION:										
On-Site Improvements	\$ 2,201,057	\$ -	\$ 2,201,057	\$ -	\$ -	\$ -	\$ 18,938	\$ 15		\$5.00 per square foot site area (estimate)
On-Site Improvements	\$ 3,302,045	\$ -	\$ 3,302,045	\$ -	\$ 2,451,075	\$ 92,958	\$ 26,003	\$ 23		\$347,100 per acre estimate
Commercial/Childcare Construction	\$ 510,000	\$ -	\$ 510,000	\$ -	\$ -	\$ 510,000	\$ 3,923	\$ 150		
Hotel/Resort Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Unit Construction	\$ 18,099,917	\$ -	\$ 18,099,917	\$ -	\$ 17,696,745	\$ 403,172	\$ 139,230	\$ 123		Prevailing Wage/Civilis Bacon Yes Based on Cost Study
Podium/Garage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70		N/A per space estimate
General Requirements	\$ 1,210,196	\$ -	\$ 1,210,196	\$ -	\$ 1,177,031	\$ 35,165	\$ 9,309	\$ 8		5% estimate
GC Contingency	\$ 508,282	\$ -	\$ 508,282	\$ -	\$ 494,353	\$ 13,923	\$ 3,910	\$ 3		2% Per Heads estimate
Contractor Overhead & Profit	\$ 1,196,508	\$ -	\$ 1,196,508	\$ -	\$ 1,134,540	\$ 31,968	\$ 8,073	\$ 8		4.5% estimate
Contractor Bond & Insurance	\$ 490,334	\$ -	\$ 490,334	\$ -	\$ 395,198	\$ 11,135	\$ 3,128	\$ 3		2% estimate
Pricing Escalation/Design Contingency	\$ 1,374,762	\$ -	\$ 1,374,762	\$ -	\$ 1,365,024	\$ 18,837	\$ 10,575	\$ 9		5.0%
Furniture, Fixtures & Equipment (common area)	\$ 104,000	\$ -	\$ 104,000	\$ -	\$ 104,000	\$ -	\$ 800	\$ 1		
Construction Contingency	\$ 1,448,700	\$ -	\$ 1,448,700	\$ -	\$ 1,408,999	\$ 39,701	\$ 11,144	\$ 10		5.00%
Total Construction	\$ 30,422,701	\$ -	\$ 30,422,701	\$ -	\$ 29,217,868	\$ 1,154,867	\$ 234,021	\$ 207		21% per NRSF excl. commo. contingency & FF&E
INDIRECT COSTS:										
Permits & Fees	\$ 3,250,000	\$ 325,000	\$ 2,925,000	\$ -	\$ 3,190,818	\$ 89,085	\$ 25,000	\$ 22		
City Consulting and Legal	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 389,038	\$ 10,962	\$ 3,077	\$ 3		25,000 per unit estimate or per fee schedule if complete Estimate for Meyers Nave & Goldfarb & Lipman
Legal Fees - Const. Loan Closing	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ 269	\$ 0		
Legal Fees - Perm. Loan Closing	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ 192	\$ 0		
Legal Fees - Organization	\$ 8,000	\$ 8,000	\$ -	\$ -	\$ 8,000	\$ -	\$ 46	\$ 0		
Audit Fees	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ -	\$ 154	\$ 0		
Spencer Administration	\$ 2,300,000	\$ 50,000	\$ 150,000	\$ 2,100,000	\$ 2,296,669	\$ 63,031	\$ 17,862	\$ 16		
Appraisal	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 77	\$ 0		
Market Study	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ 19,452	\$ 548	\$ 154	\$ 0		
Rent/Up Marketing	\$ 119,000	\$ -	\$ 119,000	\$ -	\$ -	\$ -	\$ 915	\$ 1		800
Reserves:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Marketing & Bond Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Initial Services Reserve	\$ 97,500	\$ -	\$ 97,500	\$ -	\$ -	\$ -	\$ 750	\$ -		25.0%
Operating Reserve	\$ 348,618	\$ -	\$ 348,618	\$ -	\$ -	\$ -	\$ 2,682	\$ 2		3 Months
MHP Transition Reserve	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -		
MHSA Capitalized Operating Subsidy Reserve	\$ 1,225,250	\$ -	\$ 1,225,250	\$ -	\$ -	\$ -	\$ 9,425	\$ 8		
Partnership Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Investor Services Fee Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
MUD MCI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Soft Costs Contingency	\$ 197,325	\$ 35,000	\$ 162,325	\$ -	\$ 191,917	\$ 5,408	\$ 1,518	\$ 1		2%
Total Indirect Costs	\$ 5,233,693	\$ 848,000	\$ 3,391,325	\$ 4,016,368	\$ 6,064,311	\$ 169,014	\$ 81,951	\$ 83		
FINANCE & CARRYING COSTS:										
Liability/COC Insurance	\$ 293,162	\$ -	\$ 293,162	\$ -	\$ 285,126	\$ 8,034	\$ 2,255	\$ 2		0.6450%
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		1.120%
Predevelopment Loan Interest	\$ 49,511	\$ 49,511	\$ -	\$ -	\$ 48,154	\$ 1,357	\$ 81	\$ 0		assumes 1.5 yrs during const., 90% retro - perm
Costs of Insurance (Bonds)	\$ 243,798	\$ -	\$ 243,798	\$ -	\$ -	\$ -	\$ 1,875	\$ 2		N/A
Construction Loan Fees	\$ 191,183	\$ -	\$ 191,183	\$ -	\$ 185,944	\$ 5,239	\$ 1,471	\$ 1		0.75%
Construction Loan Interest	\$ 1,486,979	\$ -	\$ 1,486,979	\$ -	\$ 825,252	\$ 40,750	\$ 11,438	\$ 10		50% AOB + 100% AOB during lease-up/conversion
Permanent Financing Fees & Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		0.0%
Title & Escrow - Construction Loan	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ 29,178	\$ 822	\$ 231	\$ 0		
Title & Escrow - Permanent Loan	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 115	\$ 0		
Lender-Appraisal, Legal & Consulting (Inspectors Incl)	\$ 83,550	\$ 8,000	\$ 55,550	\$ -	\$ 81,908	\$ 1,744	\$ 480	\$ 0		
Total Finance & Carry Costs	\$ 2,373,283	\$ 57,511	\$ 2,300,773	\$ 15,000	\$ 1,435,562	\$ 57,947	\$ 18,286	\$ 16		
TAX CREDITS/SYNDICATION EXPENSES:										
TCAC Application Fee	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ 0		
TCAC Allocation Fee	\$ 11,714	\$ 11,714	\$ -	\$ -	\$ -	\$ -	\$ 80	\$ 0		1% of annual tax credit allocation
TCAC Performance Deposit	\$ 46,855	\$ 46,855	\$ -	\$ -	\$ -	\$ -	\$ 360	\$ 0		4% of annual tax credit allocation
TCAC Performance Deposit Refund	\$ (46,855)	\$ -	\$ -	\$ (46,855)	\$ -	\$ -	\$ (380)	\$ (0)		
TCAC Monitoring Fee	\$ 52,890	\$ -	\$ 52,890	\$ -	\$ -	\$ -	\$ 407	\$ 0		4.10 per unit (not including manager's unit)
CDLAC Performance Deposit	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 789	\$ 1		
CDLAC Performance Deposit Refund	\$ (100,000)	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ (789)	\$ (1)		
Syndication Consultant	\$ 45,000	\$ 5,000	\$ 35,000	\$ 5,000	\$ -	\$ -	\$ 349	\$ 0		0.5% of bond allocation
Syndication Legal Fees	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 308	\$ 0		
Syndication-Investor Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Syndication Other: Bridge Loan Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Syndication Other: Bridge Loan/Dev Fee Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total TCAC/Syndication	\$ 151,804	\$ 185,568	\$ (25,000)	\$ 11,035	\$ -	\$ -	\$ 1,198	\$ 1		
TOTAL DEVELOPMENT EXPENSES	\$ 43,287,168	\$ 2,216,788	\$ 37,027,978	\$ 4,042,464	\$ 35,282,011	\$ 1,425,284	\$ 331,440	\$ 293		

Arroyo Vista Family Housing 4% MHP/MHSA, New Construction
PROJECT INCOME CALCULATION

LIHTC Residential Income Calculation

Bedrooms Baths	Rent as % of Median Income	Gross Rent	Less Utility Allowance	Net Rent	Number of Units	Total Monthly Income	Total Annual Income	Comments
1 / 1	15%	\$ 250	\$ 69	\$ 181	-	\$ -	\$ -	
	20%	\$ 334	\$ 69	\$ 265	3	\$ 795	\$ 9,540	
	25%	\$ 419	\$ 69	\$ 349	-	\$ -	\$ -	
	30%	\$ 501	\$ 69	\$ 432	4	\$ 1,728	\$ 20,736	
	35%	\$ 585	\$ 69	\$ 516	-	\$ -	\$ -	
	40%	\$ 668	\$ 69	\$ 599	-	\$ -	\$ -	
	45%	\$ 752	\$ 69	\$ 683	-	\$ -	\$ -	
	50%	\$ 836	\$ 69	\$ 767	2	\$ 1,534	\$ 18,408	
	55%	\$ 919	\$ 69	\$ 850	-	\$ -	\$ -	
	60%	\$ 1,003	\$ 69	\$ 934	3	\$ 2,802	\$ 33,624	Includes units restricted at 80%
	80%	\$ 1,672	\$ 69	\$ 1,603	-	\$ -	\$ -	
2 / 1	15%	\$ 301	\$ 88	\$ 213	-	\$ -	\$ -	
	20%	\$ 402	\$ 88	\$ 314	3	\$ 942	\$ 11,304	
	25%	\$ 502	\$ 88	\$ 414	-	\$ -	\$ -	
	30%	\$ 603	\$ 88	\$ 515	10	\$ 5,150	\$ 61,800	
	35%	\$ 703	\$ 88	\$ 615	-	\$ -	\$ -	
	40%	\$ 804	\$ 88	\$ 716	13	\$ 9,308	\$ 111,696	
	45%	\$ 904	\$ 88	\$ 816	-	\$ -	\$ -	
	50%	\$ 1,005	\$ 88	\$ 917	25	\$ 22,925	\$ 275,100	
	55%	\$ 1,105	\$ 88	\$ 1,017	-	\$ -	\$ -	
	60%	\$ 1,206	\$ 88	\$ 1,118	14	\$ 15,652	\$ 187,824	Includes units restricted at 80%
	80%	\$ 2,010	\$ 88	\$ 1,922	-	\$ -	\$ -	
3 / 2	15%	\$ 348	\$ 110	\$ 238	-	\$ -	\$ -	
	20%	\$ 464	\$ 110	\$ 354	3	\$ 1,062	\$ 12,744	
	25%	\$ 580	\$ 110	\$ 470	-	\$ -	\$ -	
	30%	\$ 695	\$ 110	\$ 586	6	\$ 3,516	\$ 42,192	
	35%	\$ 812	\$ 110	\$ 702	-	\$ -	\$ -	
	40%	\$ 928	\$ 110	\$ 818	5	\$ 4,090	\$ 49,080	
	45%	\$ 1,044	\$ 110	\$ 934	-	\$ -	\$ -	
	50%	\$ 1,160	\$ 110	\$ 1,050	13	\$ 13,650	\$ 163,800	
	55%	\$ 1,276	\$ 110	\$ 1,166	-	\$ -	\$ -	
	60%	\$ 1,392	\$ 110	\$ 1,282	9	\$ 11,538	\$ 138,456	Includes units restricted at 80%
	80%	\$ 2,320	\$ 110	\$ 2,210	-	\$ -	\$ -	
4 / 2	15%	\$ 388	\$ 129	\$ 259	-	\$ -	\$ -	
	20%	\$ 518	\$ 129	\$ 389	4	\$ 1,556	\$ 18,672	
	25%	\$ 647	\$ 129	\$ 518	-	\$ -	\$ -	
	30%	\$ 777	\$ 129	\$ 648	6	\$ 3,888	\$ 46,656	
	35%	\$ 906	\$ 129	\$ 777	-	\$ -	\$ -	
	40%	\$ 1,036	\$ 129	\$ 907	-	\$ -	\$ -	
	45%	\$ 1,165	\$ 129	\$ 1,036	-	\$ -	\$ -	
	50%	\$ 1,295	\$ 129	\$ 1,166	5	\$ 5,830	\$ 69,960	
	55%	\$ 1,424	\$ 129	\$ 1,295	-	\$ -	\$ -	
	60%	\$ 1,554	\$ 129	\$ 1,425	1	\$ 1,425	\$ 17,100	Includes units restricted at 80%
	80%	\$ 2,590	\$ 129	\$ 2,461	-	\$ -	\$ -	
TOTAL					190	107,381	1,288,882	
							1,236,432	← Tenant Rents less MHSA (20%)

Additional Income Calculation

Laundry							
Laundry	Per Unit Per Month	Per Unit Per Year	Total Per Year				
	\$ -	\$ -	\$ -				
Retail/Childcare Lease Payments							
Lease	Rent/GP	Monthly Income	Annual Income				
CAM Charges	0.00	\$ -	\$ 0				
	0	\$ -	\$ 0				
Project Based Section 8							
Unit Type	Number	TCAC Income Tier	Sec 8 FMR (2009)	Net Base Rent per unit (w/o Sec 8)	Incremental Rent per unit (from Sec 8)	Monthly Incmthl Sec 8 Rent	Annual Incmthl Sec 8 Rent
1 / 1	2	50%	1,242	\$ 767	\$ 475	\$ 850	\$ 11,400
1 / 1	2	60%	1,242	\$ 934	\$ 308	\$ 616	\$ 7,392
2 / 1	3	50%	1,466	\$ 917	\$ 549	\$ 1,647	\$ 19,764
2 / 1	13	60%	1,466	\$ 1,118	\$ 348	\$ 4,524	\$ 54,288
3 / 2	-	50%	1,997	\$ 1,050	\$ 947	\$ -	\$ -
3 / 2	-	55%	1,997	\$ 1,166	\$ 931	\$ -	\$ -
3 / 2	6	60%	1,997	\$ 1,282	\$ 715	\$ 4,290	\$ 51,480
4 / 2	1	30%	2,479	\$ 648	\$ 1,831	\$ 1,831	\$ 21,972
4 / 2	5	50%	2,479	\$ 1,166	\$ 1,313	\$ 6,565	\$ 78,780
4 / 2	-	60%	2,479	\$ 1,425	\$ 1,054	\$ -	\$ -
TOTAL	32						\$ 245,076
	24.6%						

First Year Income/Expense Statement

Scheduled Residential Gross Income (Non-MHSA)		\$ 1,236,432	
Scheduled Residential Gross Income (MHSA)		\$ 50,500	
MHSA Capitalized Operating Grant		\$ 62,392	
Laundry Income		\$ -	
Gross Commercial Income		\$ -	
Section 8 Increment		\$ 245,076	
Residential Vacancy Loss	5%	\$ (74,075)	
Residential Vacancy Loss (MHSA)	10%	\$ (11,289)	
Commercial Vacancy Loss	20.00%	\$ -	
Effective Gross Income		\$ 1,509,035	
Total Operating Expenses	\$ 5,400	per unit	\$ (631,800)
Total Operating Expenses (MHSA units)	\$ 5,400		\$ (83,200)
Resident Services Fee	\$ 300	per unit	\$ (36,100)
Resident Services Fee (MHSA units)	\$ 600		\$ (7,800)
Issuer Monitoring Fee	0.1000%	on perm loan amount	\$ (4,938)
Replacement Reserves	\$ 800	per unit	\$ (88,500)
Replacement Reserves (MHSA)	\$ 800		\$ (6,500)
Net Operating Income		\$ 681,497	
Debt Service Ratio		1.15	
Available for debt service		\$ 350,152	
MHP Debt Service	\$ 10,000,000	0.42%	\$ 42,000
MHSA Debt Service	\$ 1,300,000	0.42%	\$ 5,460
First Mortgage Debt Service	6.25%	30 yr. term	\$ 342,692
Section 8 Mortgage Debt Service	6.25%	20 yr. term	1.15 \$ 202,454

Arroyo Family 1-6-10 DDA Amendment

**Arroyo Vista Family Housing 4% MHP/MHSA, New Construction
CASH FLOW PROJECTION**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Calendar	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Factors															
Tenant Payments (Non-MHSA)	2.5%	1,236,432	1,267,343	1,299,026	1,331,502	1,364,750	1,398,909	1,433,982	1,469,729	1,506,472	1,544,134	1,582,737	1,622,306	1,662,864	1,704,435	1,747,046
Tenant Payments (MHSA)	2.5%	60,500	51,762	53,056	54,383	55,742	57,136	58,564	60,028	61,529	63,067	64,644	66,260	67,916	69,614	71,355
Capitalized Operating Expenses (MHSA)	2.5%	62,382	64,475	66,642	68,896	71,240	74,003	76,539	79,176	81,918	84,770	86,075	88,157	92,361	95,691	99,153
Other Income	1.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial/Childcare Income	1.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 8 Income	2.5%	245,078	251,203	257,463	263,820	270,518	277,281	284,213	291,318	298,601	306,066	313,718	321,561	329,600	337,840	346,286
Scheduled Gross Income		1,564,400	1,634,783	1,676,207	1,718,700	1,762,260	1,807,329	1,853,198	1,900,252	1,948,521	1,998,037	2,047,174	2,096,284	2,152,741	2,207,561	2,263,640
Residential Vacancy	5.0%	(74,075)	(75,927)	(77,825)	(79,771)	(81,765)	(83,810)	(85,905)	(88,052)	(90,254)	(92,510)	(94,823)	(97,193)	(99,623)	(102,114)	(104,667)
Residential Vacancy (MHSA)	10.0%	(11,289)	(11,624)	(11,970)	(12,328)	(12,698)	(13,114)	(13,510)	(13,920)	(14,345)	(14,784)	(15,072)	(15,542)	(16,028)	(16,531)	(17,051)
Commercial Vacancy	20.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective Gross Income		1,509,035	1,547,232	1,588,412	1,628,601	1,667,826	1,710,406	1,753,783	1,796,279	1,843,922	1,890,743	1,937,280	1,986,549	2,037,090	2,088,936	2,142,123
Total Operating Expenses (non MHSA)	3.5%	(631,800)	(663,913)	(676,800)	(700,488)	(725,005)	(750,380)	(776,644)	(803,826)	(831,960)	(861,079)	(891,216)	(922,409)	(954,663)	(988,107)	(1,022,891)
Total Operating Expenses (MHSA)	3.5%	(83,200)	(86,112)	(89,128)	(92,245)	(95,474)	(98,816)	(102,274)	(105,854)	(109,559)	(113,393)	(117,362)	(121,469)	(125,721)	(130,121)	(134,675)
Services Fee (Non MHSA)	3.5%	(35,100)	(36,329)	(37,600)	(38,916)	(40,278)	(41,688)	(43,147)	(44,657)	(46,220)	(47,838)	(49,512)	(51,245)	(53,039)	(54,895)	(56,818)
Services Fee (MHSA)	3.5%	(7,800)	(8,073)	(8,358)	(8,648)	(8,951)	(9,264)	(9,588)	(9,924)	(10,271)	(10,631)	(11,003)	(11,388)	(11,786)	(12,199)	(12,628)
Issuer Monitoring Fee	0.1%	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)	(4,638)
Replacement Reserves	3.5%	(85,000)	(87,275)	(89,630)	(92,067)	(94,589)	(97,200)	(99,902)	(102,698)	(105,583)	(108,569)	(111,657)	(114,857)	(118,169)	(121,594)	(125,133)
Net Operating Income		681,497	690,892	700,263	709,599	718,991	728,421	737,591	746,682	755,692	764,577	771,860	780,502	788,993	797,319	805,481
Debt Service		(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)
MHSA Capital		(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)	(5,460)
1st Mortgage		(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)	(342,892)
2nd Mortgage		(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)	(176,782)
Net Available Cash		114,563	123,958	133,328	142,665	151,957	161,486	170,656	179,748	188,748	197,643	204,925	213,567	222,059	230,384	238,526
Debt Coverage Ratio		1.20	1.22	1.24	1.25	1.27	1.28	1.30	1.32	1.33	1.35	1.36	1.38	1.39	1.41	1.42
Asset Management Fee	\$ 5,000	(5,000)	(5,175)	(5,356)	(5,544)	(5,738)	(5,938)	(6,146)	(6,361)	(6,584)	(6,814)	(7,053)	(7,300)	(7,555)	(7,820)	(8,093)
Deferred Developer Fee	\$ 200,000	(109,563)	(90,437)	(75,356)	(62,716)	(52,688)	(45,092)	(39,731)	(35,807)	(32,920)	(30,672)	(28,955)	(26,999)	(24,777)	(22,289)	(19,546)
Partnership Management Fee	\$ 25,000	0	(25,875)	(26,781)	(27,716)	(28,688)	(29,692)	(30,731)	(31,807)	(32,920)	(34,072)	(35,265)	(36,499)	(37,777)	(39,099)	(40,467)
Available Cash Flow		0	2,470	101,192	109,403	117,331	125,856	133,779	141,579	149,243	156,756	162,607	169,768	176,727	183,466	189,965
Residual Receipts to HCD/City	50%	0	(1,235)	(50,596)	(54,702)	(58,766)	(62,928)	(66,889)	(70,790)	(74,622)	(78,378)	(81,304)	(84,884)	(88,363)	(91,733)	(94,983)
Net Surplus Cash		0	1,235	50,596	54,702	58,766	62,928	66,889	70,790	74,622	78,378	81,304	84,884	88,363	91,733	94,983

Arroyo Vista Senior Housing 4% MHP, New Construction
PROJECT INCOME CALCULATION

LIMTC Residential Income Calculation

Bedrooms Baths	Rent as % of Median Income	Gross Rent	Less Utility Allowance	Net Rent	Number of Units	Total Monthly Income	Total Annual Income	Comments
1/1	15%	\$ 258	\$ 21	\$ 239	-	\$ -	\$ -	
	20%	\$ 334	\$ 21	\$ 303	8	\$ 1,518	\$ 18,180	
	25%	\$ 419	\$ 21	\$ 387	-	\$ -	\$ -	
	30%	\$ 501	\$ 21	\$ 470	18	\$ 4,738	\$ 56,430	
	35%	\$ 588	\$ 21	\$ 554	-	\$ -	\$ -	
	40%	\$ 668	\$ 21	\$ 637	12	\$ 7,644	\$ 91,728	
	45%	\$ 752	\$ 21	\$ 721	-	\$ -	\$ -	
	50%	\$ 838	\$ 21	\$ 809	12	\$ 9,698	\$ 115,920	
	55%	\$ 919	\$ 21	\$ 888	-	\$ -	\$ -	
	60%	\$ 1,000	\$ 21	\$ 972	18	\$ 9,726	\$ 118,640	
	Market	\$ 1,072	\$ 21	\$ 1,041	-	\$ -	\$ -	
2/1	15%	\$ 301	\$ 40	\$ 261	-	\$ -	\$ -	
	20%	\$ 402	\$ 40	\$ 362	-	\$ -	\$ -	
	25%	\$ 502	\$ 40	\$ 462	-	\$ -	\$ -	
	30%	\$ 603	\$ 40	\$ 563	-	\$ -	\$ -	
	35%	\$ 703	\$ 40	\$ 663	-	\$ -	\$ -	
	40%	\$ 804	\$ 40	\$ 764	-	\$ -	\$ -	
	45%	\$ 904	\$ 40	\$ 864	-	\$ -	\$ -	
	50%	\$ 1,009	\$ 40	\$ 969	-	\$ -	\$ -	
	55%	\$ 1,105	\$ 40	\$ 1,065	-	\$ -	\$ -	
	60%	\$ 1,208	\$ 40	\$ 1,168	-	\$ -	\$ -	
	Market	\$ 2,010	\$ 40	\$ 1,970	1	\$ -	\$ -	Manager's unit
3/2	15%	\$ 348	\$ 48	\$ 300	-	\$ -	\$ -	
	20%	\$ 464	\$ 48	\$ 416	-	\$ -	\$ -	
	25%	\$ 580	\$ 48	\$ 532	-	\$ -	\$ -	
	30%	\$ 696	\$ 48	\$ 648	-	\$ -	\$ -	
	35%	\$ 812	\$ 48	\$ 764	-	\$ -	\$ -	
	40%	\$ 928	\$ 48	\$ 880	-	\$ -	\$ -	
	45%	\$ 1,044	\$ 48	\$ 996	-	\$ -	\$ -	
	50%	\$ 1,160	\$ 48	\$ 1,112	-	\$ -	\$ -	
	55%	\$ 1,278	\$ 48	\$ 1,228	-	\$ -	\$ -	
	60%	\$ 1,392	\$ 48	\$ 1,344	-	\$ -	\$ -	
	Market	\$ 2,320	\$ 48	\$ 2,272	-	\$ -	\$ -	
4/2	15%	\$ 388	\$ 53	\$ 335	-	\$ -	\$ -	
	20%	\$ 518	\$ 53	\$ 465	-	\$ -	\$ -	
	25%	\$ 647	\$ 53	\$ 594	-	\$ -	\$ -	
	30%	\$ 777	\$ 53	\$ 724	-	\$ -	\$ -	
	35%	\$ 906	\$ 53	\$ 853	-	\$ -	\$ -	
	40%	\$ 1,036	\$ 53	\$ 983	-	\$ -	\$ -	
	45%	\$ 1,166	\$ 53	\$ 1,112	-	\$ -	\$ -	
	50%	\$ 1,295	\$ 53	\$ 1,242	-	\$ -	\$ -	
	55%	\$ 1,424	\$ 53	\$ 1,371	-	\$ -	\$ -	
	60%	\$ 1,554	\$ 53	\$ 1,501	-	\$ -	\$ -	
	Market	\$ 2,590	\$ 53	\$ 2,537	-	\$ -	\$ -	
TOTAL					58	\$ 33,228	\$ 398,988	

← Tenant Rents less MHSA (20%)

Additional Income Calculation

Laundry	Per Unit Per Month	Per Unit Per Year	Total Per Year
Laundry	\$ -	\$ -	\$ -
Rent/Childcare Lease Payments			
Lease	0.00	\$ -	\$ 0
CAH Charges	0	\$ -	\$ 0

Project Mixed Section 8

Unit Type	Number	TCAC Income Tier	Sec 8 FMR (2008)	Net Base Rent per unit (ytd) (Sec 8)	Incremental Rent per unit (from Sec 8)	Monthly Incent Sec 8 Rent	Annual Incent Sec 8 Rent
1/1	8	20%	1,260	\$ 362	\$ 977	\$ 4,668	\$ 58,620
1/1	10	30%	1,260	\$ 470	\$ 618	\$ 5,136	\$ 67,230
1/1	12	40%	1,260	\$ 537	\$ 643	\$ 7,716	\$ 92,592
1/1	12	50%	1,260	\$ 605	\$ 475	\$ 5,736	\$ 68,430
1/1	18	60%	1,260	\$ 672	\$ 308	\$ 3,696	\$ 38,688
TOTAL	48	50.0%					\$ 353,172

First Year Income/Expense Statement

Scheduled Residential Gross Income (Non-MHSA)		\$ 368,685
Scheduled Residential Gross Income (MHSA)		\$ -
MHSA Capitalized Operating Debt		\$ -
Laundry Income		\$ -
Gross Commercial Income		\$ -
Section 8 Incent		\$ 353,172
Residential Vacancy Loss	5%	\$ (17,632)
Residential Vacancy Loss (MHSA)	10%	\$ -
Commercial Vacancy Loss	20.00%	\$ -
Effective Gross Income		\$ 715,085
Total Operating Expenses	\$ 5,400 per unit	\$ (273,080)
Total Operating Expenses (MHSA units)	\$ 5,400	\$ -
Resident Services Fee	\$ 300 per unit	\$ (15,080)
Resident Services Fee (MHSA units)	\$ 800	\$ -
Issuer Monitoring Fee	0.1000%	\$ (413)
Replacement Reserves	\$ 800 per unit	\$ (25,080)
Replacement Reserves (MHSA)	\$ 500	\$ -
Net Operating Income		\$ 404,595
Debt Service Ratio		1.2
Available for debt service		\$ 97,083
MHP Debt Service	\$ 3,472,281	\$ 14,583
MHSA Debt Service	\$ -	\$ -
First Mortgage Debt Service	6.25% 15 yr. term	\$ 42,589
Section 8 Mortgage Debt Service	6.75% 20 yr. term	\$ 253,023

Arroyo Senior 1-8-10 DCA Amendment

Arroyo Vista Senior Housing 4% MHP, New Construction
CASH FLOW PROJECTION

Calendar	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Int'l Vacancy Factors	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Tenant Payments (Non-MHSA)	2.5%	388,888	408,840	419,061	429,537	440,276	451,283	462,566	474,129	485,982	498,131	510,585	523,349	536,433	549,844	563,590
Tenant Payments (MHSA)	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capitalized Operating Expenses (MHSA)	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	1.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial/Childcare Income	1.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 8 Income	2.5%	353,772	362,616	371,982	380,974	390,468	400,261	410,267	420,524	431,037	441,813	452,858	464,180	475,784	487,679	499,871
Scheduled Gross Income		752,640	771,456	780,742	810,511	830,774	851,543	872,832	894,652	917,019	939,944	963,443	987,529	1,012,217	1,037,523	1,063,461
Residential Vacancy	5.0%	(37,632)	(38,573)	(39,537)	(40,526)	(41,539)	(42,577)	(43,642)	(44,733)	(45,851)	(46,997)	(48,172)	(49,376)	(50,611)	(51,878)	(53,173)
Residential Vacancy (MHSA)	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Vacancy	20.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective Gross Income		715,008	732,883	751,205	769,985	789,235	809,966	829,190	849,920	871,168	892,947	915,271	938,152	961,606	985,646	1,010,288
Total Operating Expenses (non MHSA)	3.5%	(270,000)	(279,450)	(289,231)	(299,354)	(309,831)	(320,675)	(331,899)	(343,515)	(355,538)	(367,962)	(380,862)	(394,162)	(407,988)	(422,268)	(437,048)
Total Operating Expenses (MHSA)	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Services Fee (Non MHSA)	3.5%	(15,000)	(15,625)	(16,068)	(16,631)	(17,213)	(17,815)	(18,439)	(19,084)	(19,752)	(20,443)	(21,159)	(21,900)	(22,666)	(23,459)	(24,280)
Services Fee (MHSA)	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuer Monitoring Fee	0.1%	(413)	(413)	(413)	(413)	(413)	(413)	(413)	(413)	(413)	(413)	(413)	(413)	(413)	(413)	(413)
Replacement Reserves	3.5%	(25,000)	(25,875)	(26,781)	(27,718)	(28,688)	(29,692)	(30,731)	(31,807)	(32,920)	(34,072)	(35,265)	(36,499)	(37,777)	(39,099)	(40,467)
Net Operating Income		404,566	411,620	418,712	425,970	433,080	440,370	447,708	455,100	462,544	470,036	477,572	485,149	492,762	500,407	508,079
Debt Service		(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)	(14,583)
MHSA Capital		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service		(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)	(42,509)
Debt Service		(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)	(264,467)
Net Available Cash		83,035	90,060	97,153	104,310	111,530	118,810	126,148	133,540	140,984	148,476	156,012	163,589	171,202	178,847	186,519
Debt Coverage Ratio		1.26	1.28	1.30	1.32	1.35	1.37	1.39	1.42	1.44	1.46	1.49	1.51	1.53	1.56	1.58
Asset Management Fee	\$ 5,000	(5,000)	(5,175)	(5,356)	(5,544)	(5,738)	(5,938)	(6,146)	(6,361)	(6,584)	(6,814)	(7,053)	(7,300)	(7,555)	(7,820)	(8,093)
Deferred Developer Fee	\$ 340,000	(78,035)	(84,885)	(91,797)	(98,777)	(105,823)	(112,937)	(120,113)	(127,353)	(134,658)	(142,030)	(149,469)	(156,976)	(164,551)	(172,194)	(179,905)
Partnership Management Fee	\$ 25,000	0	0	0	13,484	(26,688)	(29,692)	(30,731)	(31,807)	(32,920)	(34,072)	(35,265)	(36,499)	(37,777)	(39,099)	(40,467)
Available Cash Flow		0	0	0	26,967	77,104	83,180	89,270	95,372	101,480	107,589	113,694	119,790	125,870	131,929	137,959
Residual Receipts to HCD/City	50%	0	0	0	(13,484)	(38,532)	(41,590)	(44,635)	(47,666)	(50,740)	(53,795)	(56,847)	(59,895)	(62,935)	(65,964)	(68,979)
Net Surplus Cash		0	0	0	13,484	38,532	41,590	44,635	47,666	50,740	53,795	56,847	59,895	62,935	65,964	68,979

Arroyo Senior 1-8-10 DDA Amendment

ATTACHMENT B

HOUSING AUTHORITIES RISK RETENTION POOL

INTERGOVERNMENTAL COOPERATION AGREEMENT

This Intergovernmental Cooperation Agreement (the "Agreement") is made and entered into by and among the participating Public Housing Authorities that have executed counterpart copies of this Agreement and have become parties to this Agreement.

RECITALS:

A. Chapters 39.34 and 48.62 of the Revised Code of Washington provide authority for Washington public agencies to enter into intergovernmental cooperation agreements. Chapter 190 of the Oregon Revised Statutes provide authority for Oregon public agencies to enter into intergovernmental cooperation agreements. California Government Code Section 6500, et seq., provides authority for California public agencies to enter into intergovernmental cooperation agreements. Chapter 277 of the Nevada Revised Statutes provides authority for Nevada public agencies to enter into intergovernmental cooperation agreements.

B. The participating Public Housing Authorities are exposed to risks of loss. The participating Public Housing Authorities desire to join together in a cooperative program of risk management, risk sharing and indemnification with the objective of obtaining advantageous coverage at an advantageous cost. In order to participate in a cooperative program of risk management, risk sharing and indemnification, the participating Public Housing Authorities are willing to waive certain rights that they otherwise might have. The participating Public Housing Authorities recognize, based on the provisions of this Agreement, that it is desirable to limit their claims and remedies against the cooperative program and other participating Public Housing Authorities so that a financially sound and secure program of risk management and indemnification will continue in the future.

C. The participating Public Housing Authorities recognize that the success of a cooperative program of risk management, risk sharing and indemnification will be based, in part, on the mutual cooperation of the participating Public Housing Authorities and by organizing the cooperative program under applicable state intergovernmental cooperation laws rather than as an insurer under applicable state insurance codes.

D. Each of the Public Housing Authorities which is a party to this Agreement has the power and authority to participate in a cooperative program of risk management, risk sharing and indemnification. The governing board of each of the Public Housing Authorities which is a party to this Agreement has authorized the execution, delivery and performance of this Agreement.

AGREEMENT:

Each of the participating Public Housing Authorities agrees as follows:

Section I. DEFINITIONS

The following definitions shall apply to the provisions of this Agreement:

- 1.1 Affordable Housing Pool. "Affordable Housing Pool" shall have the meaning given to such term in Section 2.4(y).
- 1.2 Bylaws. "Bylaws" shall mean the Bylaws of HARRP that contain provisions for managing the business and regulating the internal affairs of HARRP.
- 1.3 Contribution. "Contribution" shall mean any charge or assessment (other than a Membership Fee) imposed on or collected from the Members by HARRP for the Coverage Terms.
- 1.4 Coverage Terms. "Coverage Terms" shall mean the coverage, limits, deductibles, terms and conditions, as amended from time to time, which define the indemnification and financial protection to be provided by HARRP to the Members and their directors and officers.
- 1.5 Covered Loss. "Covered Loss" shall mean, with respect to any Member, any loss (including, but not limited to, judgments, settlements, loss payments, defense costs and other charges directly attributable to resolution of a claim) resulting from a claim or demand that is covered by HARRP under the Coverage Terms of the Member and that is in excess of the Member's deductible.
- 1.6 Cumulative Net Financial Contribution. "Cumulative Net Financial Contribution" shall have the meaning given to such term in Section 9.2.
- 1.7 Director. "Director" shall mean a duly elected and qualified representative of the Members serving on the HARRP Board.
- 1.8 Entity. "Entity" shall mean a partnership, limited liability company, corporation, trust, governmental entity, public body, unincorporated association or other form of entity or association.
- 1.9 Excess Insurance. "Excess Insurance" shall include insurance purchased by HARRP for the benefit of the Members that provides coverage limits in excess of the limits of the Coverage Terms or coverage different from the Coverage Terms.
- 1.10 Executive Director. "Executive Director" shall mean an individual who shall be employed by HARRP and shall provide to HARRP such administrative and technical services as the HARRP Board shall determine.

1.11 HARRP. "HARRP" shall mean the legal entity, created by this Agreement, to be known as Housing Authorities Risk Retention Pool.

1.12 HARRP Board. "HARRP Board" shall mean the Board of Directors of HARRP.

1.13 HUD. "HUD" shall mean the United States Department of Housing and Urban Development.

1.14 Member. "Member" shall mean a Public Housing Authority that has been accepted for membership in HARRP, is a party to this Agreement and has not terminated its membership or been expelled from membership.

1.15 Membership Fee. "Membership Fee" shall mean a nonrefundable cash payment that a Member is required to make to HARRP as a condition to the Member's acceptance for membership in HARRP; the amount of the Membership Fee shall be determined from time to time by the HARRP Board.

1.16 Net Financial Contribution. "Net Financial Contribution" shall have the meaning given to such term in Section 9.1.

1.17 Officer. "Officer" shall mean a duly appointed and qualified officer of HARRP, including, but not limited to, the President, Vice President, Secretary, Treasurer and Executive Director.

1.18 Paid Losses. "Paid Losses" shall mean, with respect to any Member, the amount paid by HARRP or its reinsurers for losses and loss adjustment expenses attributable to the Covered Losses of the Member (or in the event a claim or loss has not been finally adjudicated, settled or otherwise resolved, HARRP's reserve for the Covered Loss). A Paid Loss of a Member shall be attributable to the calendar year during which the claim or demand relating to the Paid Loss is first reported to HARRP, and any determination by the HARRP Board with respect to the calendar year to which the Paid Loss is attributable shall be conclusive and binding upon the Members.

1.19 Person. "Person" shall mean an individual or an Entity.

1.20 Public Housing Authority. "Public Housing Authority" shall mean any state, county, municipality, municipal corporation, public corporation or other governmental entity or public body (or agency or instrumentality thereof) that is authorized to engage in or assist in the development or operation of housing for low-income families, including, but not limited to, any housing authority established pursuant to the Washington Housing Authorities Law (RCW Chapter 35.82), the Oregon Housing Authorities Law (ORS 456.055 et seq.), the California Housing Authorities Law (California Health and Safety Code Section 34200 et seq.), the Nevada Housing Authorities Law of 1947 (NRS 315.140 et seq.) or similar laws of other states.

1.21 Reinsurance. "Reinsurance" shall mean the transfer to one or more reinsurers by agreement of all or a portion of the Covered Losses for which HARRP is financially responsible under the Coverage Terms.

1.22 Risk Management. "Risk Management" shall mean the process of identifying, evaluating, reducing, transferring and eliminating factors and circumstances which could result in physical property damage, liability to third Persons and public official and employee liability. Risk Management includes various safety procedures and educational programs and incorporates elements of insurance law, technology and general business administration utilized to effectively manage risks.

1.23 State Association. "State Association" shall mean the Association of Washington Housing Authorities, the Association of Oregon Housing Authorities or the Northern California/Nevada Executive Directors Association or any of their respective successors in interest.

Section 2. HOUSING AUTHORITIES RISK RETENTION POOL

2.1 Establishment. The participating Public Housing Authorities have created a separate legal entity known as Housing Authorities Risk Retention Pool ("HARRP"), which has the powers set forth in Section 2.4.

2.2 Offices. HARRP shall have such offices as the HARRP Board may designate or as the business of HARRP may require.

2.3 Purposes. HARRP's primary purpose is to provide to the Members, on a consistent basis, a cooperative program of indemnification and financial protection against risks of loss relating to the properties and operations of the Members and a cooperative program of Risk Management. HARRP shall endeavor to conduct its business to achieve long-term benefit to the Members as a whole, and to pursue ethical business practices, sound fiscal policies and courteous service. HARRP shall pursue such other purposes that are necessary or incidental to its primary purpose or that may be necessary or appropriate to protect or enhance its assets or business.

2.4 Powers. HARRP shall have all power and authority that is necessary or convenient to achieve the purposes set forth in Section 2.3 and to carry out its business and affairs, including, but not limited to, the following:

- (a) To set, require payment from the Members and collect Contributions;
- (b) To fix, require payment from the Members and collect Membership Fees;

- (c) To receive and collect monies and to pay, approve the payment of and incur liability for the payment of any costs, expenses, fees or other disbursements associated with the business or affairs of HARRP;
- (d) To establish reserves or accounts as shall be necessary, appropriate or convenient;
- (e) To make, arrange, enter into and contract for Excess Insurance and Reinsurance as shall be necessary, appropriate or convenient;
- (f) To establish and operate a program of Risk Management;
- (g) To issue to the Members written documents setting forth the Coverage Terms;
- (h) To indemnify the Members and to make payments for Covered Losses in accordance with the Coverage Terms;
- (i) To process, settle and adjudicate claims and to contract or provide, in accordance with the Coverage Terms, for legal representation in defense of claims;
- (j) To sue and be sued and complain and defend in its own name;
- (k) To make, adopt and amend the Bylaws, rules and regulations and internal policies not inconsistent with this Agreement for managing the business and regulating the internal affairs of HARRP;
- (l) To purchase, receive, lease or otherwise acquire, and to own, hold, improve, use and otherwise deal with personal property or real property, or any interest in property, wherever located;
- (m) To sell, convey, mortgage, pledge, lease, exchange or otherwise dispose of all or any part of its assets;
- (n) To invest and reinvest its funds, including purchasing, acquiring, owning, holding, voting, selling or otherwise disposing of such investments;
- (o) To make contracts and to incur liabilities and other obligations;
- (p) To employ or engage employees, independent contractors or agents to perform services for HARRP or the Members;
- (q) To engage advisers and consultants to advise or consult with HARRP for the benefit of HARRP or the Members;

(r) To receive contributions and donations of property, funds, services and other forms of assistance from any source;

(s) To consult with state insurance commissioners, state auditors, state risk managers, HUD or other Federal or state officials;

(t) To comply with any Federal, state or local law or regulation applicable to HARRP or any order, directive or regulation of HUD;

(u) To exercise any right, privilege or immunity or take any action that may be exercised or taken by a Member;

(v) To indemnify and hold harmless any Director, Officer or other Person acting on behalf of HARRP to the extent such indemnification is not prohibited by this Agreement or under applicable law;

(w) To borrow money or incur indebtedness or other obligations for any purpose and without any limitation as to amount or terms, to the extent permitted by law;

(x) In connection with the borrowing of money or incurring indebtedness or other obligations and in order to secure the payment of such indebtedness or obligations, to the extent permitted by law:

(i) to execute, deliver and issue notes, bonds, debentures, evidences of indebtedness or other instruments;

(ii) to grant a security interest in, pledge, assign, transfer, mortgage, encumber or hypothecate all or any part of its assets;

(iii) to make any covenants and take any action necessary or convenient or desirable in order to secure such indebtedness or other obligations, including, but not limited to, covenants securing the issuance of such indebtedness or other obligations, covenants as to indebtedness or other obligations to be issued and as to the issuance of such indebtedness or other obligations in escrow or otherwise, and the use and disposition of the proceeds thereof, covenants governing the issuance of additional indebtedness or other obligations, or other such covenants or actions tending to make the indebtedness or other obligations more marketable; and

(iv) to negotiate, execute, deliver and endorse agreements, documents and instruments of any nature or kind,

including, but not limited to, reimbursement or letter of credit agreements, bond purchase agreements, agreements for the exchange of interest rates, auction agreements, broker-dealer agreements, offering documents including, but not limited to, preliminary and final official statements or preliminary and final offering memoranda, remarketing agreements, bond insurance agreements and debt service reserve fund agreements;

(y) To assist in the organization and capitalization of an Entity (other than HARRP) that establishes a cooperative program of risk management, risk sharing and indemnification for Entities engaged in providing affordable housing (an "Affordable Housing Pool");

(z) To create an Entity to solicit or sell insurance products or coverages written by insurance companies for Public Housing Authorities or other Entities engaged in providing affordable housing, to achieve the purposes set forth in Section 2.3 or to carry out or exercise any of the powers set forth in this Section 2.4; and

(aa) To engage in any lawful activities that are necessary or incidental to the powers set forth in this Section 2.4 or that are necessary, convenient or appropriate to achieve the purposes set forth in Section 2.3 or to protect or enhance the assets or business of HARRP.

Section 3. HARRP BOARD

3.1 Power and Authority. All power and authority of HARRP shall be exercised by or under the authority of, and the business and affairs of HARRP shall be managed under the direction of, the HARRP Board.

3.2 Number, Term, Qualifications, and Election of HARRP Board. The number of Directors of HARRP shall be nine. The term of each Director shall be three years. If a Director's term expires, the Director shall continue to serve until his or her successor shall have been elected and qualified. A Director may be reelected for two or more successive terms. For the purpose of staggering the terms of the Directors, the Directors shall be divided into three classes. At each annual meeting of the Members, the term of one class of Directors shall expire (e.g., the term of the first class will expire at the first annual meeting of the Members, the term of the second class will expire at the second annual meeting of the Members, the term of the third class will expire at the third annual meeting of the Members, and so on). Each class shall have three Directors, of which one Director shall be elected in accordance with Section 4.3 by the Members that are represented in the Association of Washington Housing Authorities, one Director shall be elected in accordance with Section 4.3 by the Members that are represented in the Association of Oregon Housing Authorities and one Director shall be elected in accordance with Section 4.3 by the Members that are represented in the Northern California/Nevada Executive Directors Association. The Directors shall be elected as follows: (i) three Directors

(one Director in each of the three classes) shall be elected in accordance with Section 4.3 by the Members that are represented in the Association of Washington Housing Authorities; (ii) three Directors (one Director in each of three classes) shall be elected in accordance with Section 4.3 by the Members that are represented in the Association of Oregon Housing Authorities; and (iii) three Directors (one Director in each of the three classes) shall be elected in accordance with Section 4.3 by the Members that are represented in the Northern California/Nevada Executive Directors Association. Each Director must be affiliated at all times during the term of his or her directorship with a Public Housing Authority that is a Member of HARRP; a Director shall be deemed to have resigned immediately upon the termination of his or her affiliation with a Public Housing Authority that is a Member of HARRP or upon the termination of membership or expulsion from membership in HARRP of the Public Housing Authority with which the Director is affiliated. A Director may be engaged by HARRP in any other capacity so long as the Director does not receive compensation for services performed in the other capacity. In the event one or more Public Housing Authorities located in a state other than Washington, Oregon, California and Nevada are accepted for membership in HARRP in accordance with Section 4.1, then the HARRP Board shall be authorized to determine the manner in which the voting rights of such Public Housing Authorities shall be exercised with respect to the election of Directors under this Section 3.2.

Section 4. MEMBERS

4.1 Admission. For admission to membership in HARRP, each Member must satisfy the following requirements:

- (a) It must be a Public Housing Authority that is engaged in or assisting in the development or operation of housing for low-income families;
- (b) It must satisfy the underwriting standards and other criteria for membership established from time to time by the HARRP Board;
- (c) It must be accepted for membership in HARRP by the HARRP Board or a committee thereof, in its sole discretion, which decision by the HARRP Board or the committee shall be final;
- (d) It must pay the Membership Fee in the amount determined from time to time by the HARRP Board; and
- (e) It must execute a counterpart copy of this Agreement, pursuant to which it agrees to be bound by the provisions of this Agreement.

HARRP may admit to membership one or more Public Housing Authorities located in a state other than Washington, Oregon, California and Nevada upon a determination by the HARRP Board that it is lawful for the Public Housing Authority to become a Member of HARRP and for HARRP to provide Coverage Terms to the Public Housing Authority.

4.2 Obligations. Each Member agrees to observe and fulfill the following obligations:

(a) Each Member shall pay to HARRP, when due, any amount that is due and owing to HARRP including, but not limited to, Contributions or any other amount.

(b) Each Member shall allocate each year or otherwise provide for sufficient funds to pay, when due, any amount that is due and owing to HARRP, including, but not limited to, Contributions or any other amount.

(c) No Member (or Person insured under the Coverage Terms applicable to the Member) knowingly shall make, or assist in the making of, any claim or demand against HARRP for indemnification, defense or other coverage with respect to any loss to the extent that the loss is not covered under the Coverage Terms applicable to such Member or Person. For purposes of this subparagraph (c), "knowingly" shall mean that a reasonable person, exercising the care and diligence that a reasonable person would exercise in managing his or her own affairs, would conclude that the loss referenced in this subparagraph (c) is not covered under the Coverage Terms.

(d) Each Member (and Person insured under the Coverage Terms applicable to the Member) waives the right to make, directly or indirectly, any claim or demand against any other Member, any Officer, Director, employee or agent of HARRP or any Person acting on behalf of HARRP, it being understood that all claims and demands may only be made against HARRP; the Members acknowledge that such waiver of claims and demands is desirable so that HARRP's ability to perform its functions is not impaired.

(e) Each Member (and Person insured under the Coverage Terms applicable to the Member) waives the right to make, directly or indirectly, any claim or demand against HARRP that (i) HARRP pay any amount that is in excess of HARRP's obligations under the Coverage Terms, including, but not limited to, the payment of any punitive, exemplary or consequential damages, (ii) HARRP take any action (or omit to act) in any manner that is inconsistent with or not provided in the Coverage Terms, or (iii) HARRP pay the attorney fees of such Member or Person in any claim or action against or by HARRP, whether based on statute, regulation, common law or other law; each Member acknowledges that such waiver is desirable so that HARRP has sufficient assets for the payment and performance of the Coverage Terms issued to all Members.

(f) Each Member (and Person insured under the Coverage Terms applicable to the Member) shall comply with the Coverage Terms, as amended from time to time.

(g) Each Member shall comply with any Risk Management program implemented by HARRP.

(h) Each Member shall comply with the Bylaws, as amended from time to time.

(i) Each Member shall comply with any rules and regulations and internal policies adopted by the HARRP Board, as amended from time to time.

(j) Each Member shall comply with the provisions of this Agreement, as amended from time to time.

(k) Each Member, for itself and for each Person insured under the Coverage Terms applicable to the Member, waives any claim that it or they may have against any other Member based on the insolvency of HARRP or the unenforceability or invalidity of any provision of this Agreement; provided, however, that any such waiver shall not include the waiver of any claim against a Member with respect to the failure of the Member to pay Contributions.

4.3 Meetings; Voting Rights.

4.3.1 Members Represented in State Associations. At each meeting of the Members, whether annual or special, each Member on the record date for the meeting shall be entitled to notice of and to vote at the meeting, subject to Section 4.3.2. Each Member entitled to vote at a meeting of the Members shall be entitled to one vote for each Director (for which the Member has voting rights in accordance with Section 3.2) to be elected by the Members at the meeting and one vote upon each other matter submitted to a vote at the meeting. No cumulative voting for Directors shall be permitted. Procedures and quorum requirements for meetings of the Members shall be set forth in the Bylaws. The vote of a majority of the Members present, in person or by proxy, and entitled to vote at a meeting of the Members shall decide any question unless the vote of a greater number shall be required by this Agreement. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if one or more consents in writing, setting forth the action so taken, shall be signed by the minimum number of Members that would be necessary to take the action at a formal meeting at which all the Members entitled to vote were present and voting; provided, however, that such action may be taken without a meeting only if all Members entitled to vote with respect to such matter are given written notice of the proposed action at least 10 days before the action is taken, which notice shall contain or be accompanied by the same material that would have been required if a formal meeting had been called to consider the action. Any consent in accordance with this Section 4.3 shall have the same effect as an affirmative vote of the Members at a formal meeting of the Members.

4.3.2 Members Not Represented in State Associations. So long as a Member is not represented in a State Association, it shall not be entitled to vote for Directors of HARRP under Section 3.2; provided, however, that an employee or other individual affiliated with such Member shall be eligible to serve as a Director of HARRP. Even though a Member is not represented in a State Association, the Member shall retain the right to vote on all matters (other than the election of Directors) submitted to the Members. Even though a Member that is not represented in a State Association relinquishes the right to vote for Directors under this Section 4.3.2, the Member will continue to be bound by all other provisions of this Agreement.

4.4 Limited Liability. A Member shall not be liable for the debts, liabilities and obligations of HARRP or any other Member. A Member shall not be liable for or subject to an assessment. Solely by reason of being or acting as a Member, no Member shall be required to pay, under any circumstance or as a result of any event, to HARRP, any other Member or any other Person any amount other than the Contributions or Membership Fee owing to HARRP by the Member or other amounts owing to HARRP by the Member under the Coverage Terms, it being understood that the debts, liabilities and obligations of HARRP (including, but not limited to, any obligations under the Coverage Terms), whether arising in contract, tort or otherwise, shall be satisfied solely out of the cash funds, investments and tangible assets of HARRP.

4.5 Minimum Term of Membership; Termination of Membership. Each Member agrees to remain a Member of HARRP for a period of not less than three years beginning on the date upon which the Coverage Terms first become effective with respect to the Member. A Member may terminate its membership in HARRP at any time after such three-year period has expired upon giving 30 days' prior written notice to HARRP of the Member's termination of membership and the effective date of termination.

4.6 Expulsion. A Member may be expelled from membership in HARRP, thereby resulting in the termination of the Coverage Terms (except to the extent otherwise expressly provided in the Coverage Terms) applicable to the Member on the effective date of the Member's expulsion.

4.6.1 Procedures. A Member shall be expelled from membership in HARRP for cause by the HARRP Board upon compliance with the following procedures:

- (a) The Member is given not less than 60 days' prior written notice of expulsion and the reasons for the expulsion; and
- (b) An opportunity is given to the Member to be heard, orally or in writing, at a meeting of the HARRP Board at which a quorum is present not less than 30 days before the effective date of expulsion.

Any determination by the HARRP Board that a Member shall be expelled from membership in HARRP for cause shall be conclusive and binding upon the Member. A Member's expulsion from membership for cause shall include, but not be limited to, the following grounds: (i) the Member's nonpayment, when due and owing, of Contributions or any other amount that is due and owing to HARRP; (ii) the Member's failure to comply with this Agreement, the Bylaws or any rules and regulations or internal policies which may be adopted by the HARRP Board; (iii) the Member's failure to comply with or a breach of the terms and conditions of the Coverage Terms; (iv) the Member's failure to promptly notify, provide adequate information or provide adequate cooperation to HARRP with respect to a claim, or the Member's improper assumption of an obligation or liability or making of an unnecessary admission in connection with a claim; (v) fraud or misrepresentation of the Member affecting the Coverage Terms or in the presentation of a claim or loss; (vi) failure of the Member to comply with HARRP's Risk Management program; (vii) the Member's adverse claims or loss experience; (viii) the Member is subject to highly adverse risk of or exposure to future losses; (ix) evidence that the Member's operations are subject to poor management, understaffing, improper or inadequate staff training, unusual activities, dissatisfied tenants or other unfavorable circumstances that may increase the Member's exposure to claims or losses; (x) failure or refusal of HARRP's reinsurers to reinsure, wholly or in part, the Coverage Terms applicable to the Member; (xi) in the opinion of legal counsel, there is a significant risk that the Member's membership in HARRP or the provision of Coverage Terms to the Member may be unlawful, may violate an order, directive or regulation of HUD or any other Federal, state or local regulatory or governmental body or may jeopardize HARRP's exemption from Federal income taxation; or (xii) the Member engages in or encourages HARRP to engage in any act or omission that is dishonest or unlawful or that is or may be injurious to the reputation or business of HARRP. The preceding enumeration of grounds for expulsion shall not constitute an exclusive listing of the grounds for expulsion.

4.6.2 Effective Date of Expulsion. Subject to Section 4.6.1, a Member may be expelled from membership in HARRP at any time. Accordingly, the expulsion of a Member does not need to occur on the renewal date of the Coverage Terms and may occur during the period for which the Coverage Terms are effective.

4.7 Effect of Termination or Expulsion

4.7.1 Obligations of Members. The termination of membership or expulsion from membership shall not relieve a terminated or expelled Member of any liabilities or obligations owing to HARRP, including, but not limited to, the payment of Contributions or the Membership Fee or any other amount owing to HARRP under the Coverage Terms. HARRP shall be entitled to charge interest,

at a reasonable rate not in excess of 12 percent per annum, on the unpaid balance of any amount that is due and owing to HARRP. HARRP shall be entitled to exercise or pursue any right or remedy available at law or in equity to collect any amount owing to HARRP. HARRP shall be entitled to offset against any monies payable to a terminated or expelled Member any amount that is owing to HARRP by the terminated or expelled Member. A terminated or expelled Member which has paid a Membership Fee to HARRP shall not be entitled to the refund of the Membership Fee.

4.7.2 Distributions. A terminated or expelled Member shall not be entitled to receive a dividend under Section 9.1, a liquidating distribution under Section 9.2 or the distribution of a membership interest in the Affordable Housing Pool under Section 9.3 if the record date for the dividend, liquidating distribution or distribution of a membership interest occurs after the effective date of termination or expulsion. A terminated or expelled Member shall not be entitled at any time to any payment or return of earned Contributions, payments, deposits, advances or other consideration whatsoever except as expressly provided in the Coverage Terms.

4.7.3 Coverage Terms. Except to the extent otherwise expressly provided in the Coverage Terms, the termination of membership or expulsion from membership shall result in the termination of Coverage Terms applicable to the terminated or expelled Member or any Person insured under the Coverage Terms applicable to the terminated or expelled Member.

4.7.4 No Effect on HARRP's Continuing Existence. The termination of membership or expulsion from membership of a Member shall have no effect on the continuing existence of HARRP or the enforceability of this Agreement, and HARRP's existence shall continue in accordance with the terms and provisions of this Agreement after the effective date of termination or expulsion without the participation of the terminated or expelled Member. The termination of membership or expulsion from membership of a Member shall not be construed as the completion of HARRP's purposes or the completion of the purpose of this Agreement.

Section 5. COVERAGE TERMS

HARRP shall indemnify and financially protect each Member against the risk of loss in accordance with written Coverage Terms issued to the Member. The Coverage Terms shall provide such coverage, limits, deductibles, terms and conditions as shall be approved by the HARRP Board. The Coverage Terms may include any type of coverage for the indemnification and financial protection of the Members approved by the HARRP Board, including, but not limited to, coverage for property damage, general liability, errors and omissions, directors and officers liability, automobile liability and physical damage and fidelity. The HARRP Board, in its sole discretion, may impose for any Member certain coverage, limits, deductibles, terms and

conditions (including, but not limited to, compliance with a Risk Management program) with respect to the Member's Coverage Terms that are not applicable to other Members. If the HARRP Board finds that there are grounds for expulsion of a Member under Section 4.6.1 but decides not to expel the Member, then the HARRP Board, in its sole discretion, may decide at any time not to extend to the Member one or more types of coverage (but fewer than all types of coverage) that it extends to other Members; such finding of grounds for expulsion and such action by the HARRP Board shall be subject to the procedures for expulsion set forth in Section 4.6.1. HARRP shall not indemnify and financially protect a Member with respect to a Covered Loss to the extent that any insurance coverage from an insurance company or other Entity (other than HARRP) is available to the Member with respect to the Covered Loss. The Coverage Terms shall not provide coverage for any liability for which any Member is immune under applicable law.

Section 6. REINSURANCE; EXCESS INSURANCE

6.1 Reinsurance. HARRP may obtain Reinsurance in such amounts and on such terms as the HARRP Board shall determine, in its sole discretion; provided, however, that HARRP shall not be required to obtain Reinsurance.

6.2 Excess Insurance. HARRP may obtain Excess Insurance in such amounts and on such terms as the HARRP Board shall determine, in its sole discretion. Excess Insurance may be purchased by HARRP for the benefit of some or all of the Members.

Section 7. CONTRIBUTIONS

The Contributions payable by a Member shall be determined from time to time by the HARRP Board, in its sole discretion. In the exercise of its discretion with respect to setting Contributions for any Member, the HARRP Board may rely on specific factors attributable to the Member, including, but not limited to, geographic location, unique risk exposures, scope of operations, prior claims and loss experience, deductibles and compliance with HARRP's Risk Management program, and may adopt discounts and surcharges applicable to one or more Members. Contributions shall be payable at such time or times as the HARRP Board shall specify. Each Member's Contribution shall not be less than \$1,000 per year.

Section 8. FINANCIAL AND ADMINISTRATIVE MATTERS

8.1 Executive Director. HARRP shall employ an Executive Director, who shall provide to HARRP such administrative and technical services as the HARRP Board shall determine. The HARRP Board shall supervise and control the services performed by the Executive Director.

8.2 Accounting Matters

8.2.1 Books, Accounts, and Records. The fiscal year of HARRP shall begin on the first day of January in each calendar year and shall end on the last

day of December in each calendar year. HARRP shall maintain all books, accounts and records in an orderly and business-like fashion and in accordance with generally accepted accounting principles, subject to record retention policies adopted by the HARRP Board, in its sole discretion. Full and correct entries shall be made of all transactions of HARRP on the books, accounts and records of HARRP. The books, accounts and records of HARRP shall be open to inspection at all reasonable times by the Members and their representatives.

8.2.2 Accountant. HARRP shall retain a firm of independent certified public accountants, which shall be selected by the HARRP Board. The independent certified public accountants shall audit the financial statements of HARRP annually and shall provide such other accounting services as the HARRP Board shall request.

8.2.3 Financial Statements. Within 180 days after the end of each fiscal year, HARRP shall furnish to the Members annual financial statements that include a balance sheet as of the end of the fiscal year, an income statement for the fiscal year and a statement of cash flows for the fiscal year. The financial statements shall be audited by HARRP's certified public accountants and shall be prepared on the basis of generally accepted accounting principles, consistently applied, except as set forth in the financial statements.

8.2.4 Annual Report. Within 180 days after the end of each fiscal year, HARRP shall furnish an annual report to each Member which shall describe the business and affairs of HARRP during the fiscal year.

8.2.5 Budget. The HARRP Board shall adopt a budget for HARRP for each fiscal year. During each fiscal year, the HARRP Board shall review the revenues and expenses of HARRP in relation to the budget and may amend or modify the budget at any time.

8.3 Tax Matters. The Members intend that HARRP shall be exempt from Federal income taxation under Section 115 of the Internal Revenue Code of 1986, as amended, and corresponding laws of taxation of the States of Washington, Oregon, California, Nevada and other states in which HARRP has Members. This Agreement shall be construed and interpreted consistently with the intention of the Members that HARRP shall be exempt from Federal and state income taxation. The HARRP Board shall cause HARRP to file such tax returns as shall be required by law.

8.4 Other Professional Services. HARRP shall engage and retain qualified Persons to provide professional and technical services to HARRP including, but not limited to, actuaries, attorneys, insurance consultants, claims adjusters and investment advisers.

Section 9. DISTRIBUTIONS

9.1 Dividends. The HARRP Board, in its sole discretion, may declare a dividend to be paid to the Members as a class with respect to any calendar year. The dividend, if any, with respect to a calendar year shall be declared when the HARRP Board believes that all or substantially all of the claims and losses relating to the calendar year have been resolved and additional claims and losses relating to the calendar year are barred or substantially unlikely. The amount of the dividend shall be determined by the HARRP Board, in its sole discretion. The dividend shall be allocated among the Members of record in the ratio that the Net Financial Contribution of each Member entitled to the dividend for the calendar year for which the dividend is declared bears to the total Net Financial Contribution of all Members entitled to the dividend for the calendar year for which the dividend is declared. For purposes of this Agreement, the "Net Financial Contribution" of each Member, with respect to the calendar year for which the dividend is declared, shall be equal to the positive amount, if any, by which the Member's written Contribution for the calendar year exceeds the Member's Paid Losses for the calendar year. Notwithstanding the foregoing, in the event the foregoing allocation of dividends shall not be in accordance with HARRP's exemption from Federal income taxation, the HARRP Board may allocate the dividend among the Members in a fair and equitable manner, determined in the discretion of the HARRP Board, which shall be in accordance with HARRP's exemption from Federal income taxation. The HARRP Board shall fix a record date for the dividend in accordance with the Bylaws. Any reasonable determination by the HARRP Board in accordance with this Section 9.1 with respect to the allocation of any dividend among the Members shall be conclusive and binding upon the Members. At the option of each Member, the dividend may be received in cash or credited against future Contributions payable by the Member. Members who have terminated under Section 4.5 or have been expelled under Section 4.6 shall not be entitled to receive a dividend relating to a calendar year (or portion thereof) during which the terminated or expelled Member was a Member of HARRP if the effective date of termination or expulsion is prior to the record date for the dividend.

9.2 Liquidating Distributions. In the event of the termination of HARRP in accordance with Section 12, the HARRP Board may wind up the business and affairs of HARRP, in which event the assets of HARRP (after the payment of or provision for all liabilities, obligations and expenses of HARRP) that are available for distribution to the Members shall be allocated among the Members of record in the ratio that the Cumulative Net Financial Contribution of each Member of record bears to the total Cumulative Net Financial Contribution of all Members of record. For purposes of this Agreement, the "Cumulative Net Financial Contribution" of each Member shall be equal to the positive amount, if any, by which the Member's written Contributions between the date of commencement of the Member's membership in HARRP and the record date for the distribution exceeds the sum of (i) the Member's Paid Losses between the date of commencement of the Member's membership in HARRP and the record date for the distribution, (ii) the total dividends paid or credited to the Member pursuant to Section 9.1 between the date of commencement of the Member's membership in HARRP and the record date for the distribution and (iii) the fair value, as determined by the HARRP Board in good faith, of a membership interest in the Affordable

Housing Pool on the date distributed to the Member pursuant to Section 9.3. Notwithstanding the foregoing, in the event the foregoing allocation of liquidating distributions shall not be in accordance with HARRP's exemption from Federal income taxation, the HARRP Board may allocate the liquidating distributions among the Members in a fair and equitable manner, determined in the discretion of the HARRP Board, which shall be in accordance with HARRP's exemption from Federal income taxation. The HARRP Board shall fix a record date for liquidating distributions under this Section 9.2 in accordance with the Bylaws. Any reasonable determination by the HARRP Board in accordance with this Section 9.2 with respect to the allocation of any liquidating distributions among the Members shall be conclusive and binding upon the Members. Members who have terminated under Section 4.5 or have been expelled under Section 4.6 prior to the record date for the liquidating distribution shall not be entitled to receive a liquidating distribution under this Section 9.2.

9.3 Distribution of Membership Interest in Affordable Housing Pool. The HARRP Board, in its sole discretion, may distribute membership interests in the Affordable Housing Pool to the Members. A distribution, if any, of membership interests in the Affordable Housing Pool shall be allocated among the Members of record as follows: (i) first, membership interests in the Affordable Housing Pool having a nominal value, as determined by the HARRP Board in its sole discretion, shall be allocated equally among the Members of record; and (ii) the balance of the membership interests in the Affordable Housing Pool shall be allocated in the ratio that the Cumulative Net Financial Contribution of each Member of record bears to the total Cumulative Net Financial Contribution of all Members of record. Notwithstanding the foregoing, in the event the foregoing allocation of membership interests in the Affordable Housing Pool shall not be in accordance with HARRP's exemption from Federal income taxation, the HARRP Board may allocate the membership interests among the Members in a fair and equitable manner, determined in the discretion of the HARRP Board, which shall be in accordance with HARRP's exemption from Federal income taxation. The HARRP Board shall fix a record date for the distribution of membership interests in the Affordable Housing Pool under this Section 9.3 in accordance with the Bylaws. Any reasonable determination by the HARRP Board in accordance with this Section 9.3 with respect to the allocation of membership interests in the Affordable Housing Pool among the Members shall be conclusive and binding upon the Members. Members who have terminated under Section 4.5 or have been expelled under Section 4.6 prior to the record date for the distribution of membership interests in the Affordable Housing Pool shall not be entitled to receive a membership interest in the Affordable Housing Pool under this Section 9.3.

Section 10. BYLAWS

Provisions for managing the business and regulating the internal affairs of HARRP, including, but not limited to, the respective functions, rights and obligations of the Members, the HARRP Board and the Officers, shall be set forth in the Bylaws. The Bylaws shall be subject to amendment or repeal by the HARRP Board or the Members, and new bylaws may be adopted by the HARRP Board or the Members; provided, however, that not less than 20 days prior to the effective date of any amendment or repeal of the Bylaws by the HARRP Board or the Members

or the adoption of new bylaws by the HARRP Board or the Members, written notice describing the amendment, repeal or adoption shall be delivered to each Member in the same manner as notice of the meetings of the Members. All rights and obligations of the Members are subject to the reservation of the right of the HARRP Board or the Members to amend or repeal any provision contained in the Bylaws.

Section 11. INDEMNIFICATION

11.1 Limitation of Liability. A Director shall not be personally liable to HARRP or the Members for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to HARRP or the Members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or (iii) for any transaction from which the Director derived an improper personal benefit.

11.2 Standard of Conduct

11.2.1 Directors. A Director shall perform the duties of a Director, including duties as a member of any committee of the HARRP Board upon which the Director may serve, in good faith, in a manner the Director believes to be in the best interests of HARRP and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such duties, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (i) one or more Officers or employees of HARRP whom the Director believes to be reliable and competent in the matters presented; (ii) legal counsel, accountants, actuaries, insurance consultants or other Persons as to matters which the Director reasonably believes to be within such Person's professional or expert competence; or (iii) a committee of the HARRP Board upon which the Director does not serve if the Director reasonably believes the committee to merit confidence. A Director is not liable for any action taken as a Director, or any failure to take any action, if the Director performed his or her duties in compliance with this Section 11.2.1.

11.2.2 Officers. An Officer shall perform the duties of such Officer within such Officer's authority, in good faith, in a manner the Officer believes to be in the best interests of HARRP and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such duties, an Officer shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (i) one or more Officers or employees of HARRP whom the Officer believes to be reliable and competent in the matters presented; or (ii) legal counsel, accountants, actuaries, insurance consultants or other Persons as to matters which the Officer reasonably believes to be within such Person's professional or expert competence. An Officer is not liable for any action taken

as an Officer, or any failure to take any action, if the Officer performed his or her duties in compliance with this Section 11.2.2.

11.3 Indemnification of Directors and Officers

11.3.1 Indemnification. HARRP shall indemnify a Director or an Officer who is a party to or is threatened to be made a party to any proceeding against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or the Officer in connection with the proceeding, but only if the Director or the Officer acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of HARRP and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

11.3.2 Advancement of Expenses. Expenses incurred by a Director or an Officer in defending a proceeding shall in all cases be paid by HARRP in advance of the final disposition of such proceeding, at the written request of such Director or Officer, if the Director or the Officer:

(a) furnishes HARRP with a written affirmation of his or her good faith belief that he or she has met the standard of conduct described in this Section 11.3 or is entitled to be indemnified under any other indemnification rights granted by HARRP; and

(b) furnishes HARRP with a written undertaking to repay such advance to the extent it is ultimately determined that he or she is not entitled to be indemnified by HARRP under this Section 11.3 or under any other indemnification rights granted by HARRP.

Such advances shall be made without regard to the ability of the Director or the Officer to repay such advances and without regard to the ultimate entitlement of the Director or the Officer to indemnification under this Section 11.3 or otherwise.

11.3.3 Successful Party. Notwithstanding any other provisions of this Section 11.3, to the extent that a Director or an Officer has been successful on the merits or otherwise, in the defense of any proceeding or in the defense of any claim, issue or matter therein, including the dismissal of an action without prejudice, HARRP shall indemnify the Director or the Officer against all expenses incurred in connection therewith.

11.3.4 Definitions. As used in this Section 11.3, the following terms shall have the following meanings:

(a) a "proceeding" shall include any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, in which a Director or an Officer may be or may have been involved as a party or otherwise by reason of the fact that he or she is or was a Director or an Officer of HARRP or is or was serving at the request of HARRP as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement can be provided under this Section 11.3; and

(b) "expenses" shall include, but not be limited to, expenses of investigations, judicial or administrative proceedings or appeals, attorneys' fees and disbursements, but shall not include amounts paid in settlement by the Director or the Officer or the amount of judgments or fines against the Director or the Officer.

11.3.5 Determination. HARRP shall not indemnify a Director or an Officer under this Section 11.3 unless authorized in the specific case after a determination has been made that indemnification is permissible in the circumstances because the Director or the Officer has satisfied the standards of this Section 11.3:

(a) by the HARRP Board by majority vote of a quorum consisting of Directors not at the time parties to the proceeding;

(b) if a quorum cannot be obtained under subparagraph (a) above, by a majority vote of a committee duly designated by the HARRP Board consisting solely of two or more Directors not at the time parties to the proceeding; Directors who are parties to the proceeding may participate in the designation of the committee;

(c) by special legal counsel selected by the HARRP Board or its committee in the manner set forth in subparagraph (a) or (b) above, or if a quorum of the HARRP Board cannot be obtained under subparagraph (a) above and a committee cannot be designated under subparagraph (b) above, the special legal counsel shall be selected by majority vote of the full HARRP Board, including Directors who are parties to the proceeding; or

(d) by the Members of HARRP.

11.3.6 No Indemnification Permitted in Certain Circumstances. HARRP shall not indemnify a Director or an Officer under this Section 11.3 for the amount paid in settlement by the Director or the Officer or the amount of a judgment against the Director or the Officer:

(a) in connection with a proceeding by or in the right of HARRP, with respect to any claim, issue, or matter as to which the Director or the Officer shall have been finally adjudged by a court to be liable to HARRP, unless and only to the extent that any court in which the proceeding was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, the Director or the Officer is fairly and reasonably entitled to indemnity; or

(b) in connection with any proceeding charging improper personal benefit to the Director or the Officer, in which the Director or the Officer was adjudged liable on the basis that personal benefit was improperly received by him or her.

This Section 11.3.6 shall not be construed to preclude HARRP from indemnifying a Director or an Officer against expenses actually and reasonably incurred by the Director or the Officer in any of the foregoing proceedings if the Director or the Officer has otherwise satisfied the provisions of this Section 11.3.

11.3.7 Nonexclusivity and Continuity of Rights. The indemnification and entitlement to advancement of expenses provided by this Section 11.3 shall not be deemed exclusive of any other rights to which a Director or an Officer may be entitled under any statute, common law principles, agreement, general or specific action of the HARRP Board or otherwise. HARRP shall have authority to enter into an indemnification agreement with a Director or an Officer subject to the approval of the Members. The indemnification and entitlement to advancement of expenses shall continue as to an individual who has ceased to be a Director or an Officer, shall inure to the benefit of the heirs and personal representatives of such individual and shall extend to all claims for indemnification or advancement of expenses made after the adoption of this Section 11.3.

11.3.8 Amendments. Any repeal of this Section 11.3 shall only be prospective and no repeal or modification of this Section 11.3 shall adversely affect the rights under this Section 11.3 in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding.

11.3.9 No Presumption of Bad Faith. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the Director or the Officer did not act in good faith or did not act in a manner which the Director or the

Officer reasonably believed to be in or not opposed to the best interests of HARRP or, with respect to any criminal proceeding, that the Director or the Officer did not have reasonable cause to believe that the conduct was unlawful.

11.3.10 Severability. If this Section 11.3 or any portion thereof shall be invalidated on any ground by a court of competent jurisdiction, HARRP shall indemnify each Director or Officer to the fullest extent permitted by any applicable portion of this Section 11.3 that has not been invalidated or to the fullest extent not prohibited by any other applicable law.

11.4 Indemnification of Employees and Agents Who Are Not Directors or Officers. By the general or specific action of the HARRP Board, HARRP may indemnify and advance expenses to any employee or agent of HARRP, who is not a Director or an Officer, to the same extent that indemnification and advancement of expenses is provided to a Director or an Officer under Section 11.3.

11.5 Insurance. The HARRP Board may cause HARRP to purchase and to maintain insurance on behalf of any individual who is or was a Director, Officer, employee or agent of HARRP, or a fiduciary with respect to any employee benefit plan of HARRP, or is or was serving at the request of HARRP as a director, officer, partner, trustee, employee or agent of another Entity or employee benefit plan against any liability asserted against such individual and incurred in any such capacity or arising out of such status, whether or not HARRP would have the power to indemnify such individual.

Section 12. DURATION

HARRP shall continue to exist until it is terminated in accordance with this Section 12. A termination of HARRP's existence may occur upon the cessation of HARRP's business, the completion of HARRP's purposes or as a result of an acquisition of HARRP (whether through a merger, consolidation, sale of substantially all of its assets or otherwise). HARRP shall be terminated upon the occurrence of either of the following events:

- (a) HARRP shall be terminated upon the affirmative vote or written consent of at least two-thirds of the Members in favor of termination; or
- (b) HARRP shall be terminated within the discretion of the HARRP Board.

Upon the occurrence of an event of termination under this Section 12, the HARRP Board shall wind up the affairs of HARRP, shall liquidate HARRP's assets and shall make liquidating distributions in accordance with Section 9.2 as promptly as possible, but in an ordinary and business-like manner so as not to cause undue sacrifice. HARRP shall continue to exist in accordance with this Agreement for the purpose of winding up its affairs and liquidating and distributing its assets.

Section 13. AMENDMENT

This Agreement may be amended only upon the affirmative vote or written consent of at least two-thirds of the Members. A copy of any amendment to this Agreement shall be delivered to each Member prior to the effective date of such amendment. All rights and obligations of the Members are subject to the reservation of the right to amend this Agreement.

Section 14. MISCELLANEOUS PROVISIONS

14.1 Prohibition Against Assignment. No Member may assign any right, claim or interest it may have under this Agreement or any Coverage Terms, and no creditor, assignee or third party beneficiary of any Member shall have or acquire any right, claim or interest in HARRP.

14.2 Equitable Remedies. HARRP or its Members shall have the power to enforce this Agreement by suit or action brought in any court of competent jurisdiction. If any remedy of damages for any breach or threatened breach is inadequate, HARRP or its Members shall be entitled to a restraining order, a temporary and permanent injunction, specific performance or other appropriate equitable relief in addition to damages.

14.3 Severability. If any provision of this Agreement shall be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Agreement shall not be in any way impaired.

14.4 Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the Members and their successors in interest. This Agreement also shall be binding upon any Person insured under the Coverage Terms applicable to a Member.

14.5 Counterparts. This Agreement may be executed by the parties in separate counterparts, each of which when executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

14.6 Integration. Effective as of _____, 2010, this Agreement amends and restates the Amended and Restated Intergovernmental Cooperation Agreement dated July 15, 1992 among the Members, which shall have no further force or effect. This Agreement embodies the entire agreement and understanding of the parties in relation to the subject matter hereof and supersedes any and all prior understandings and agreements, whether written or oral, in regard to such matters.

DATED: _____, 2010.

_____ HOUSING AUTHORITY

By: _____
Title: Executive Director

HOUSING AUTHORITIES RISK RETENTION POOL

By: _____
Title: Executive Director