

BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

May 20, 2021
2:00 p.m.

Coronavirus (COVID-19) Advisory Notice: The health and safety of Butte County residents and community members, public officials and employees is a top priority for the Housing Authority of the County of Butte and the Board of Commissioners.

Pursuant to current State Public Health directives to shelter-in-place and practice social distancing, and as authorized by Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20, Board of Commissioners meetings will be closed to the public for the foreseeable future. Members of the Board of Commissioners and HACB staff will be participating either in person or via teleconference. The Board of Commissioners encourages members of the public to participate remotely from a safe location.

Please join my meeting from your computer, tablet or smartphone.

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Access Code: 650-818-029

If you have any trouble accessing the meeting agenda, or attachments; or if you are disabled and need special assistance to participate in this meeting, please email marysolk@butte-housing.com or call 530-895-4474 x.210.

Notification at least 24 hours prior to the meeting will enable the Housing Authority to make a reasonable attempt to assist you.

NEXT RESOLUTION NO. 21-7C

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS
3. CONSENT CALENDAR
 - 3.1 Minutes of Meeting on February 18, 2021
 - 3.2 Minutes of Special Meeting on March 24, 2021
 - 3.3 Minutes of Special Meeting on May 13, 2021

- 3.4 BCAHDC – Financial Report
- 3.5 Tax Credit Report
- 4. CORRESPONDENCE
- 5. REPORTS FROM PRESIDENT
 - 5.1 Gridley Springs I Audit Report – Accept FY2020 Audit Report.
Recommendation: Motion
 - 5.2 Harvest Park Audit Report – Accept FY2020 Audit Report.
Recommendation: Motion
 - 5.3 1200 Park Avenue Audit Report – Accept FY2020 Audit Report
Recommendation: Motion
 - 5.4 Walker Commons Audit Report – Accept FY2020 Audit Report.
Recommendation: Motion
 - 5.5 Walker Commons - CY2020 Surplus Cash Flow - Distribution
Recommendation: Motion
 - 5.6 Riverbend Family Apartments, Oroville – Corporate Authorizations.
Recommendation: Resolution No. 21-7C
 - 5.7 Ford Oaks Apartments, Gridley – Corporate Authorizations.
Recommendation: Resolution No. 21-8C
 - 5.8 Mitchell Avenue Senior Apartments, Oroville – Amendment to Development MOA
Recommendation: Resolution No. 21-9C
 - 5.9 Riverbend Family Apartments, Oroville – Amendment to Development MOA
Recommendation: Resolution No. 21-10C
 - 5.10 Ford Oaks Apartments, Gridley – Amendment to Development MOA
Recommendation: Resolution No. 21-11C

6. MEETING OPEN FOR PUBLIC DISCUSSION
7. MATTERS CONTINUED FOR DISCUSSION
8. SPECIAL REPORTS
9. REPORTS FROM DIRECTORS
10. MATTERS INITIATED BY DIRECTORS
11. EXECUTIVE SESSION
12. DIRECTORS' CALENDAR

Next meeting – August 19, 2021

13. ADJOURNMENT

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

February 18, 2021

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 3:23 p.m.

(Pursuant to current State Public Health directives to shelter-in-place and practice social distancing, and as authorized by Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20, This Board of Directors meeting observed "social distancing" protocols, and was conducted via teleconference and web-conference. Meeting notice and public participation was addressed consistent with the State Governor's COVID-19 Executive Order, providing for Brown Act exceptions.)

1. ROLL CALL

Present for the Directors: Kate Anderson, Theresa Ayers, Larry Hamman, Laura Moravec, Rich Ober and David Pittman. Commissioners Hamman, Moravec and Pittman attended in person, the balance by means of web-conference.

Others Present: President Ed Mayer, Chief Financial Officer Sue Kemp, Secretary Marysol Perez, Larry Guanzon, Tamra Young, and Jerry Martin, all in person, with the exception of Sue Kemp, Chief Financial Officer, who attended by means of web-conference.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Moravec moved that the Consent Calendar be accepted as presented. Director Pittman seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Housing Authority of the County of Butte - BCAHDC has an ongoing Corporate Services Agreement with HACB. BCAHDC Management contracts with the HACB to perform two basic kinds of services, corporate services to maintain the corporate entity, and other services, including asset management and property improvements. Similar to Banyard Management, this year is extraordinary due to repositioning efforts associated with the 1200 Park Avenue and Walker Commons properties, in coordination with the restructuring of Chico Commons Apartments. The resolution presented seeks to amend the services agreement with HACB, adopting HACB's billing rates starting March 1, 2021, authorizing up to \$20,000 in expenditures for basic services, and authorizing up to \$200,000 in extraordinary services relating to property restructuring. The agreement is re-occurring, subject to annual revisions.

RESOLUTION NO. 21-2C

Director Ober moved that Resolution No. 20-14C be adopted by reading of title only: "HOUSING AUTHORITY OF THE COUNTY OF BUTTE MANAGEMENT SERVICES AGREEMENT 2021 BILLING RATES AND SERVICES AUTHORIZATIONS". Director Ayers seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – February 18, 2021.

13. ADJOURNMENT

Director Moravec moved that the meeting be adjourned. Director Pittman seconded. The meeting was adjourned at 3:27 p.m.

Dated: February 18, 2021.

ATTEST:

Edward S. Mayer, President

Marysol Perez, Secretary

BUTTE COUNTY AFFORDABLE
HOUSING DEVELOPMENT CORPORATION

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

**SPECIAL MEETING
MEETING MINUTES**

March 24, 2021

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 12:05 p.m.

(Pursuant to current State Public Health directives to shelter-in-place and practice social distancing, and as authorized by Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20, This Board of Directors meeting observed "social distancing" protocols, and was conducted via teleconference and web-conference. Meeting notice and public participation was addressed consistent with the State Governor's COVID-19 Executive Order, providing for Brown Act exceptions.)

1. ROLL CALL

Present for the Directors: Charles Alford, Theresa Ayers, Laura Moravec, Richard Ober and David Pittman. Directors all attended by means of web/phone-conference.

Others Present: President Edward Mayer, Chief Financial Officer Sue Kemp, Secretary Marysol Perez, Larry Guanzon, and Tamra Young; all attended by means of web-conference.

2. AGENDA AMENDMENTS

President Mayer is requesting an Agenda Amendment to agenda; the amendment includes adding item 5.3 Wells Fargo Authorization – Resolution 21-5C. BCAHDC just learned yesterday of resolution requirement; resolutions being added includes corporate and partnership resolutions authorizing signatures for North Creek Crossings Apartment documents.

MOTION

Motion to allow amendment to agenda and acceptance of modified agenda.

Director Moravec moved to amend agenda as presented. Director Hamman seconded. The vote in favor was unanimous.

MOTION

Motion to adopt amended agenda provided earlier today, adding Resolution No. 21-5C.

Director Ober moved to adopt amended agenda, Director Ayers seconded. The vote in favor was unanimous.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Woodward Family Apartments, Orland – 36 units family units, applying 4% tax-credits. Authorizes the corporation and partnership to secure MH program dollars, the loan obligation is to partnership, not BCAHDC. Critical piece to the financing structure of the property.

RESOLUTION NO. 21-3C

Director Moravec moved that Resolution No. 21-3C be adopted by reading of title only: “WOODWARD FAMILY APARTMENTS, ORLAND STATE HCD MULTIFAMILY HOUSING LOAN PROGRAM AUTHORIZATION”. Director Ober seconded. The vote in favor was unanimous.

- 5.2 North Creek Crossings Apartments, Chico – The proposed resolutions pertain to joint development activity between BCAHDC and AHDC, specifically, the North Creek Crossings Apartments, Phase I, which includes 106 units of family apartments located at Meriam Park, Chico. 25 project-based vouchers have been allocated to the project. This project is scheduled to come online December 2022; it is moving the quickest of the disaster recovery projects. The resolution allows BCAHDC to close with tax-credit partner R4 Capital, and Wells Fargo Bank, the lender. The deal is a replica of the deal with Harvest Park Apartments, Chico. The resolution authorizes two additional signers; Marysol Perez and Sue Kemp, in the absence of President Mayer.

RESOLUTION NO. 21-4C

Director Moravec moved that Resolution No. 21-4C be adopted by reading of title only: “NORTH CREEK CROSSINGS AT MERIAM PARK, CHICO CORPORATE AND PARTNERSHIP AUTHORIZATIONS”. Director Ober seconded. The vote in favor was unanimous.

- 5.3 North Creek Crossings Apartments, Chico – The Wells Fargo resolution presented for adoption is a lender specific resolution that authorizes limited partnership activity, including the construction loan of \$43,000,000, to the borrower, not BCAHDC.

RESOLUTION NO. 21-5C

Director Moravec moved that Resolution No. 21-5C be adopted by reading of title only: “CORPORATE RESOLUTION AUTHORIZING LIMITED PARTNERSHIP ACTIVITY”. Director Ayers seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – May 20, 2021.

13. ADJOURNMENT

Director Moravec moved that the meeting be adjourned. Director Pittman seconded. The meeting was adjourned at 12:20 p.m.

Dated: March 24, 2021.

ATTEST:

Edward S. Mayer, President

Marysol Perez, Secretary

BUTTE COUNTY AFFORDABLE
HOUSING DEVELOPMENT CORPORATION

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

**SPECIAL MEETING
MEETING MINUTES**

May 13, 2021

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 1:03 p.m.

(Pursuant to current State Public Health directives to shelter-in-place and practice social distancing, and as authorized by Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20, This Board of Directors meeting observed "social distancing" protocols, and was conducted via teleconference and web-conference. Meeting notice and public participation was addressed consistent with the State Governor's COVID-19 Executive Order, providing for Brown Act exceptions.)

1. ROLL CALL

Present for the Directors: Charles Alford, Theresa Ayers, Larry Hamman, Laura Moravec, and Richard Ober. Directors all attended by means of web/phone-conference.

Others Present: President Edward Mayer, Chief Financial Officer Sue Kemp, Secretary Marysol Perez, and Larry Guanzon; all attended by means of web-conference.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Mitchell Avenue Senior Apartments, Oroville – Resolution includes corporate authorization to sign all transaction documents associated with this 36-unit affordable senior housing project, located next to Winston Gardens, an HACB-owned Public Housing property in Oroville. BCAHDC has entered into a Memorandum of Agreement (MOA) for development of the property with the developer, The Pacific Companies. The project has secured 9% federal disaster credits for subsidy. The closing is scheduled for tomorrow May 14, 2021. The development's limited partner is Redstone Capital; the project lender is Pacific Western Bank. The resolution includes a standard set of resolutions that go along with a conventional tax credit finance project. The resolutions are necessary to allow BCAHDC to enter in the partnership and proceed with the development of the property as agreed in the MOA. During next week's regularly, scheduled board meeting, there will be an amendment to the MOA regarding refinement of the mechanisms and provisions for exercise of the Purchase Option and Right of First Refusal at the end of the 15-year LIHTC compliance period, mechanisms that through the course of negotiations were determined better placed in the MOA than the Partnership agreement. President Mayer also added that, of the seventeen (17) different affordable housing projects in Butte and Glenn County, the first project closed last week: CHIP's 100-senior unit project, Creekside Place Apartments. Mitchell Avenue will be the second to close. Following that will be North Creek Crossings.

RESOLUTION NO. 21-6C

Director Ober moved that Resolution No. 21-6C be adopted by reading of title only: "MITCHELL AVENUE SENIOR APARTMENTS, OROVILLE CORPORATE AUTHORIZATION". Director Moravec seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – May 20, 2021.

13. ADJOURNMENT

Director Moravec moved that the meeting be adjourned. Director Ober seconded. The meeting was adjourned at 1:14 p.m.

Dated: May 13, 2021.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

BCAHDC GENERAL FUND BALANCE SHEET
March 31, 2021

	Cumulative
ASSETS	
Current Assets	
Cash - Unrestricted	985,484.08
Cash - Tenant Security Deposits	0.00
Accounts Receivable	54,095.65
Investments - Unrestricted	0.00
Investments - Restricted	0.00
Inventories	0.00
Interprogram Due From Cordillera	0.00
Total Current Assets	1,039,579.73
Fixed Assets	
Fixed Assets & Accumulated Depreciation	0.00
Total Fixed Assets	0.00
Other Assets	
Other Assets & Prepaid Expenses	0.00
Organizational Costs, Net of Amortizatio	0.00
Note Receivable - Chico Valley View Part	0.00
Investment in 1200 Park Avenue, L.P.	-567.17
Investment in Chico Harvest Park, L.P.	-226.00
Investment in DHI-Gridley Springs, L.P.	38.00
Investment in Walker Commons, L.P.	29,060.83
Total Other Assets	28,305.66
TOTAL ASSETS	1,067,885.39
LIABILITIES	
Current Liabilities	
Accounts Payable	5,272.00
Accrued Liabilities	0.00
Interprogram Due To Cordillera	0.00
Accrued Fees due to HACB	50,925.14
Tenant Security Deposits	0.00
CVVP Interest Reserves	0.00
Total Current Liabilities	56,197.14
Long-Term Liabilities	
Long-Term Debt Net of Current	0.00
Total Long-Term Liabilities	0.00
TOTAL LIABILITIES	56,197.14
NET POSITION	
Beginning Net Position	1,039,168.68
Retained Earnings	-27,480.43
TOTAL NET POSITION	1,011,688.25
TOTAL LIABILITIES AND NET POSITION	1,067,885.39

BCAHDC-GENERAL FUND INCOME STATEMENT

March 31, 2021

YTD %
50.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
REVENUES							
Investment Income	42	125	-83	248	1,500	-1,252	16.56
Misc. Income	0	8	-8	0	100	-100	0.00
Partnership Fees	3,188	3,222	-34	19,227	38,668	-19,441	49.72
Gain/Loss on Asset	0	0	0	0	0	0	0.00
TOTAL REVENUES	3,230	3,356	-126	19,475	40,268	-20,793	48.36
Audit and Accounting Fees	0	271	-271	0	3,255	-3,255	0.00
Corporate Services	5,272	1,542	3,730	23,769 *	18,500	5,269	128.48
Consulting Fees *	0	3,333	-3,333	0	40,000	-40,000	0.00
Legal Expenses	0	2,500	-2,500	2,375	30,000	-27,625	7.92
Misc. Administrative Expenses	0	83	-83	301	1,000	-699	30.13
Outside Management Fees	3,392	3,392	0	20,350	40,700	-20,350	50.00
Partnership Losses	0	8	-8	0	100	-100	0.00
Taxes and Fees	160	7	153	160	80	80	200.00
Contributions & Donations	0	0	0	0	0	0	0.00
TOTAL EXPENSES	8,824	11,136	-2,313	46,955	133,635	-86,680	35.14
RETAINED EARNINGS	-5,594	-7,781	2,187	-27,480	-93,367	65,887	29.43

* Includes billable development activities.

MEMO

Date: May 14, 2021

To: BCAHDC Board of Directors

From: Larry Guanzon, Deputy Executive Director

Subject: Status Report – LIHTC Properties & Cordillera Apartments

- Walker Commons Apartments, Chico (56 units, LIHTC, senior/disabled)
- 1200 Park Avenue Apartments, Chico (107 units, LIHTC, senior)
- Harvest Park Apartments, Chico (90 units, LIHTC, family)
- Gridley Springs I Apartments, Gridley (32 units, LIHTC, family)

For Walker Commons Apartments, and 1200 Park Ave, please also see monthly reports provided by the property manager, AWI, following this memo. Property manager Winn Residential provides monthly reports for Harvest Park; and Sackett Corporation for Gridley Springs I.

Walker Commons Apartments, Chico (56 units, LIHTC, Senior & Disabled, MGP: BCAHDC, PM: AWI) – The property has one (1) vacancy as of the beginning of the month; and AWI is working on it's make-ready and releasing. There are two (2) thirty day notices to vacate at this time. **100% of the rent was collected for April & May!** The complex is continuing to observe COVID-19 Stage 2 protocols. A new maintenance tech has joined on-site staff and his name is Roland Salvagno. Roland is been busy taking care of the property's maintenance needs. PG&E's ESA program for energy upgrades to the common areas have been completed, with the exception of a washing machine replacement. These costs will be reimbursed by PG&E. Please find the AWI monthly owners report following, as well as a brief property narrative provided by the AWI regional property manager, Jenifer. This property, too, has now been evaluated by consultant Brawner & Associates regarding repositioning.

1200 Park Avenue Apartments, Chico (107 units, LIHTC, Senior, MGP: BCAHDC, PM: AWI) – This property currently has three (3) vacancies with two pending applications. There are three pending notices to vacate. There were 2 move-ins and 4 moveouts for the month of April. 100% of rent was collected for April. The legal complaint that was been filed by a resident against property manager AWI and BCAHDC, regarding a laundry room incident at the property, as well as other allegations, *remains in process* – the complaint has been taken up by the two entities' property and liability insurance companies. The flat roofs assessment has been completed, with replacements still being scheduled. PG&E ESA program improvements have been approved with completion scheduled for May 15th. Fifteen (15) new washing machines were installed, with two common area water heaters to be replaced this month. The Passages senior services program,

associated with CSU Chico, is working with AWI to put together a program of supportive services to help with the needs of the building's senior households, but again, due to the COVID-19 pandemic, this has been put on hold. Since the move of the Jesus Center; transient activity has decreased significantly. Please find AWI's monthly financials and property manager monthly narrative following, for your review.

Harvest Park Apartments, Chico (90 units, LIHTC, Family, MGP: BCAHDC, PM Winn Residential) – Harvest Park currently has one (1) vacancy. There is unpaid rent in various units due to COVID-19, and or job loss. We are in the process of following up with property manager WINN Residential, as the net delinquent is now over \$41,000.00, a function of households taking advantage of COVID-19 eviction forbearance and mis-understandings about how COVID-19 rent reconciliation functions. There will be a CTCAC desk audit performed by the LIHTC agency within the next 30 days. The property continues operations per budget. Please find WINN Residential Owner's Report following.

Gridley Springs I Apartments, Gridley (32 units, LIHTC, Family, MGP: BCAHDC, PM: Sackett Corporation) – There continues to be zero (0) vacancies reported by Sackett Corporation as of the beginning of the month. There are no thirty (30) day notices to vacate. Approximately \$1,500.00 was unpaid in rent for April; this includes several partial rents owed. The annual HOME audit was performed by the City of Gridley, with no resulting concerns or findings. The CTCAC desk audit will be performed in the next 30 days by the LIHTC agency. Please find Sackett Corporation's Owner's report, following. Partnership partner, Dawson Holdings, has initiated contact with HACB to discuss the future direction for the property, in concert with consideration of its adjacent neighbor, Gridley Springs II apartments – there has been a recent return to the conversation.

Walker Commons

April 2021

Separate *Variance Report* explaining budget differences and expenditures.

Updates:

Walker Commons currently has one vacancy, Unit #16. Staff is working to turn and lease the unit.

Upcoming vacancies:

- Unit 17, will be moving by the end of May.
- Unit 24, sadly this resident has passed away. The coroner is in the process of determining next of kin.

100% of April rent was collected. 100% of May rent has been collected. There are no residents at Walker Commons with past due balances.

The new tech Roland has been busy sprucing up the property, organizing the storage areas and maintenance work spaces and has transitioned nicely into the community and his duties.

Bids have been obtained for the cleaning and striping of the concrete parking lots. This work is budgeted as a capital item for 2021 and will be scheduled once the work is approved and a vendor is selected.

Flowers are in bloom all around beautiful Walker Commons and with Spring in the air the residents are really missing resident luncheons and gatherings. Nancy is working on a plan to surprise the residents with a treat while adhering to social distancing and Covid-19 prevention protocols.



Walker Commons 550
For the Month Ended April 30, 2021
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 42,653.00	\$ 38,003.67	\$ 4,649.33	\$ 167,827.00	\$ 152,014.67	\$ 15,812.33
Vacancies	(4.00)	(760.08)	756.08	(1,977.00)	(3,040.33)	1,063.33
Rent Adjustments	(1,269.74)	(39.58)	(1,230.16)	(1,730.24)	(158.33)	(1,571.91)
Manager's Unit	(704.00)	(699.00)	(5.00)	(2,816.00)	(2,796.00)	(20.00)
Total Tenant Rent	\$ 40,675.26	\$ 36,505.01	\$ 4,170.25	\$ 161,303.76	\$ 146,020.01	\$ 15,283.75
Other Project Income:						
Laundry Income	\$ 131.29	\$ 165.58	\$ (34.29)	\$ 597.40	\$ 662.33	\$ (64.93)
Interest Income	7.53	0.00	7.53	28.76	0.00	28.76
Restricted Reserve Interest Income	16.58	0.00	16.58	90.67	0.00	90.67
Other Tenant Income	\$ 549.00	\$ 112.33	\$ 436.67	\$ 1,663.25	\$ 449.33	\$ 1,213.92
Miscellaneous Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 200.00	\$ 0.00	\$ 200.00
Other Project Income	\$ 704.40	\$ 277.91	\$ 426.49	\$ 2,580.08	\$ 1,111.66	\$ 1,468.42
Total Project Income	\$ 41,379.66	\$ 36,782.92	\$ 4,596.74	\$ 163,883.84	\$ 147,131.67	\$ 16,752.17
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 6,556.90	\$ 11,057.90	\$ (4,501.00)	\$ 39,668.69	\$ 44,231.65	\$ (4,562.96)
Utilities (From Pg 2)	3,412.60	3,257.50	155.10	11,921.65	13,030.00	(1,108.35)
Administrative (From Pg 2)	6,483.50	6,426.42	57.08	26,570.59	25,705.67	864.92
Taxes & Insurance (From Pg 2)	917.92	1,020.25	(102.33)	3,671.68	4,081.00	(409.32)
Other Taxes & Insurance (Fr Page 2)	1,567.36	3,034.93	(1,467.57)	7,579.54	12,139.68	(4,560.14)
Other Project Expenses	1,444.30	865.50	578.80	3,642.43	3,462.00	180.43
Total O&M Expenses	\$ 20,382.58	\$ 25,662.50	\$ (5,279.92)	\$ 93,054.58	\$ 102,650.00	\$ (9,595.42)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest Expense - City of Chico	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 5,000.00	\$ 5,000.00	\$ 0.00
Reporting / Partner Management F	625.00	625.00	0.00	2,500.00	2,500.00	0.00
Transfer - Reserves	933.34	933.33	.01	3,733.36	3,733.33	.03
Total Mortgage & Owner's Exp.	\$ 2,808.34	\$ 2,808.33	\$.01	\$ 11,233.36	\$ 11,233.33	\$.03
Total Project Expenses	\$ 23,190.92	\$ 28,470.83	\$ (5,279.91)	\$ 104,287.94	\$ 113,883.33	\$ (9,595.39)
Net Profit (Loss)	\$ 18,188.74	\$ 8,312.09	\$ 9,876.65	\$ 59,595.90	\$ 33,248.34	\$ 26,347.56

Other Cash Flow Items:

1200 Park Avenue April 2021

Separate *Variance Report* sent explaining budget differences and expenses.

Updates:

1200 Park Avenue has been busy with unit turnovers; two move-ins and four new move-outs in April. Staff is working diligently to turn and lease units quickly.

- Unit 228, Unit market ready. Approved applicant backed out. New app in process, expected for move in 5/21.
- Unit 233, Deceased Resident. Unit turn in process. Application in process, expected for move in 5/28.
- Unit 231, working waitlist, scheduling interviews
- Unit 122, working waitlist, scheduling interviews

Upcoming Vacancies:

- Unit 310, resident transferred to a first floor unit as a reasonable accommodation.
- Unit 116, move out date 5/30.
- Unit 323, move out date 5/30.

100% of April rent was collected. One resident with a past due balance of \$1831 which is made up of several partial payments. The resident has completed an application for local rental assistance.

Carpet cleaning of hallways and common areas was completed in April as well as the annual roof maintenance. A roof assessment indicates the three small flat sections are in acceptable condition for at least the next year or two.

The new community room fridge and 15 new washing machines were installed in April as part of the PGE measures. The last pending item is two common area water heater replacements which are scheduled in May. We are excited to see this project finally come to a close and receive funding.

Since the Jesus Center relocated there is significantly less transient activity in the area. Staff has planned curb appeal 'actionables' to spruce up the front of the property with more lasting results!

(530) 745-6170 tel
(530) 745-6173 fax
www.awimc.com

AWI Management Corporation
PO Box 550
Auburn CA 95604



AWI Management Corporation is an Equal Opportunity provider and employer.

Park Avenue 569
For the Month Ended April 30, 2021
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 79,613.00	\$ 75,247.00	\$ 4,366.00	\$ 312,002.00	\$ 300,988.00	\$ 11,014.00
Vacancies	(1,866.88)	(1,504.92)	(361.96)	(6,908.64)	(6,019.67)	(888.97)
Rent Adjustments	502.80	0.00	502.80	479.80	0.00	479.80
Manager's Unit	(856.00)	(780.00)	(76.00)	(3,424.00)	(3,120.00)	(304.00)
Total Tenant Rent	\$ 77,392.92	\$ 72,962.08	\$ 4,430.84	\$ 302,149.16	\$ 291,848.33	\$ 10,300.83
Other Project Income:						
Laundry Income	\$ 2,500.00	\$ 1,000.00	\$ 1,500.00	\$ 2,500.00	\$ 4,000.00	\$ (1,500.00)
Interest Income	1.39	0.00	1.39	5.69	0.00	5.69
Restricted Reserve Interest Incom	7.85	7.25	.60	41.32	29.00	12.32
Other Tenant Income	\$ 447.50	\$ 365.41	\$ 82.09	\$ 2,413.80	\$ 1,461.66	\$ 952.14
Miscellaneous Income	\$ 23.49	\$ 12.50	\$ 10.99	\$ 52.41	\$ 50.00	\$ 2.41
Other Project Income	\$ 2,980.23	\$ 1,385.16	\$ 1,595.07	\$ 5,013.22	\$ 5,540.66	\$ (527.44)
Total Project Income	\$ 80,373.15	\$ 74,347.24	\$ 6,025.91	\$ 307,162.38	\$ 297,388.99	\$ 9,773.39
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 15,922.04	\$ 16,716.58	\$ (794.54)	\$ 69,053.27	\$ 66,866.33	\$ 2,186.94
Utilities (From Pg 2)	8,266.19	9,314.74	(1,048.55)	37,178.11	37,258.99	(80.88)
Administrative (From Pg 2)	10,108.12	9,301.00	807.12	36,829.88	37,204.00	(374.12)
Taxes & Insurance (From Pg 2)	2,210.92	2,344.08	(133.16)	8,441.68	9,376.33	(934.65)
Other Taxes & Insurance (Fr Page	2,062.55	4,510.92	(2,448.37)	10,069.18	18,043.67	(7,974.49)
Other Project Expenses	990.56	1,997.00	(1,006.44)	6,033.33	7,988.00	(1,954.67)
Total O&M Expenses	\$ 39,560.38	\$ 44,184.32	\$ (4,623.94)	\$ 167,605.45	\$ 176,737.32	\$ (9,131.87)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 26,105.39	\$ 26,202.00	\$ (96.61)	\$ 104,690.02	\$ 104,808.00	\$ (117.98)
Managing General Partner Fees	\$ 1,085.50	\$ 1,085.50	\$ 0.00	\$ 4,265.16	\$ 4,342.00	\$ (76.84)
Transfer - Reserves	2,675.00	2,675.00	0.00	10,700.00	10,700.00	0.00
Total Mortgage & Owner's Exp.	\$ 29,865.89	\$ 29,962.50	\$ (96.61)	\$ 119,655.18	\$ 119,850.00	\$ (194.82)
Total Project Expenses	\$ 69,426.27	\$ 74,146.82	\$ (4,720.55)	\$ 287,260.63	\$ 296,587.32	\$ (9,326.69)
Net Profit (Loss)	\$ 10,946.88	\$ 200.42	\$ 10,746.46	\$ 19,901.75	\$ 801.67	\$ 19,100.08
Other Cash Flow Items:						
Reserve Transfers	\$ 7,618.05	\$ 0.00	\$ 7,618.05	\$ 7,592.95	\$ 0.00	\$ 7,592.95



April 14th, 2021

Via First Class Mail

Mr. Edward S. Mayer
Executive Director
Housing Authority of the County of Butte
2039 Forest Avenue
Chico, CA 95928

Re: Monthly Financial Package
Harvest Park Apartments – 90 Units
Chico, Ca.

Dear Mr. Mayer:

Enclosed please find a copy of the **April 2021** financial package of the Harvest Park Apartments the Monthly Property Summary Report prepared by Bob Morrell, Regional Property Manager. This includes:

- (Statement of Income & Cash Flow) >> (Income Statement Budget Comparison)
- Comparative Income Statement by month >> (12-month Forecast Report)
- Balance Sheet
- General Ledger
- Trial Balance
- Open Accounts Payable Report
- Accounts Receivable Report
- Vacancies/Availability
- Delinquent notices/30-day notices-0
- Collections Report %
- Rent Roll

If you have any questions regarding this package please contact Bob Morrell at 559-489-9945.

If there is anything further, you would like to discuss or have additional questions in follow up please feel to contact me at your convenience.

Respectfully,

Bob Morrell
Regional Property Manager

Enclosures: Financial Operating Reports, Monthly Property Summary Report

Monthly Property Summary Report

75 Harvest Park Court

April 2021



HARVEST
P A R K

CHICO, CA.
90 UNITS
TAX CREDIT

MONTHLY PROPERTY SUMMARY REPORT

INCOME AND EXPENSE SUMMARY

Total Operating Income Actual/Month:	• \$76,897.92
Total Operating Income Budget/Month:	• \$79,253.00
Total Operating Income Actual/YTD:	• \$309,050.19
Total Operating Income Budget/YTD:	• \$316,399.00
Total Operating Expenses Actual/Month:	• \$(909.06)
Total Operating Expenses Budget/Month:	• \$6,263.00
Total Operating Expenses Actual/YTD:	• \$24,278.26
Total Operating Expenses Budget/YTD:	• \$22,569.57
Total Net Operating Income Actual/Month:	• 54,480.01
• Total Net Operating Income Budget/Month:	\$47,066.67
• Total Net Operating Income Actual/YTD:	\$174,465.50
• Total Net Operating Income Budget/YTD:	\$173,863.11

BUDGET VARIANCE REPORT

(Line Item Variance Report: Expenses Exceeding 10% of budget or \$500 minimum variance.)

6470-0000 - Rubbish Removal	1,941.00
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Vacant unit additional rubbish removal.

6317-0000 - Temporary Services	1,664.00
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Temporary on-site Maintenance.

6475-0000 - Cable Expense	(128.25)
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Telephone and Cable expense.

6542-0000 - Electrical Supplies	(104.46)
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The Home Depot Pro Ctr # 51132718 - occupy sensor wall switch kit

6543-0000 - Plumbing Supplies	(131.54)
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Plumbing Supplies needed

6563-0000 - Carpet/Flooring Expense	(571.30)
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Should be reclass to CAP X

6571-0000 - Appliance Replacement	(1,164.36)
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Should be reclass to CAP X

6581-0000 - Appliance Repair	597.12
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Needed repairs for occupied and vacant units

6519-0000 - Painting	(1,876.75)
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Vacant Unit paint for move-in

6532-0000 - Cleaning Contract	800.00
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Cleaning 2- and 3-bedroom unit tub sanding, COVID sanitizing

6544-0000 - Turnover Maintenance/Repairs	(88.82)
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Vacant unit repairs

6544-0050 - Turnover Costs - Cleaning	(800.00)
---------------------------------------	----------

Reclass to 6532-0000

6561-0000 - Decorator Supplies	1,921.32
--------------------------------	----------

- Sherwin Williams Company Paint needed for vacant unit move-in

6250-0000 - Homeowners Association Dues	860.00
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North Valley Property Owners Association-Over due

6290-0000 - Miscellaneous Renting Expense	19.50
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ARCcustomerService@realpage Leasing Desk Screening

6311-0000 - Office Expenses	1,085.50
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GreenPages Technology Solutions

6316-0004 - Training - New Employee Orientation	140.00
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Hire-right payment

6313-0000 - Postage	71.98
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Fed-X payment

6360-0000 - Telephone	1,084.82
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Pass due Payments

SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS

YTD Budgeted Capital Improvements / Cash Flow: 2021

YTD Actual Capital Improvements / Cash Flow: 2021

Completed

Harvest Park	Tree Trimming	\$6,000	1415-0002	May	June
Bob Morrell	Apply Bark in Planters and Playground	\$8,500	1415-0002	X	
	Dryer Ducts	\$12,555	1431-0002		X
	(2) Computer Lab Computer Replacement	\$2,500	1446-0002	X	
	(1) Computer Lab Printer	\$468	1446-0002	X	
	Community Room Furniture	\$4,000	1461-0002	X	
	Computer Room Upgrades	\$2,123	1461-0002	X	
As Needed Items:	Carpet	\$14,000	1440-0002		
(annual allocation)	Appliances	\$6,400	1486-0000		
Total:		\$56,546		6	1

YTD Actual Capital Improvements Budgeted / RR: **\$6,999.00**

Harvest Park - 1649

Budget Comparison

April 30, 2021

	Month Ending 04/30/2021				Year to Date 04/30/2021				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
Taxes-Payroll									
Administrative									
6714-0002 -	0.00	237.00	237.00	100.00	153.78	1,511.00	1,357.22	89.82	3,742.00
Taxes-Payroll									
Maintenance									
6724-0001 -	171.00	171.00	0.00	0.00	684.00	787.00	103.00	13.08	2,472.00
Workers Comp.									
- Payroll Admin									
6724-0002 -	203.00	203.00	0.00	0.00	812.00	845.00	33.00	3.90	2,758.00
Workers Com-									
ensation-Pay-									
roll Mainte-									
nance									
6726-0001 -	717.87	1,094.00	376.13	34.38	2,675.11	4,423.00	1,747.89	39.51	13,426.00
Health Ins. &									
Benefits-Payroll									
Admin									
6726-0002 -	0.00	1,113.00	1,113.00	100.00	213.43	4,467.00	4,253.57	95.22	13,612.00
Health Ins. &									
Benefits-Payroll									
Maint.									
TOTAL PAY-ROLL	6,150.43	8,820.00	2,669.57	30.26	26,292.60	38,756.00	12,463.40	32.15	120,445.00
OPERATING & MAINTENANCE EXPENSE									
6462-0000 -	0.00	1,233.00	1,233.00	100.00	0.00	2,532.00	2,532.00	100.00	7,596.00
Exterminating									
Contract									
6475-0000 -	(128.25)	0.00	128.25	(100.00)	0.00	0.00	0.00	0.00	0.00
Cable Expense									
6490-0019 -	0.00	0.00	0.00	0.00	143.27	0.00	(143.27)	(100.00)	0.00
Property Ex-									
pense Covid19									
Coronavirus									
6511-0000 -	0.00	90.00	90.00	100.00	807.45	360.00	(447.45)	(124.29)	1,080.00
Security Con-									
tract and Re-									
pairs									
6521-0000 -	0.00	75.00	75.00	100.00	77.75	1,970.00	1,892.25	96.05	2,920.00
Grounds Sup-									
plies									
6522-0000 -	0.00	1,825.00	1,825.00	100.00	6,450.00	7,300.00	850.00	11.64	21,900.00
Grounds Con-									

Harvest Park - 1649

Budget Comparison

April 30, 2021

	Month Ending 04/30/2021				Year to Date 04/30/2021				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
tract									
6541-0000 - Maintenance Supplies	588.73	750.00	161.27	21.50	3,652.98	3,000.00	(652.98)	(21.76)	9,000.00
6542-0000 - Electrical Supplies	(104.46)	0.00	104.46	(100.00)	0.00	0.00	0.00	0.00	0.00
6543-0000 - Plumbing Supplies	(131.54)	0.00	131.54	(100.00)	0.00	0.00	0.00	0.00	0.00
6545-0000 - Repairs Contract General	0.00	400.00	400.00	100.00	9,880.00	1,600.00	(8,280.00)	(517.50)	4,800.00
6546-0000 - Repairs Contract Electric	0.00	200.00	200.00	100.00	0.00	400.00	400.00	100.00	800.00
6547-0000 - Repairs - Contract - HVAC	0.00	500.00	500.00	100.00	0.00	500.00	500.00	100.00	1,500.00
6548-0000 - Repairs - Contract - Plumbing	5.00	488.00	483.00	98.97	923.81	1,112.00	188.19	16.92	2,776.00
6552-0000 - Uniforms	0.00	0.00	0.00	0.00	0.00	250.00	250.00	100.00	500.00
6563-0000 - Carpet/Flooring Expense	(571.30)	0.00	571.30	(100.00)	0.00	0.00	0.00	0.00	0.00
6568-0003 - Supplies/Hardware	0.00	0.00	0.00	0.00	508.15	0.00	(508.15)	(100.00)	0.00
6571-0000 - Appliance Replacement	(1,164.36)	0.00	1,164.36	(100.00)	0.00	0.00	0.00	0.00	0.00
6580-0000 - Maintenance Equipment Expense	0.00	0.00	0.00	0.00	0.00	829.97	829.97	100.00	829.97
6581-0000 - Appliance Repair	597.12	210.00	(387.12)	(184.34)	929.69	840.00	(89.69)	(10.67)	2,520.00
6582-0000 - Lock and Key Expense	0.00	50.00	50.00	100.00	0.00	50.00	50.00	100.00	100.00
6586-0000 - Fire and Safety	0.00	0.00	0.00	0.00	0.00	477.60	477.60	100.00	3,530.40

Harvest Park - 1649

Budget Comparison

April 30, 2021

	Month Ending 04/30/2021				Year to Date 04/30/2021				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
Systems									
6991-0000 - Pool Supplies	0.00	175.00	175.00	100.00	156.85	280.00	123.15	43.98	1,260.00
6992-0000 - Pool Contract	0.00	267.00	267.00	100.00	748.31	1,068.00	319.69	29.93	3,204.00
TOTAL OPERATING & MAINT. EXPS.	(909.06)	6,263.00	7,172.06	114.51	24,278.26	22,569.57	(1,708.69)	(7.57)	64,316.37
TURNOVER COSTS									
6519-0000 - Painting	(1,876.75)	0.00	1,876.75	(100.00)	2,094.83	0.00	(2,094.83)	(100.00)	0.00
6531-0000 - Cleaning Supplies	0.00	100.00	100.00	100.00	294.08	200.00	(94.08)	(47.04)	400.00
6532-0000 - Cleaning Contract	800.00	483.33	(316.67)	(65.51)	1,300.00	1,933.32	633.32	32.75	5,799.96
6544-0000 - Turnover Maintenance/Repairs	(88.82)	0.00	88.82	(100.00)	0.00	0.00	0.00	0.00	0.00
6544-0050 - Turnover Costs - Cleaning	(800.00)	0.00	800.00	(100.00)	0.00	0.00	0.00	0.00	0.00
6561-0000 - Decorator Supplies	1,921.32	375.00	(1,546.32)	(412.35)	2,242.80	750.00	(1,492.80)	(199.04)	1,500.00
6562-0000 - Decorator Contract Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	300.00
TOTAL TURNOVER COSTS	(44.25)	958.33	1,002.58	104.61	5,931.71	2,883.32	(3,048.39)	(105.72)	7,999.96
MARKETING									
6212-0000 - Collateral Materials/Brand Identity	83.80	87.00	3.20	3.67	687.66	598.00	(89.66)	(14.99)	1,294.00
6216-0000 - Promotions and Promotional Items	0.00	0.00	0.00	0.00	0.00	78.00	78.00	100.00	156.00



GRIDLEY SPRINGS

MAY 2021

Property Status:

1. All continues to go well at Gridley Springs. Both GSI and GSII are 100% occupied with Zero notices to vacate.
2. GSI completed its 5-year CTCAC desk audit and have submitted all requested materials and are waiting on the final close out letter.
3. GSII completed it's HCD desk audit on are just waiting on the final report to be submitted for final review and closeout.
4. Both GSI and GSII are having all of the missing bark replaced as part of the annual landscape plan and looks great.

Thank you!
Mac Upshaw



DHI GRIDLEY SPRINGS I
As of
April 30, 2021

CASH SUMMARY - Operating Account

	APRIL		4 months YTD	
	2021	%%	2021	%%
Total Rent Revenue	22,758.00	100.00%	89,895.00	100.00%
Vacancies	0.00	0.00%	0.00	0.00%
Net Rental Revenue	22,758.00	100.00%	89,895.00	100.00%
Other Income	335.18	1.47%	1,404.81	1.56%
Total Revenue	23,093.18	101.47%	91,299.81	101.56%
Expenses:				
Administrative Expenses	4,618.96	20.30%	17,864.77	19.87%
Utilities	2,607.84	11.46%	10,636.79	11.83%
Operating & Maintenance	5,995.55	26.34%	20,063.31	22.32%
Depreciation and Amortization Expense	0.00	0.00%	0.00	0.00%
Taxes & Insurance	1,420.38	6.24%	4,163.10	4.63%
Total Expenses	14,642.73	58.10%	52,727.97	45.98%
Net Operating Income	8,450.45	37.80%	38,571.84	34.15%
Interest and Finance Expense	1,295.61	5.69%	5,190.11	5.77%
Replacement Costs	0.00	0.00%	476.61	0.53%
Net Cash Flow from Operations	7,154.84		32,905.12	
Plus (Minus)				
Interest Income	(19.84)		(26.99)	
Unpaid Rent Collected (Owed)	(1,727.00)		(2,210.00)	
Unpaid Subsidy Rent Collected (Owed)	234.00		(10,347.02)	
Impound/Escrow Funds	(2,107.52)		(10,588.22)	
Prepaid Rent Received (Absorbed)	21.00		169.00	
Security Deposits Received (Refunded)	0.00		10.00	
Mortgage Principle payment	(2,683.75)		(10,057.33)	
Net Cash Increase (Decrease)	871.73		(145.44)	
Beginning of Period Cash Balance	45,708.11		46,734.86	
Transfer from (to) Savings	0.00		0.00	
Transfer From (To) Impound Account	0.00		0.00	
Transfer from (to) Security account	0.00		(9.58)	
Ending Cash Balance - Operating Account	\$46,579.84		\$46,579.84	
- Security Deposit Accounts			\$17,079.75	
- USDA Reserves			\$92,917.94	

	Current Month	UNIT STATUS	Current Month
TENANT RECEIVABLES			
Rent and Rent Related Receivables		Total Units	32
Balance at Beginning of Month	2,391.00	Vacant units at beginning of month	0
Uncollected (Collected) During Month	1,727.00	Plus Units vacated during month	0
Written off to Bad Debts	0.00	Less move ins and deposits to hold	0
Balance at End of Month	<u>\$4,118.00</u>	Vacant units at end of month	<u>0</u>
Move out Repairs, Cleaning & Legal Fees, etc.			
Balance at Beginning of Month	0.00		
Uncollected (Collected) During Month	0.00		
Written off to Bad Debts	0.00		
Balance at End of Month	<u>\$0.00</u>		

Income Statement
DHI GRIDLEY SPRINGS I

As of
April 30, 2021

	***** Current Month *****			***** Year-to-Date *****		
	Actual	Budget	Variance	Actual	Budget	Variance
*** REVENUES ***						
Rent Revenue - Gross Potential						
Apartment Rents	9,012.00	23,098.00	(14,086.00)	36,236.00	92,392.00	(56,156.00)
Tenant Assistance Payments	13,746.00	0.00	13,746.00	53,659.00	0.00	53,659.00
Total Revenue	22,758.00	23,098.00	(340.00)	89,895.00	92,392.00	(2,497.00)
Apartment Vacancies	0.00	(484.00)	484.00	0.00	(1,937.00)	1,937.00
Total Vacancies	0.00	(484.00)	484.00	0.00	(1,937.00)	1,937.00
NET RENTAL REVENUE	22,758.00	22,614.00	144.00	89,895.00	90,455.00	(560.00)
Interest Income-Other Cash	19.69	8.00	11.69	26.42	32.00	(5.58)
Interest Income-Sec Deposits	0.15	1.00	(0.85)	0.57	4.00	(3.43)
Total Financial Revenue	19.84	9.00	10.84	26.99	36.00	(9.01)
NSF and Late Fee Income	0.00	0.00	0.00	0.00	0.00	0.00
Misc Tenant Charges/Damages & Cleaning	0.00	0.00	0.00	0.00	0.00	0.00
Laundry Revenue	315.34	240.00	75.34	1,377.82	960.00	417.82
Total Other Revenue	315.34	240.00	75.34	1,377.82	960.00	417.82
TOTAL REVENUE	23,093.18	22,863.00	230.18	91,299.81	91,451.00	(151.19)
*** EXPENSES ***						
Administrative Expenses						
Advertising and Promotions	0.00	0.00	0.00	0.00	0.00	0.00
Rent Concessions	106.00	0.00	106.00	424.00	0.00	424.00
Credit Reports	0.00	10.00	(10.00)	0.00	40.00	(40.00)
IT Support Services	171.00	171.00	0.00	684.00	684.00	0.00
Telephone & Answering Service	51.28	120.00	(68.72)	205.12	480.00	(274.88)
USDA 538 Boneville Fee/Surcharges	131.00	267.00	(136.00)	131.00	1,068.00	(937.00)
USDA 515 MINC Fee/Surcharges	0.00	0.00	0.00	0.00	0.00	0.00
Postage and Mailing	0.00	30.00	(30.00)	0.00	120.00	(120.00)
Taxes and Licenses	0.00	0.00	0.00	0.00	0.00	0.00
Administrative Expenses	0.00	0.00	0.00	480.00	0.00	480.00
Office Supplies/Expenses	8.79	150.00	(141.21)	225.03	600.00	(374.97)
Dues and Subscriptions	85.71	0.00	85.71	85.71	0.00	85.71
Management Fee	2,015.00	2,080.00	(65.00)	8,060.00	8,320.00	(260.00)
Manager Salaries	2,050.18	2,000.00	50.18	7,569.91	8,000.00	(430.09)
Education/Registration Fees	0.00	100.00	(100.00)	0.00	400.00	(400.00)
Legal Expense	0.00	83.00	(83.00)	0.00	333.00	(333.00)
Auditing Fees	0.00	667.00	(667.00)	0.00	2,668.00	(2,668.00)
Other Administrative Costs	0.00	250.00	(250.00)	0.00	1,000.00	(1,000.00)
Total Administrative Expenses	4,618.96	5,928.00	(1,309.04)	17,864.77	23,713.00	(5,848.23)
Utility Expenses						
Electricity	512.01	630.00	(117.99)	4,209.99	2,520.00	1,689.99
Water	350.43	365.00	(14.57)	1,431.24	1,460.00	(28.76)
Gas	0.00	40.00	(40.00)	112.97	160.00	(47.03)
Sewer	1,202.32	1,167.00	35.32	2,317.77	4,667.00	(2,349.23)
Garbage and Trash Removal	543.08	550.00	(6.92)	2,564.82	2,200.00	364.82
Total Utility Expenses	2,607.84	2,752.00	(144.16)	10,636.79	11,007.00	(370.21)
Operating & Maintenance Expense						
Cleaning Supplies	0.00	0.00	0.00	0.00	0.00	0.00
Exterminating Contract	100.00	200.00	(100.00)	300.00	800.00	(500.00)
Security Systems and Maintenance	0.00	0.00	0.00	0.00	0.00	0.00
Tree Service	0.00	0.00	0.00	2,200.00	0.00	2,200.00
Grounds Contract	2,000.00	1,200.00	800.00	4,000.00	4,800.00	(800.00)
Grounds Maintenance and Supplies	1,646.88	200.00	1,446.88	1,646.88	800.00	846.88
Maintenance Personnel	1,504.92	2,000.00	(495.08)	6,246.02	8,000.00	(1,753.98)
Repair Materials	239.97	225.00	14.97	2,079.11	900.00	1,179.11
Repair Contract/Vendor Labor	0.00	358.00	(358.00)	1,520.00	1,433.00	87.00
Electrical Repair/Supplies	0.00	0.00	0.00	0.00	0.00	0.00
HVAC Repair and Maintenance	0.00	0.00	0.00	1,055.00	0.00	1,055.00
Appliance Repair and Maintenance	210.30	100.00	110.30	659.82	400.00	259.82
Plumbing Repair and Supplies	246.45	100.00	146.45	309.45	400.00	(90.55)
Interior Painting and Supplies	0.00	83.00	(83.00)	0.00	333.00	(333.00)
Gas, Oil and Mileage	47.03	10.00	37.03	47.03	40.00	7.03
Equipment Leasing	0.00	0.00	0.00	0.00	0.00	0.00
Fire Protection Equipment	0.00	40.00	(40.00)	0.00	160.00	(160.00)
Total Operating & Maint Expenses	5,995.55	4,516.00	1,479.55	20,063.31	18,066.00	1,997.31

Income Statement
DHI GRIDLEY SPRINGS I

As of
April 30, 2021

	***** Current Month *****			***** Year-to-Date *****		
	Actual	Budget	Variance	Actual	Budget	Variance
Taxes & Insurance Expenses						
Property Taxes	719.38	0.00	719.38	719.38	940.00	(220.62)
Payroll Taxes	322.41	400.00	(77.59)	1,956.38	1,600.00	356.38
Misc Taxes & Licenses	0.00	100.00	(100.00)	0.00	400.00	(400.00)
Property & Liability Insurance	0.00	1,090.00	(1,090.00)	0.00	4,360.00	(4,360.00)
Worker's Compensation	219.14	265.00	(45.86)	867.22	1,060.00	(192.78)
Health/Dental Insurance	159.45	200.00	(40.55)	620.12	800.00	(179.88)
Other Insurance	0.00	0.00	0.00	0.00	0.00	0.00
Total Taxes & Insurance Expenses	1,420.38	2,055.00	(634.62)	4,163.10	9,160.00	(4,996.90)
TOTAL EXPENSES	14,642.73	15,251.00	(608.27)	52,727.97	61,946.00	(9,218.03)
NET OPERATING INCOME (LOSS)	8,450.45	7,612.00	838.45	38,571.84	29,505.00	9,066.84
Interest & Finance Expense						
Mortgage Interest	1,275.61	1,620.00	(344.39)	5,110.11	6,480.00	(1,369.89)
General Partner Fee	0.00	0.00	0.00	0.00	0.00	0.00
Bank Fees	20.00	20.00	0.00	80.00	80.00	0.00
Total Interest & Finance Expense	1,295.61	1,640.00	(344.39)	5,190.11	6,560.00	(1,369.89)
OPERATING PROFIT (LOSS)	7,154.84	5,972.00	1,182.84	33,381.73	22,945.00	10,436.73
Replacements						
Roofing/Paving/Exterior	0.00	0.00	0.00	0.00	0.00	0.00
Appliance Replacement	0.00	0.00	0.00	476.61	0.00	476.61
Drapery and Blind Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Carpet/ Flooring Replacement	0.00	0.00	0.00	0.00	0.00	0.00
HVAC Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Plumbing Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Glass Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Furniture and Equipment Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Door & Screen Repair/ Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Total Cost of Replacements	0.00	0.00	0.00	476.61	0.00	476.61
NET CASH FLOW FROM OPERATIONS	7,154.84	5,972.00	1,182.84	32,905.12	22,945.00	9,960.12

**DHI-DFA GRIDLEY SPRINGS
ASSOCIATES, L.P.**

**(A California Limited Partnership)
DBA Gridley Springs Apartments**

**USDA RURAL DEVELOPMENT
Case No. 04-04-111739358**

COMPARATIVE FINANCIAL REPORT

DECEMBER 31, 2020 and 2019

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B O W M A N
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners

DHI-DFA Gridley Springs Associates, L.P.

(A California Limited Partnership)

DBA Gridley Springs Apartments

We have audited the accompanying financial statements of DHI-DFA Gridley Springs Associates, L.P.(A California Limited Partnership), Case No. 04-04-111739358, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Established 1949
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Bowman & Company, LLP
10100 Trinity Parkway, Suite 310
Stockton, CA 95219

Telephone: 209.473.1040
Facsimile: 209.473.9771

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DHI-DFA Gridley Springs Associates, L.P. as of December 31, 2020 and 2019 and the results of their operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, in March 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern". Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information to the financial statements as referenced in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2021, on our consideration of DHI-DFA Gridley Springs Associates, L.P.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DHI-DFA Gridley Springs Associates, L.P.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DHI-DFA Gridley Springs Associates, L.P.'s internal control over financial reporting and compliance.

Bauman & Company, L.L.P.

Stockton, California
February 15, 2021

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

BALANCE SHEETS
December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 46,985	\$ 294
Accounts receivable - USDA Rural Development	-	9,256
Accounts receivable - tenant	2,448	1,085
Accounts receivable - other	4,390	6,971
Prepaid expenses	5,095	2,981
Tax and insurance impounds	11,411	12,179
Total current assets	<u>70,329</u>	<u>32,766</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Guarantee fee reserve	1,036	1,833
Partnership cash	10,125	12,125
Rental security deposits	17,070	15,635
Replacement reserve	392,678	416,393
Transition reserve	86,627	84,960
Operating deficit reserve	122,298	119,942
	<u>629,834</u>	<u>650,888</u>
PROPERTY AND EQUIPMENT, at cost		
Land	149,957	149,957
Building and improvements	3,137,787	3,137,787
Site improvements	165,810	165,810
Personal property	373,940	373,940
	<u>3,827,494</u>	<u>3,827,494</u>
Less accumulated depreciation	<u>(1,015,216)</u>	<u>(904,230)</u>
	<u>2,812,278</u>	<u>2,923,264</u>
OTHER ASSETS		
Tax credit fees, net of accumulated amortization of \$9,393 and \$8,051 in 2020 and 2019, respectively	<u>10,736</u>	<u>12,078</u>
Total assets	<u><u>\$ 3,523,177</u></u>	<u><u>\$ 3,618,996</u></u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

BALANCE SHEETS (Cont.)
December 31, 2020 and 2019

LIABILITIES AND PARTNERS' EQUITY	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accrued interest payable, current portion	\$ 2,749	\$ 1,468
Partnership fees payable	6,186	6,099
Prepaid rent	51	440
Developer fee payable	38,205	64,507
Note payable, USDA Rural Development, current portion	11,818	11,455
Note payable, Bonneville, current portion	4,020	3,838
Total current liabilities	<u>63,029</u>	<u>87,807</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>17,070</u>	<u>15,635</u>
 LONG-TERM LIABILITIES		
Note payable, Bonneville, less current portion	326,158	329,865
Less unamortized debt issuance cost	(57,228)	(58,895)
	<u>268,930</u>	<u>270,970</u>
 Note payable, USDA Rural Development, less current portion	1,019,882	1,031,700
Note payable, City of Gridley	2,080,000	2,080,000
Accrued interest payable, less current portion	361,400	299,000
	<u>3,730,212</u>	<u>3,681,670</u>
 Total liabilities	<u>3,810,311</u>	<u>3,785,112</u>
 PARTNERS' EQUITY (DEFICIT)	<u>(287,134)</u>	<u>(166,116)</u>
 Total liabilities and partners' equity (deficit)	<u><u>\$ 3,523,177</u></u>	<u><u>\$ 3,618,996</u></u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENTS OF INCOME
Years Ended December 31, 2020 and 2019

	2020	2019
REVENUE		
Tenant rental income	\$ 133,296	\$ 123,310
Rental assistance - USDA Rural Development	142,893	136,316
Laundry income	3,038	2,881
Interest income	4,914	2,821
Miscellaneous income	--	213
Total revenue	<u>284,141</u>	<u>265,541</u>
OPERATING AND MAINTENANCE EXPENSES		
Maintenance and repairs payroll	22,406	16,632
Maintenance and repairs supply	4,145	15,053
Maintenance and repairs contract	6,358	9,075
Painting and decorating	417	825
Grounds	11,730	20,013
Services	1,472	1,600
Furniture and furnishings replacement	6,727	10,974
	<u>53,255</u>	<u>74,172</u>
Electricity	7,328	2,671
Water	4,294	4,453
Sewer	13,243	17,913
Gas	246	1,432
Garbage and trash removal	6,393	6,893
	<u>31,504</u>	<u>33,362</u>
Site management payroll	26,202	20,485
Management fee	24,180	23,920
Project auditing expense	7,400	7,560
Legal	--	2,249
Telephone and answering service	847	645
Office supplies	2,501	2,555
Bad debt expense	--	8,513
Health insurance and other employee benefits	1,825	1,926
Payroll taxes	4,760	3,947
Workers' compensation insurance	3,441	2,506
Other administrative expenses	4,296	8,023
	<u>75,452</u>	<u>82,329</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENTS OF INCOME (Cont.)
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Real estate taxes	1,667	1,669
Other taxes licenses and permits	1,600	1,600
Property and liability insurance	<u>10,109</u>	<u>7,121</u>
	<u>13,376</u>	<u>10,390</u>
 Total operating and maintenance expenses	 <u>173,587</u>	 <u>200,253</u>
 OTHER EXPENSES		
USDA Rural Development authorized expenditures - repairs and replacements	10,268	--
Depreciation	110,986	110,986
Amortization	1,342	1,342
Interest expense - mortgage payable	94,607	94,773
Interest expense - debt issuance cost	1,667	1,667
Interest - overages	4,847	4,215
USDA guarantee fees	1,670	1,688
Non-project expense - partnership fees	<u>6,185</u>	<u>6,098</u>
Total other expenses	<u>231,572</u>	<u>220,769</u>
 Total expenses	 <u>405,159</u>	 <u>421,022</u>
 Net loss	 <u><u>\$ (121,018)</u></u>	 <u><u>\$ (155,481)</u></u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENT OF PARTNERS' EQUITY (DEFICIT)
Years Ended December 31, 2020 and 2019

	Managing General Partner	Administrative General Partners	Special Limited Partner	Limited Partner	Total
Balance, December 31, 2018	\$ 40	\$ (32)	\$ 9	\$ (10,652)	\$ (10,635)
Net loss	<u>(2)</u>	<u>(14)</u>	<u>(16)</u>	<u>(155,449)</u>	<u>(155,481)</u>
Balance, December 31, 2019	38	(46)	(7)	(166,101)	(166,116)
Net loss	<u>(1)</u>	<u>(11)</u>	<u>(12)</u>	<u>(120,994)</u>	<u>(121,018)</u>
Balance, December 31, 2020	<u>\$ 37</u>	<u>\$ (57)</u>	<u>\$ (19)</u>	<u>\$ (287,095)</u>	<u>\$ (287,134)</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (121,018)	\$ (155,481)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	112,328	112,328
Amortization of debt issuance cost	1,667	1,667
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - USDA Rural Development	9,256	13,197
Accounts receivable - tenant	(1,363)	(94)
Accounts receivable - other	2,581	(3,101)
Prepaid expenses	(2,114)	967
Increase (decrease) in:		
Accounts payable and accrued liabilities	--	(816)
Accrued interest payable	63,681	61,053
Partnership fees payable	87	85
Tenant security deposits	1,435	2,568
Prepaid rent	(389)	(2,594)
Net cash used in (provided by) operating activities	<u>66,151</u>	<u>29,779</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(14,980)	(15,080)
Payment of developer fee payable	<u>(26,302)</u>	<u>(24,479)</u>
Net cash provided by (used in) financing activities	<u>(41,282)</u>	<u>(39,559)</u>
 Increase (decrease) in cash, cash equivalents and restricted cash	 24,869	 (9,780)
Cash, cash equivalents and restricted cash		
Beginning	<u>663,361</u>	<u>673,141</u>
Ending	<u>\$ 688,230</u>	<u>\$ 663,361</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 30,926</u>	<u>\$ 33,720</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENTS OF CASH FLOWS (Cont.)
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 46,985	\$ 294
Tax and insurance impounds	11,411	12,179
Guarantee fee reserve	1,036	1,833
Partnership cash	10,125	12,125
Rental security deposits	17,070	15,635
Replacement reserve	392,678	416,393
Transition reserve	86,627	84,960
Operating deficit reserve	122,298	119,942
	<u>\$ 688,230</u>	<u>\$ 663,361</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

DHI-DFA Gridley Springs Associates, L.P. (the “Partnership”), is a California limited partnership formed on July 18, 2012, to acquire, rehabilitate, and operate a 32-unit affordable housing project, known as Gridley Springs Apartments (the “Project”) located in Gridley, CA. The Partnership’s property and equipment was purchased on June 28, 2013 and the rental operations began on that date. The Project rents units to low-income tenants and is operated in a manner necessary to qualify for low-income housing tax credits as provided for in Section 42 of the Internal Revenue Code (“Section 42”). The Project is regulated by the U.S. Department of Agriculture, Rural Development (“RD”) as to rent charges and operating methods.

The co-general partners of the Partnership are DHI-DFA Gridley Springs Associates, LLC and DFA Development, LLC (collectively, the “Administrative General Partners”), a California limited liability company. The managing general partner of the Partnership is Butte County Affordable Housing Development Corporation, a California nonprofit public benefit corporation (the “Managing General Partner”) collectively with the Administrative General Partners, the “General Partners”). WNC Institutional Tax Credit Fund X California Series 10, L.P., a California limited partnership, as the limited partner (the “Limited Partner”), WNC Housing, L.P., and a California limited partnership, as the special limited partner (the “Special Limited Partner”); collectively with the Limited Partner, the “Limited Partners”.

Profits and losses from operations and low-income housing tax credits in any one year shall be allocated 99.98% to the Limited Partner, 0.01% to the Special Limited Partner, 0.0054% to the DHI-DFA Gridley Springs Associates, LLC, 0.0036% to DFA Development LLC and 0.001% to the Managing General Partner.

Pursuant to the Partnership Agreement, the Limited Partner and the Special Limited Partner will make a Capital Contribution in the aggregate amount of \$1,057,074, subject to potential adjustment based on the amount of low-income housing tax credits ultimately allocated to the Project, in addition to other potential occurrences as more fully explained in the Partnership Agreement. The Limited Partner has provided capital contributions of \$925,984. The Special Limited Partner was required and paid its entire capital contribution of \$100.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of presentation:

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Change for adoption of new accounting guidance:

During the year ended December 31, 2019, the Partnership adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-18 *Statement of Cash Flows (Topic 230) Restricted Cash*. The amendments in the ASU are an improvement to GAAP because they reduce the diversity in the classification and presentation of restricted cash or restricted cash equivalents in the statements of cash flows. The Partnership has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Cash, cash equivalents and restricted cash:

For purposes of reporting the statements of cash flows, the Partnership includes all cash accounts which are not subject to restrictions or withdrawal penalties, and all highly liquid investments with maturity of three months or less as cash and cash equivalents on the accompanying balance sheet.

Operating deficit reserve:

Pursuant to the Partnership Agreement dated June 1, 2013, an operating deficit reserve account with an initial capitalization of \$120,000 is to be funded by capital contributions of the Limited Partner. No annual deposit is required and withdrawals are subject to approval by the General Partner and Special Limited Partner. The operating deficit reserve has been fully funded.

Transition reserve account:

Pursuant to the Partnership Agreement dated June 1, 2013, a transition reserve account with an initial capitalization of \$85,000 is to be funded by capital contributions of the Limited Partner. The transition reserve may be used with the consent of the Special Limited Partner to fund any operating deficits that occur as a result of a decrease in the amount of rental assistance provided by RD. The transition reserve has been fully funded.

Replacement reserve:

Pursuant to the Partnership Agreement and the Loan Agreement with RD, the Partnership is required to establish a replacement reserve account with an initial deposit of \$208,736 and thereafter, the Partnership shall deposit the required monthly deposit into an account maintained by the lender to fund certain costs relating to the Project. The annual required deposit is \$16,250, with annual escalating increases. Withdrawals are subject to RD approval.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Revenue recognition:

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Subsidy income is considered part of the lease and is not considered a contribution as government payments to specifically identified participants are considered exchange transactions. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

Accounts receivable:

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Depreciation:

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	40
Site improvements	15
Personal property	5-7

Property and equipment is recorded at cost. Expenditures for maintenance and repairs are expensed as incurred.

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. At December 31, 2020 and 2019, there was no impairment losses recognized.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Amortization:

Tax credit monitoring fees will be amortized under the straight-line method over 15 years, which coincides with the compliance period in accordance with Section 42.

Debt issuance costs:

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method.

Fair value of financial instruments:

The carrying amount of financial instruments, including cash, accounts receivable, and accounts payable and accrued liabilities approximate their value due to the short-term maturities of these instruments.

Income taxes:

Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on their respective tax return.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Partnership's tax returns will not be challenged by the tax authorities and that the Partnership or its partners will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Partnership's tax returns remain open for three to four years for income tax examination.

Estimates:

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

Subsequent events:

Management has evaluated subsequent events through February 15, 2021, the date on which the financial statements were available to be issued.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 2. Note Payable – USDA Rural Development

In June 2013, as partial funding for its purchase of the Project, the Partnership assumed a loan of \$1,108,732 from the seller payable to RD. The note payable to RD is secured by a deed of trust on the real property. The obligation is payable in monthly installments of \$2,352 through May 2043, plus excess rent, if any, with the monthly payment amount applying to principal and interest, and any excess rent to additional interest. While the note payable provides for an interest rate of 3.125%, respectively per annum, RD allows interest reduction subsidies so that the Partnership pays less than the specified mortgage interest rate. The note is being amortized using the USDA Rural Development Predetermined Amortization Schedule System (PASS). Under PASS, the loan principal is amortized at the market interest rate; however, the Partnership is making monthly payments based on a 1% interest rate plus excess rents. Interest costs incurred on the note for the years ended December 31, 2020 and 2019 was \$16,769 and \$16,801, respectively. For years ending December 31, 2020 and 2019, accrued interest was \$1,468.

The future amounts of principal payments under this mortgage note at December 31, 2020 were as follows:

2021	\$ 11,818
2022	12,193
2023	12,580
2024	12,978
2025	13,390
Thereafter	968,741
	<u>\$ 1,031,700</u>

Note 3. Note Payable – Bonneville Multifamily Loan

In January 2015, the Partnership signed a promissory note with Bonneville Mortgage Company, a Utah corporation, for \$350,000. The loan is guaranteed through the USDA Section 538 Guaranteed Rural Rental Housing Program. The note is secured by the multifamily deed of trust, assignments of rents, security agreement and fixture filing. The interest rate on the loan is 4.65% and requires monthly principal and interest payments of \$1,607. The loan matures in January 2055. For years ending December 31, 2020 and 2019, interest on the note was \$15,438 and \$15,572, respectively. For years ending December 31, 2020 and 2019, accrued interest was \$1,281 and 0, respectively.

As of December 31, 2020 and 2019, debt issuance costs, net of accumulated amortization of \$9,447 and \$7,780, respectively, are amortized using the straight-line method.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 3. Note Payable – Bonneville Multifamily Loan (Cont.)

The future amounts of principal payments under this mortgage note at December 31, 2020 were as follows:

2021	\$ 4,020
2022	4,211
2023	4,411
2024	4,621
2025	4,840
Thereafter	308,075
	<u>\$ 330,178</u>

Note 4. Note Payable – City of Gridley

The Partnership entered into a loan agreement under the Home program with the City of Gridley (the “Home Loan”) in the amount of \$2,080,000. The Home Loan is secured by a subordinate deed of trust on the Project. The Home Loan bears interest at a fixed rate of 3% simple interest and matures January 31, 2069. All payments on principal and interest have been deferred until 2024. Commencing on June 1, 2024, payments are payable in an amount equal to fifty percent (50%) of the net cash flow after payment of the distributions set forth in the note. The unpaid principal balance of this note shall be due and payable in full at the end of the term. The payments on this note shall first be applied to interest then to unpaid costs and finally principal obligated through the HOME Agreement. As of December 31, 2020 and 2019, the outstanding principal was \$2,080,000. For years ending December 31, 2020 and 2019, accrued interest was \$361,400 and \$299,000, respectively.

Note 5. Related Party Transactions

Asset management fee

In accordance with the Partnership Agreement, the Limited Partner receives an annual cumulative asset management fee in the amount of \$2,500 annually, increasing by 3% per year, commencing in 2014. The fee is payable from available cash flow, as further described in the Partnership Agreement. During the year ended December 31, 2020 and 2019, \$2,985 and \$2,898 was earned, respectively. As of December 31, 2020 and 2019, \$2,986 and \$2,899 was payable, respectively.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 5. Related Party Transactions (Cont.)

Partnership management fee

In accordance with the Partnership Agreement, the Managing General Partner is entitled to receive an annual cumulative partnership management fee in the amount of \$3,200, commencing in 2013. The fee is payable from available cash flow, as further described in the Partnership Agreement. During the years ending December 31, 2020 and 2019, \$3,200, was paid. As of December 31, 2020 and 2019, \$3,200 was payable.

Incentive management fee

In accordance with the Partnership Agreement, commencing in 2013, the Administrative General Partners receive a noncumulative incentive management fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2020 and 2019, the Administrative General Partners earned an incentive management fee of \$0.

Tax credit compliance fee

In accordance with the Partnership Agreement, commencing in 2014, the Administrative General Partners receive a noncumulative tax credit compliance fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2020 and 2019, the Administrative General Partners earned a tax credit compliance fee of \$0.

Developer fee payable

The Partnership contracted with Dawson Holdings, Inc. ("DHI"), an affiliate of the Administrative General Partner and DFA Development, LLC ("DFA") (the "Developers"), to provide development services relating the acquisition and rehabilitation of the Project for a \$344,348 development fee. The unpaid fee is paid as further described in the Partnership Agreement and the Development Agreement. For the years ending December 31, 2020 and 2019, \$38,205 and \$64,507, respectively, was payable.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 6. Low-Income Housing Tax Credits

The Partnership expects to generate an aggregate total of \$1,169,912 of federal low-income housing tax credits ("Tax Credits"). Generally, such credits are expected to become available for use by its partners pro rata over a ten-year period, which began in 2013. In order to qualify for those credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for another 40 years after the above period ends. Because Tax Credits are subject to complying with certain requirements, there can be no assurance that the aggregate amount of tax credits will be realized and failure to meet all such requirements may result in generating less Tax Credits than expected. As of December 31, 2020 and 2019, the Partnership had generated \$865,464 and \$749,424 of Tax Credits, respectively.

The Partnership anticipates generating Tax Credits as follows for December 31:

2021	\$ 116,040
2022	116,040
2023	<u>72,368</u>
	<u>\$ 304,448</u>

Note 7. Return to Owner

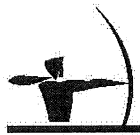
In accordance with Loan Agreement, the maximum annual return to owner allowable by RD for the Partnership is \$32,400.

Note 8. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is Gridley Springs Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, Rural Development and the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by Rural Development or the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 9. Contingency

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America ("U.S"). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time and the future effects are unknown.



B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Partners

DHI-DFA Gridley Springs Associates, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DHI-DFA Gridley Springs Associates, L.P. (A California Limited Partnership), which comprise the balance sheet as of December 31, 2020, and the related statement of income, partners equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion of the effectiveness of the Partnership's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Partnership's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Bowman & Company, LLP

Established 1949
www.cpabowman.com

10100 Trinity Parkway, Suite 310
Stockton, CA 95219

Telephone: 209.473.1040
Facsimile: 209.473.9771

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burman & Cuyay, C.C.P.

Stockton, California
February 15, 2021



B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR RD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF RD PROGRAMS

To the Partners of
DHI-DFA Gridley Springs Associates, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

Report on Compliance for Each Major RD Program

We have audited DHI-DFA Gridley Springs Associates, L.P.'s compliance with the compliance requirements described in the *Audit Guide for Audits of RD Programs* (the Guide) that could have a direct and material effect on DHI-DFA Gridley Springs Associates, L.P.'s major U.S. Department of Rural Development (RD) program for the year ended December 31, 2020. The Partnership's major RD program is as follows:

Name of Major RD Program	Direct and Material Compliance Requirements
Section 515 Rural Rental Housing Loan	Mortgage status, replacement reserve, return on investment or return to owner, equity skimming, cash receipts, cash disbursements, tenant security deposits, management functions, unauthorized change of ownership or acquisition of liabilities and unauthorized loans of project funds.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its RD program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of DHI-DFA Gridley Springs Associates, L.P.'s major RD programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the compliance requirements referred to above that could have a direct and material effect on a major RD program occurred.

An audit includes examining, on a test basis, evidence about DHI-DFA Gridley Springs Associates, L.P.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major RD programs. However, our audit does not provide a legal determination of DHI-DFA Gridley Springs Associates, L.P.'s compliance.

Opinion on Each Major RD Program

In our opinion, DHI-DFA Gridley Springs Associates, L.P. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major RD program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of DHI-DFA Gridley Springs Associates, L.P. is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered DHI-DFA Gridley Springs Associates, L.P.'s internal control over compliance with the requirements that could have a direct and material effect on its major RD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major RD program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of DHI-DFA Gridley Springs Associates, L.P.'s internal control over compliance. A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a compliance requirement of an RD program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a RD program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a RD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Stockton, California
February 15, 2021

Bawmen & Company, L.L.P.

**SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT**

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

December 31, 2020
See Auditors' Report

A. Management Fee Calculation

Total management fee is based on a fee per unit occupied by tenants during the month

Total qualified units (31 * 12 months)	372
Less: vacancies	--
Total occupied units	<u>372</u>
	X
Fee per unit (Effective 01/20)	<u>\$ 65</u>
Management fee expense	<u><u>\$ 24,180</u></u>

B. Insurance Disclosure

The Partnership maintains insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property coverage on buildings*	<u>\$ 10,000</u>	<u>\$ 313,269,490</u>
Comprehensive business liability (per occurrence/aggregate)	<u>\$ --</u>	<u>1,000,000 / \$ 2,000,000</u>
Fidelity/employee dishonesty	<u>\$ 2,500</u>	<u>\$ 1,000,000</u>

*Blanket coverage

C. Return to Owner

In accordance with the loan agreement, the annual return to owner is as follows:

Maximum Return to Owner	<u>\$ 32,400</u>
Budgeted Return to Owner	<u>\$ 32,400</u>
Return to Owner Paid:	
2019 RTO paid	<u>\$ 32,400</u>
	<u><u>\$ 32,400</u></u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

See Accountants' Report

D. Schedule of Changes in Fixed Assets

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 149,957	\$ --	\$ --	\$ 149,957
Building and improvements	3,137,787	--	--	3,137,787
Site improvements	165,810	--	--	165,810
Personal property	373,940	--	--	373,940
Total fixed assets	<u>\$ 3,827,494</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,827,494</u>
Accumulated depreciation				
Building and improvements	\$ 485,453	\$ 78,445	\$ --	\$ 563,898
Site improvements	66,324	11,054	--	77,378
Personal property	352,453	21,487	--	373,940
Total accumulated depreciation	<u>\$ 904,230</u>	<u>\$ 110,986</u>	<u>\$ --</u>	<u>\$ 1,015,216</u>

Fixed asset additions for the year ended December 31, 2020

None

Fixed asset disposals for the year ended December 31, 2020

None

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

See Accountants' Report

1. Reconcile the reserve account:

Required reserve balance, December 31, 2019	(1)	\$	325,589
Required annual reserve deposit (from Loan Agreement and any Subsequent Amendments)	(2)		20,378
Actual 2020 reserve account deposit			18,939

List all authorized withdrawals (documented by check countersigned by a
USDA Rural development employee)

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Regular or Excess</u>	<u>USDA Authorized</u>
1. Asphalt repair	07/10/20	\$ 10,268	Regular	Yes
2. RTO	05/12/20	32,400	Regular	Yes
Total all authorized <u>regular</u> reserve withdrawals			(3)	42,668
Total all authorized <u>excess</u> reserve withdrawals				- -
Total all unauthorized reserve withdrawals				- -
Required reserve balance, December 31, 2020 (1) + (2) - (3) = (4)			(4)	303,299
Confirmed balance, December 31, 2020				392,678
Amount account over (under) funded				\$ 89,379

2. Return on investment (ROI) calculation:

Net cash/deficit (Part I, Line 30)	\$	8,792
Add: Return to owner, paid this year for prior year(s)		32,400
Add: Reserve deposits over (under) required in the USDA loan agreement		(1,439)
Net cash/deficit, earned from current year's operation	\$	39,753
Maximum annual allowable distribution	\$	32,400

Project earned a full ROI for the period ending December 31, 2020

Position 3
**MULTIPLE FAMILY HOUSING
BORROWER BALANCE SHEET**
PART I - BALANCE SHEET

PROJECT NAME Gridley Springs Apartments	BORROWER NAME DHI-DFA Gridley Springs Associates, L.P.	BORROWER ID AND PROJECT NO. Case No. 04-04-111739358
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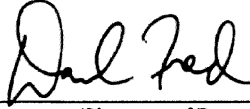
		CURRENT YEAR 1/1/20 12/31/20	PRIOR YEAR 1/1/19 12/31/19	COMMENTS
ASSETS				
CURRENT ASSETS				
1. GENERAL OPERATING ACCOUNT.....		\$ 46,985	\$ 294	
2. R.E. TAX & INSURANCE ACCOUNT		11,411	12,179	
3. RESERVE ACCOUNT		392,678	416,393	
4. SECURITY DEPOSIT ACCOUNT		17,070	15,635	
5. OTHER CASH		0	0	
6. OTHER (identify) Deposits		0	0	
7. ACCOUNTS RECEIVABLE AR USDA; AR tenants; AR other		6,838	17,312	
...ACCTS RCBL 0-30 DAYS \$ 6,838				
...ACCTS RCBL 30-60 DAYS \$				
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.....		0	0	
9. INVENTORIES (supplies)		0	0	
10. PREPAYMENTS.....		5,095	2,981	
11. OTHER - PARTNERSHIP CASH		220,086	218,860	
12. TOTAL CURRENT ASSETS (Add 1 thru 11)		700,163	683,654	
FIXED ASSETS				
13. LAND		149,957	149,957	
14. BUILDINGS		3,303,597	3,303,597	
15. LESS: ACCUMULATED DEPRECIATION		(641,276)	(551,777)	
16. FURNITURE & EQUIPMENT		373,940	373,940	
17. LESS: ACCUMULATED DEPRECIATION.....		(373,940)	(352,453)	
18.		0	0	
19. TOTAL FIXED ASSETS (Add 13 thru 18)		2,812,278	2,923,264	
OTHER ASSETS				
20. TAX CREDIT FEES, NET		10,736	12,078	
21. TOTAL ASSETS (Add 12, 19, and 20)		3,523,177	3,618,996	
LIABILITIES AND OWNERS EQUITY				
CURRENT LIABILITIES				
22. ACCOUNTS PAYABLE (Attach list)		0	-	
...ACCTS PAY 0-30 DAYS \$ 0				
...ACCTS PAY 30-60 DAYS \$				
23. NOTES PAYABLE P'ship fees pay'l; acc'd int pay'l - current; dev fee pay'l; NP USDA - current; ppd rent; NP Bonn - current		63,029	87,807	
24. SECURITY DEPOSITS		17,070	15,635	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24)		80,099	103,442	
26. NOTES PAYABLE Rural Development		1,019,882	1,031,700	
27. OTHER NP Bonn less unamort debt issuance costs; NP City of Gridley; acc'd int pay'l		2,710,330	2,649,970	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)		3,730,212	3,681,670	
29. TOTAL LIABILITIES (Add 25 and 28)		3,810,311	3,785,112	
30. OWNER'S EQUITY (Net Worth)(21 minus 29)		(287,134)	(166,116)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)		\$ 3,523,177	\$ 3,618,996	

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

3/23/2021

(Date)



(Signature of Borrower or Borrower's Representative)

Managing Member, DFA Development LLC as
Co-Administrative General Partner of DHI-DFA Gridley Springs Associates LP
(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

☒ In lieu of the above verification and signature, a compilation, review or audit opinion completed, dated and signed by a person or firm qualified by license or certification is attached.

**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**

PROJECT NAME Gridley Springs Apartments		BORROWER NAME DHI-DFA Gridley Springs Associates, L.P.		BORROWER ID AND PROJECT NO. Case No. 04-04-111739358	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Project Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Water <input type="checkbox"/> Trash <input type="checkbox"/> Other	<input checked="" type="checkbox"/> I hereby request 0 units of RA. Current number of RA units 26. Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual

PART I - CASH FLOW STATEMENT

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
BEGINNING DATES>	(01/01/20)	(01/01/20)	()	
ENDING DATES>	(12/31/20)	(12/31/20)	()	
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME.....	277,176	133,296	0	
2. RHS RENTAL ASSISTANCE RECEIVED.....		142,893		
3. APPLICATION FEES RECEIVED.....				
4. LAUNDRY AND VENDING.....	1,928	3,038	0	
5. INTEREST INCOME.....	145	4,914	0	
6. TENANT CHARGES.....	55	0	0	
7. OTHER - PROJECT SOURCES.....	0	0	0	
8. LESS (Vacancy and Contingency Allowance).....	(5,811)		(0)	
9. LESS (Agency Approved Incentive Allowance).....	(0)		(0)	
10. SUB-TOTAL [(1 thru 7)-(8&9)].....	273,493	284,141	0	
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT.....	0	0	0	
12. AUTHORIZED LOAN (Non-RHS).....	0	0	0	
13. TRANSFER FROM RESERVE.....	40,902	42,668	0	
14. SUB-TOTAL (11 thru 13).....	40,902	42,668	0	
15. TOTAL CASH SOURCES (10+14).....	314,395	326,809	0	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II).....	168,979	171,587	0	
17. RHS DEBT PAYMENT.....	28,224	28,224	0	
18. RHS PAYMENT (Overage).....		4,847		
19. RHS PAYMENT (Late Fee).....		0		
20. REDUCTION IN PRIOR YEAR PAYABLES(See Part IV).....		0		
21. TENANT UTILITY PAYMENTS.....		0		
22. TRANSFER TO RESERVE.....	20,378	18,939	0	
23. RETURN TO OWNER.....	32,400	32,400	0	
24. SUB-TOTAL (16 thru 23).....	249,981	255,997	0	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS).....	19,289	17,682	0	
26. ANNUAL CAPITAL BUDGET (From Part III, Line 4 - 6).....	40,902	42,668	0	
27. MISCELLANEOUS.....	0	1,670	0	Guarantee fee
28. SUB-TOTAL (25 thru 27).....	60,191	62,020	0	
29. TOTAL CASH USES (24+28).....	310,172	318,017	0	
30. NET CASH (DEFICIT) (15-29).....	4,223	8,792	0	
CASH BALANCE				
31. BEGINNING CASH BALANCE.....	0	12,473	0	
32. ACCRUAL TO CASH ADJUSTMENT.....		37,131		
33. ENDING CASH BALANCE (30+31+32).....	4,223	58,396	0	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PART II - OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
1. MAINTENANCE & REPAIRS PAYROLL.....	21,300	22,406	0	
2. MAINTENANCE & REPAIRS SUPPLY	2,700	4,145	0	
3. MAINTENANCE & REPAIRS CONTRACT	1,800	6,358	0	
4. PAINTING AND DECORATING	1,000	417	0	
5. SNOW REMOVAL	0	0	0	
6. ELEVATOR MAINTENANCE/CONTRACT	0	0	0	
7. GROUNDS	14,000	11,730	0	
8. SERVICES	2,800	1,472	0	
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0	6,727	0	
10. OTHER OPERATING EXPENSES(Itemize)	0	0	0	
11. SUB-TOTAL MAINT.& OPERATING (1 thru 10)	43,600	53,255	0	
12. ELECTRICITY	7,027	7,328	0	
13. WATER	6,300	4,294	0	
14. SEWER	14,000	13,243	0	
15. FUEL (Oil/Coal/Gas).....	751	246	0	
16. GARBAGE & TRASH REMOVAL.....	8,000	6,393	0	
17. OTHER UTILITIES	0	0	0	
18. SUB-TOTAL UTILITIES (12 thru 17)	36,078	31,504	0	
19. SITE MANAGEMENT PAYROLL	21,300	26,202	0	
20. MANAGEMENT FEE	24,180	24,180	0	
21. PROJECT AUDITING EXPENSE	7,400	7,000	0	
22. PROJECT BOOKKEEPING/ACCOUNTING	0	0	0	
23. LEGAL EXPENSES	1,000	0	0	
24. ADVERTISING	300	0	0	
25. TELEPHONE & ANSWERING SERVICE	1,300	847	0	
26. OFFICE SUPPLIES	1,800	2,501	0	
27. OFFICE FURNITURE & EQUIPMENT	600	0	0	
28. TRAINING EXPENSE	1,000	0	0	
29. HEALTH INS. & OTHER EMP. BENEFITS	5,600	1,825	0	
30. PAYROLL TAXES	3,500	4,760	0	
31. WORKMAN'S COMPENSATION	3,100	3,441	0	
32. OTHER ADMINISTRATIVE EXPENSES(Itemize).....	3,000	4,296	0	
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	74,080	75,052	0	
34. REAL ESTATE TAXES	4,307	1,667	0	
35. SPECIAL ASSESSMENTS	0	0	0	
36. OTHER TAXES, LICENSES & PERMITS	1,784	0	0	
37. PROPERTY & LIABILITY INSURANCE	9,130	10,109	0	
38. FIDELITY COVERAGE INSURANCE	0	0	0	
39. OTHER INSURANCE	0	0	0	
40. SUB-TOTAL TAXES & INSURANCE(34 thru 39)	15,221	11,776	0	
41. TOTAL O&M EXPENSES (11+18+33+40).....	168,979	171,587	0	

PART III - ACCOUNT BUDGETING / STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	131,270	416,393	0	
2. TRANSFER TO RESERVE	20,378	18,939	0	
TRANSFER FROM RESERVE:				
3. OPERATING DEFICIT	0	0	0	
4. ANNUAL CAPITAL BUDGET	40,902	10,268	0	
5. BUILDING & EQUIPMENT REPAIRS	0	0	0	
6. OTHER NON-OPERATING EXPENSES	0	32,400	0	RTO
7. TOTAL (3 thru 6)	(40,902)	(42,668)	(0)	
8. ENDING BALANCE [(1+2)-7]	110,746	392,664	0	

GENERAL OPERATING ACCOUNT: *

BEGINNING BALANCE.....
 ENDING BALANCE.....

a	294
b	46,985

Beginning
12,473

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE.....
 ENDING BALANCE.....

c	12,179
d	11,411

Ending
58,396

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE.....
 ENDING BALANCE.....

15,635
17,070

(* Complete upon submission of actual expenses.)

Part II, Line 32, Itemization

	Actual
Travel	\$ 112
Credit check	54
IT support services	2,052
Dues and subscriptions	248
Education/registration fees	450
Bank fees	265
Admin expense/office personnel	1,115
	<u>\$ 4,296</u>

PART V - ANNUAL CAPITAL BUDGET

Gridley Springs Apartments

Appliances:

Proposed # of units/ items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total
Range	2	1,000	0	0	1,065
Refrigerator	2	1,300	0	0	1,065
Range Hood	2	90	0	0	1,066
Other	0	0	0	0	0

Carpet and Vinyl:

1 BR	1	1,840	0	0	992
2 BR	1	2,056	0	0	991
3 BR	1	4,116	0	0	0

Cabinets:

Kitchens	0	0	0	0	0
Bathroom	0	0	0	0	0

Doors:

Exterior	0	0	0	0	0
Interior	0	0	0	0	0

Window Coverings:

Blinds	0	0	0	0	25
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Heating and Air Conditioning:

Heating	0	0	0	0	0
Air conditioning	1	5,500	0	0	0

Plumbing:

Water Heater	1	2,000	0	0	0
Bath Sinks	0	0	0	0	0
Kitchen Sinks	0	0	0	0	0
Tub	0	0	0	0	1,523
Other	0	0	0	0	0

Major Electrical:

Lighting		0	0	0	0
----------	--	---	---	---	---

Structures:

Windows	0	0	0	0	0
Screens	0	0	0	0	0
Walls		0	0	0	0
Roofing		0	0	0	0
Exterior Painting		0	0	0	0
Other		0	0	0	0

Paving:

Asphalt		0	0	0	0
Concrete		0	0	0	0
Seal and Stripe		7,000	10,268	0	10,268

Landscape and grounds:

Landscaping		2,500	0	0	0
Lawn Equipment		0	0	0	0
Fencing		0	0	0	0
Recreation area		0	0	0	0
Other: Gutter		0	0	0	0
ADA inspection		0	0	0	0

Automation equipment:

Site management		0	0	0	0
Common area		0	0	0	0

Other:

List: Tree trimming		2,000	0	0	0
List: Gutter cleaning		2,500	0	0	0
List: Signs		9,000	0	0	0

TOTAL CAPITAL EXPENSES:

11	40,902	10,268	0	6,727	16,995
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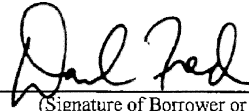
PART VI - SIGNATURES, DATES AND COMMENTS

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

3/25/2021

(Date)



(Signature of Borrower or Borrower's Representative)

Managing Member, DFA Development LLC as
Co-Administrative General Partner of DHI-DFA Gridley Springs Associates LP

(Title)

AGENCY APPROVAL *(Rural development Approval Official):*

DATE:

COMMENTS:

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
See Auditors' Report

For the year ended December 31, 2020:

There were no findings or questioned costs for the year ended December 31, 2020.

For the year ended December 31, 2019:

There were no findings or questioned costs for the year ended December 31, 2019.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SCHEDULE OF LEAD AUDITOR

See Auditors' Report

Auditor Information: Bowman and Company, LLP
10100 Trinity Parkway Suite 310
Stockton, CA 95219

Phone Number: (209) 473-1040

Fax Number: (209) 473-9771

Auditor Contact: Tobbie J. Wells, CPA

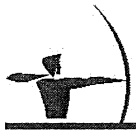
Auditor Contact Title: Partner

Auditor Contact Email: Twells@cpabowman.com

1200 PARK AVENUE LP
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2020 and 2019

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners
1200 Park Avenue, L.P.
(A California Limited Partnership)
Chico, California

We have audited the accompanying financial statement of 1200 Park Avenue, L.P. (A California Limited Partnership), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1200 Park Avenue, L.P. (A California Limited Partnership) as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 to the financial statements, in March 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern". Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Stockton, California
February 14, 2021

Bowman & Company, L.L.P.

Bowman & Company, LLP

Established 1949
www.cpbowman.com

10100 Trinity Parkway, Suite 310
Stockton, CA 95219

Telephone: 209.473.1040
Facsimile: 209.473.9771

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

BALANCE SHEETS
December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 155,493	\$ 138,734
Accounts receivable - tenant	6,019	2,772
Prepaid expenses	25,079	21,518
Total current assets	<u>186,591</u>	<u>163,024</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	11,873	15,798
Tenant security deposits	35,879	35,879
Reserve for replacements	336,332	306,774
	<u>384,084</u>	<u>358,451</u>
PROPERTY AND EQUIPMENT, at cost		
Land	629,523	629,523
Building and improvements	18,390,783	18,390,783
Furniture and equipment	128,913	128,913
	<u>19,149,219</u>	<u>19,149,219</u>
Less accumulated depreciation	(6,753,560)	(6,293,341)
	<u>12,395,659</u>	<u>12,855,878</u>
OTHER ASSETS		
Deposit	329	329
Tax credit fees, net of accumulated amortization		
of \$102,146 and \$95,061 in 2020 and 2019, respectively	4,134	11,219
	<u>4,463</u>	<u>11,548</u>
Total assets	<u><u>\$ 12,970,797</u></u>	<u><u>\$ 13,388,901</u></u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

BALANCE SHEETS (Cont.)
December 31, 2020 and 2019

LIABILITIES AND PARTNERS' EQUITY	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,447	\$ 10,313
Due to affiliate	2,438	2,438
Accrued interest expense, current portion	33,777	33,111
Note payable - Berkadia, current portion	58,239	54,259
Partnership fees payable	12,792	12,565
Total current liabilities	<u>118,693</u>	<u>112,686</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>33,914</u>	<u>35,879</u>
 LONG-TERM LIABILITIES		
Note payable - Berkadia, less current portion	1,715,954	1,774,193
Less unamortized debt issuance cost	(14,880)	(15,835)
Accrued interest expense, less current portion	588,970	588,769
Note payable - Redevelopment Agency of the City of Chico	3,675,000	3,675,000
Note payable - Housing Authority of the County of Butte	1,196,413	1,172,762
	<u>7,161,457</u>	<u>7,194,889</u>
 Total liabilities	<u>7,314,064</u>	<u>7,343,454</u>
 PARTNERS' EQUITY	<u>5,656,733</u>	<u>6,045,447</u>
 Total liabilities and partners' equity	<u><u>\$ 12,970,797</u></u>	<u><u>\$ 13,388,901</u></u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

STATEMENTS OF INCOME
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE		
Tenant rental income	\$ 869,211	\$ 808,094
Tenant charges	9,669	6,863
Laundry	9,000	11,000
Other income	1,065	2,049
Interest income	167	214
Total revenue	<u>889,112</u>	<u>828,220</u>
 OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	123,777	100,830
Utilities	108,667	104,471
Wages and salaries	95,997	86,116
Property management fees	44,352	41,411
Services	35,330	36,348
Insurance	25,971	22,369
General and administrative	19,631	22,376
Health insurance and other employee benefits	16,332	10,854
Professional fees	14,250	19,020
Payroll taxes and workers' compensation insurance	13,717	13,096
Bad debt expense (recovery)	1,715	1,507
Other taxes and licenses	1,676	2,421
Total operating and maintenance expenses	<u>501,415</u>	<u>460,819</u>
 Net operating income	<u>387,697</u>	<u>367,401</u>
 OTHER EXPENSES		
Depreciation expense	460,219	459,869
Interest expense	259,206	261,579
Partnership fees	37,881	66,035
Amortization expense	7,085	7,085
Reserve withdrawal - evaluation	2,500	--
Interest expense - debt issuance cost	955	955
Total other expenses	<u>767,846</u>	<u>795,523</u>
 Net income (loss)	<u><u>\$ (380,149)</u></u>	<u><u>\$ (428,122)</u></u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY
Years Ended December 31, 2020 and 2019

	BCAHDC	CCPXXVIII, LP (Withdrawing Partner) HACB (Admitted Partner)	CCPXXXIII, LP (Withdrawing Partner) HABC (Admitted Partner)	RCXXXVIII SLP LLC (Withdrawing Partner) HABC (Admitted Partner)	Total
Balance, December 31, 2018	\$ (519)	\$ 6,004,367	\$ 507,897	\$ (519)	\$ 6,511,226
Partner distributions	(4)	(34,726)	(2,923)	(4)	(37,657)
Net loss	(43)	(394,804)	(33,232)	(43)	(428,122)
Balance, December 31, 2019	(566)	5,574,837	471,742	(566)	6,045,447
Partner distributions	(1)	(7,898)	(665)	(1)	(8,565)
Net loss	(38)	(350,565)	(29,508)	(38)	(380,149)
Balance, December 31, 2020	<u>\$ (605)</u>	<u>\$ 5,216,374</u>	<u>\$ 441,569</u>	<u>\$ (605)</u>	<u>\$ 5,656,733</u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (380,149)	\$ (428,122)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	467,304	466,954
Amortization of debt issuance cost	955	955
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(3,247)	(370)
Prepaid expenses	(3,561)	(1,628)
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,134	(6,476)
Accrued interest payable	23,651	655
Accrued interest payable - HACB	867	23,183
Tenant security deposits	(1,965)	735
Partnership fees payable	227	220
Net cash provided by (used in) operating activities	<u>105,216</u>	<u>56,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>--</u>	<u>(18,633)</u>
Net cash provided by (used in) investing activities	<u>--</u>	<u>(18,633)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of long-term debt	(54,259)	(50,550)
Partners distributions	<u>(8,565)</u>	<u>(37,657)</u>
Net cash provided by (used in) financing activities	<u>(62,824)</u>	<u>(88,207)</u>
 Increase (decrease) in cash, cash equivalents and restricted cash	 42,392	 (50,734)
Cash, cash equivalents and restricted cash		
Beginning	<u>497,185</u>	<u>547,919</u>
Ending	<u>\$ 539,577</u>	<u>\$ 497,185</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 234,688</u>	<u>\$ 237,741</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 155,493	\$ 138,734
Tax and insurance impounds	11,873	15,798
Tenant security deposits	35,879	35,879
Reserve for replacements	<u>336,332</u>	<u>306,774</u>
	<u>\$ 539,577</u>	<u>\$ 497,185</u>

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

1200 Park Avenue, L.P. (the “Partnership”), a California limited partnership, was formed in March 2003, to own, maintain and operate a 107-unit senior citizen apartment complex, known as Park Avenue Apartments (the “Project”) in Chico, California. The Project qualified and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements.

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership consisted of a 0.00% Administrative General Partner, 1200 Park Avenue LLC; a 0.01% Managing General Partner, Butte County Affordable Housing Development Corporation (BCAHDHC); a 92.2177% investor limited partner, Centerline Corporate Partners XXVIII, LP; a 7.7623% investor limited partner, Centerline Corporate Partners XXXIII, LP; and a 0.001% Special Limited Partner, Related Corporate XXXVIII SLP LLC.

In November 2020, under the Third Amended and Restated Agreement of Limited Partnership, the Housing Authority of the County of Butte (HACB), a public body, corporate and politic, purchased the limited partners’ interests of the Partnership. Pursuant to the Third Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 0.00% Administrative General Partner, 1200 Park Avenue LLC; a 0.01% Managing General Partner, Butte County Affordable Housing Development Corporation; a 99.98% investor limited partner, Housing Authority of the County of Butte; and a 0.01% special limited partner, Housing Authority of the County of Butte. All profits, losses and credits, except those gains and losses referred to in Sections 9.1, 9.2, and 9.3 of the Partnership Agreement, shall be allocated to the partners in accordance with their percentage interest.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of presentation

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Change for adoption of new accounting guidance

During the year ended December 31, 2019, the Partnership adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-18 Statement of Cash Flows (Topic 230) Restricted Cash. The amendments in the ASU are an improvement to GAAP because it reduces the diversity in the classification and presentation of restricted cash or restricted cash equivalents in the statements of cash flows. The Partnership has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Cash, cash equivalents and restricted cash

For purposes of reporting the statements of cash flows, the Partnership includes all cash and restricted cash accounts as cash.

Replacement reserve

Upon completion of the project, a reserve for replacements account was required to be established. The reserve includes any funds of the Partnership held by the Project lenders as a reserve for repairs and replacements. The reserve for replacement account is funded in twelve equal monthly installments at the rate of \$2,675 per month.

Accounts receivable

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and equipment

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	40
Furniture and fixtures	5 - 15

Expenditures for maintenance and repairs are expensed as incurred.

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the years ended December 31, 2020 and 2019.

Amortization

Organization costs are expensed as incurred. Tax credit monitoring fees are amortized over the fifteen year Low-Income Tax Credit Compliance period, using the straight-line method.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method.

Fair value of financial instruments

The carrying amount of financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, due to affiliate, note payables, partnership fees payable, accrued liabilities, accrued expenses and accounts payable approximate their value due to the short-term maturities of these instruments.

Rental revenue

The rental property is generally leased to tenants under one-year non-cancelable operating leases. Rental revenue is recognized when due from tenants, generally the first day of each month. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

Use of estimates

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

Income taxes

Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on its respective tax return.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Partnership's tax returns will not be challenged by the tax authorities and that the Partnership or its partners will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Partnership's tax returns remain open for three to four years for income tax examination.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Subsequent events

Management has evaluated subsequent events through March 31, 2021, the date the financial statements were available to be issued.

Note 2. Related Parties Transactions

Annual local administrative fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Special Limited Partner a cumulative annual fee of \$5,000. As of December 31, 2020 and 2019, \$5,000 annual local administrative fee was payable. For the years ending December 31, 2020 and 2019, \$5,000 of the annual local administrative fee was earned.

Social services reimbursement fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the General Partners a cumulative annual fee of \$5,000, to be increased at an annual rate of 3%. As of December 31, 2020 and 2019, \$7,792 and \$7,565, respectively, of the social services reimbursement fee was earned and payable.

Tax credit monitoring fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the General Partners an annual fee of 2% of gross effective income. For the years ending December 31, 2020 and 2019, \$16,523 and \$15,813, respectively, of the tax credit monitoring fee was paid.

Supervisory management fee

Pursuant to the Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the General Partners an annual fee equal to 50% of the cash flow otherwise available for distribution. The supervisory management fee cannot exceed 8% of gross effective income. For the years ending December 31, 2020 and 2019, \$8,565 and \$37,712, respectively, of the supervisory management fee was paid.

Note 3. Excess Cash Distributions

The 2020 excess cash distributions to be paid subsequent to December 31, 2020 is \$173,328 to be distributed to the Special Limited Partner for the annual local administrative fee for \$5,000, to the General Partners for the social services reimbursement fee for \$7,792, to the General Partners for the tax credit monitoring fee for \$17,680, to the General Partners for the supervisory management fee of \$17,688, to HACB for interest on its loan for \$33,779, to the City of Chico for \$73,501 for interest on its loan, and \$17,688 distributed to the Partners.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt

Long-term debt consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Note payable to the City of Chico, acting as the successor agency to Chico Redevelopment Agency, issued in May 2003, in the amount of \$3,675,000. The loan is secured by land and buildings. The loan bears interest at a fixed rate of 2.00% simple interest. The note matures on May 29, 2058. The Partnership incurred \$73,701 of interest expense during the years ended December 31, 2020 and 2019. At December 31, 2020 and 2019, accrued interest was \$588,970.	\$ 3,675,000	\$ 3,675,000
Note payable to Berkadia, issued in June 2007 in the amount of \$2,261,000. The loan is secured by land and buildings. The loan bears interest at a fixed rate of 7.10%. Monthly principal and interest payments in the amount of \$15,195 are due monthly. The note matures in July 2037. The Partnership incurred \$128,076 and \$131,785 of interest expense during the years ended December 31, 2020 and 2019, respectively.	1,774,193	1,828,452
Note payable to the Housing Authority of the County of Butte (HACB), issued in November 2004, in the amount of \$675,000. The loan is secured by land and buildings. The loan bears interest at a fixed rate of 4.84% simple interest. The loan matures in November 2054. Principal and interest payments are required to be paid from residual receipts as defined in the promissory note. The Partnership incurred interest expense of \$57,429 and \$56,294 during the years ended December 31, 2020 and 2019, respectively. The accrued interest expense not paid during the year is included with principal. At December 31, 2020 and 2019, accrued interest was \$33,777 and \$33,111, respectively.	<div style="text-align: right;">1,196,413</div> <div style="text-align: right;">\$ <u>6,645,606</u></div>	<div style="text-align: right;">1,172,762</div> <div style="text-align: right;">\$ <u>6,676,214</u></div>

1200 PARK AVENUE LP
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt (Cont.)

The future amounts of principal payments under the note payables at December 31, 2020 were as follows:

2021	\$ 58,239
2022	62,511
2023	67,097
2024	72,019
2025	77,302
Thereafter	<u>6,308,438</u>
	<u>\$ 6,645,606</u>

As of December 31, 2020 and 2019, debt issuance costs, net of accumulated amortization of \$13,767 and \$12,812, respectively, are amortized using the straight-line method.

Note 5. City of Chico Home Program Regulatory Agreements

In consideration of a grant made by the City of Chico, and a loan made to the Project, by the Chico Redevelopment Agency, the Partnership has entered into regulatory agreements with the City and Agency. These agreements set forth certain covenants, conditions, and restrictions regarding the manner in which the Partnership will hold and use the Project. Generally, the Partnership agrees that for a 55-year period following issuance of an unconditional certificate of occupancy, it will cause the Project to be used and held as a residence for low-income and very low-income senior citizen tenants subject to various covenants and conditions.

Note 6. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is 1200 Park Avenue Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 7. Contingency

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America ("U.S"). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time and the future effects are unknown.

SUPPLEMENTAL INFORMATION

**1200 PARK AVENUE, L.P.
(A California Limited Partnership)**

**CALCULATION OF SURPLUS CASH
Year Ended December 31, 2020**

NET INCOME (LOSS)	\$ (380,149)
Add: depreciation, amortization and interest expense - debt issuance costs	<u>468,259</u>
CASH FLOW FROM OPERATIONS	88,110
Less:	
Transfers to replacement reserve (including interest)	(32,208)
Capital improvements	--
Mortgage loan principal payments - Berkadia	(54,259)
Add:	
Tax credit monitoring fee	16,523
Supervisory management fee	8,565
Social service reimbursement fee	7,792
Annual local administrative fee	5,000
Interest expense - HACB	57,429
Interest expense - City of Chico	73,701
Transfers in from reserves	2,650
Interest income - non-restricted	<u>25</u>
NET CASH FLOWS AVAILABLE FOR DISTRIBUTION	<u><u>\$ 173,328</u></u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

EXCESS CASH DISTRIBUTION CALCULATION
Year Ended December 31, 2020

EXCESS CASH FLOW \$ 173,328

DISTRIBUTION OF CASH FLOW

Local administrative fee	(5,000)
City of Chico annual interest payment (as per Loan Agreement 75% RR)	(73,701)
Social services reimbursement fee	(7,792)

Tax credit monitoring fee (2% of gross effective income)

Gross potential rent	893,919	
Other income (tenant charges/laundry)	19,734	
Vacancy loss & concessions	(24,708)	
Change in prepaid rent	--	
Change in accounts receivable	(3,247)	
Tenant bad debt (direct write-off/reversal)	(1,715)	

	883,983	(17,680)
--	---------	----------

HACB annual interest payment		(33,779)
		35,376

Supervisory management fee (50% of remainder, not to exceed 8% of gross effective income)	70,719	(17,688)
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Balance to be distributed to Partners (87.4% of the distribution is allocated to the withdrawing limited partners)		17,688
--	--	--------

Withdrawing Limited Partner (CCP XXVIII, LP)	92.2177%	(14,306)
Withdrawing Limited Partner (CCP XXXIII, LP)	7.7623%	(1,204)
Withdrawing Special Limited Partner (RC XXXVIII SLP LLC)	0.0100%	(3)
Limited Partner (HACB)	99.9800%	(2,175)
Special Limited Partner (HACB)	0.0100%	(0)
General Partners (BCAHDC)	0.0100%	(0)
		\$ 0

Chico Harvest Park, L.P.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2020 and 2019

Chico Harvest Park, L.P.

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Independent Auditor's Report

To the General Partners
Chico Harvest Park, L.P.

We have audited the accompanying financial statements of Chico Harvest Park, L.P., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chico Harvest Park, L.P. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Sacramento, California
February 19, 2021

Chico Harvest Park, L.P.

**Balance Sheets
December 31, 2020 and 2019**

Assets

	<u>2020</u>	<u>2019</u>
Investment in rental property, net	\$ 12,364,021	\$ 12,802,338
Cash	419,656	292,155
Restricted deposits and funded reserves		
Escrows	43,648	51,784
Tenants' security deposits	57,710	53,166
Replacement reserve	188,126	160,107
Operating reserve	250,000	250,000
Other reserves	<u>94,819</u>	<u>94,819</u>
Total restricted deposits and funded reserves	<u>634,303</u>	<u>609,876</u>
Tenants' accounts receivable, net	6,291	7,672
Prepaid expenses	6,798	6,367
Tax credit monitoring fees, net	23,845	26,827
Other assets	<u>11,500</u>	<u>-</u>
Total assets	<u><u>\$ 13,466,414</u></u>	<u><u>\$ 13,745,235</u></u>

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 29,394	\$ 12,784
Accrued property management fees	3,745	3,814
Other accrued liabilities	18,632	18,487
Accrued interest - first mortgage	67,484	67,602
Accrued interest - other loans	1,143,811	1,039,996
Tenants' security deposits liability	56,210	51,666
Payable to general partner and affiliates	31,593	31,255
Annual fee payable to the investor limited partner	9,223	8,955
Mortgages and notes payable, net	13,312,319	13,333,089
Other liabilities - construction	<u>5,950</u>	<u>5,950</u>
Total liabilities	<u>14,678,361</u>	<u>14,573,598</u>
Contingencies	-	-
Partners' equity (deficit)	<u>(1,211,947)</u>	<u>(828,363)</u>
Total liabilities and partners' equity (deficit)	<u><u>\$ 13,466,414</u></u>	<u><u>\$ 13,745,235</u></u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Statements of Operations
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue		
Rental income	\$ 936,638	\$ 883,553
Vacancies and concessions	(17,846)	(8,015)
Other operating income	<u>9,569</u>	<u>10,464</u>
Total revenue	<u>928,361</u>	<u>886,002</u>
Operating expenses		
Salaries and employee benefits	80,393	112,866
Repairs and maintenance	105,172	117,970
Utilities	76,369	83,555
Property management fee	45,222	42,798
Real estate taxes	161	161
Property insurance	26,618	27,015
Miscellaneous operating expenses	<u>68,912</u>	<u>62,548</u>
Total operating expenses	<u>402,847</u>	<u>446,913</u>
Net operating income	<u>525,514</u>	<u>439,089</u>
Other income (expense)		
Interest income	567	464
Interest expense - first mortgage	(155,157)	(156,582)
Interest expense - other loans	(192,280)	(191,869)
Other financial income (expense)	(83,763)	(84,237)
Miscellaneous other income (expense)	3,651	-
Annual fee payable to the investor limited partner	(9,224)	(8,956)
Other related party fees and expenses	(31,593)	(31,255)
Depreciation	(438,317)	(438,678)
Amortization	<u>(2,982)</u>	<u>(2,982)</u>
Total other income (expense)	<u>(909,098)</u>	<u>(914,095)</u>
Net loss	<u><u>\$ (383,584)</u></u>	<u><u>\$ (475,006)</u></u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2020 and 2019**

	<u>Administrative general partner</u>	<u>Managing general partner</u>	<u>Investor limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2019	\$ (252)	\$ (202)	\$ (352,953)	\$ (353,407)
Net loss	(24)	(24)	(474,958)	(475,006)
Contributions	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Balance, December 31, 2019	(226)	(226)	(827,911)	(828,363)
Net loss	<u>(19)</u>	<u>(19)</u>	<u>(383,546)</u>	<u>(383,584)</u>
Balance, December 31, 2020	<u>\$ (245)</u>	<u>\$ (245)</u>	<u>\$ (1,211,457)</u>	<u>\$ (1,211,947)</u>
Partners' percentage of partnership losses	<u>0.005%</u>	<u>0.005%</u>	<u>99.99%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Net loss	\$ (383,584)	\$ (475,006)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	438,317	438,678
Amortization	2,982	2,982
Amortization of debt issuance costs	23,198	23,198
Bad debt	3,256	882
Changes in		
Tenants' accounts receivable	(1,875)	(7,926)
Prepaid expenses	(431)	1,933
Other assets	(11,500)	1,175
Accounts payable - operations	16,610	(7,197)
Accrued property management fees	(69)	254
Prepaid rent	145	(7,744)
Accrued interest - first mortgage	(118)	(119)
Accrued interest - other loans	119,847	153,037
Tenants' security deposits liability	4,544	(2,434)
Payable to general partner and affiliates	338	328
Annual fee payable to investor limited partner	268	262
Net cash provided by operating activities	<u>211,928</u>	<u>122,303</u>
Cash flows from investing activities		
Deposits to replacement reserve	(28,019)	(26,134)
Change in other reserves	-	2,827
Change in escrows	8,136	(15,782)
Net cash used in investing activities	<u>(19,883)</u>	<u>(39,089)</u>
Cash flows from financing activities		
Payments of mortgage note payable	(60,000)	(60,000)
Contributions from partners	-	50
Net cash used in financing activities	<u>(60,000)</u>	<u>(59,950)</u>
Net increase in cash and restricted cash	132,045	23,264
Cash and restricted cash, beginning	<u>595,321</u>	<u>572,057</u>
Cash and restricted cash, end	<u>\$ 727,366</u>	<u>\$ 595,321</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 204,510</u>	<u>\$ 172,335</u>
Supplemental schedule of noncash investing and financing activities		
Accrued interest converted to loan principal	<u>\$ 16,032</u>	<u>\$ 15,627</u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2020 and 2019

Note 1 - Organization and nature of operations

Chico Harvest Park, L.P. (the "Partnership") was formed as a limited partnership under the laws of the State of California on February 19, 2021 for the purpose of investing in and acquiring a fee interest in the land, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project (the "Project"). The Project completed construction and commenced operating on December 30, 2013. The Project consists of 90 units located in Chico, California. The Project is currently operating under the name of Harvest Park.

The partnership agreement was amended and restated on January 1, 2013, from which date the Partnership consists of an administrative general partner, Chico Harvest Park, LLC, which owns 0.0050%, a managing general partner, Butte County Affordable Housing Development Corporation, which owns 0.0050%, and one investor limited partner, R4 HP Acquisition LLC, which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.2 of the amended partnership agreement (the "partnership agreement"), shall be allocated to the partners in accordance with their percentage interests.

Each building of the Project qualified for and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of the regulations during each of the 15 consecutive years in order to remain qualified to receive the tax credits. In addition, the Partnership entered into an extended use regulatory agreement with the California tax credit agency which requires the use of the Project in accordance with Section 42 for a minimum number of years even after disposition of the buildings by the Partnership.

The partnership agreement provides that the Partnership shall continue in existence until December 31, 2073, unless sooner dissolved and terminated by provisions of the partnership agreement or by operation of law.

Note 2 - Significant accounting policies

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Tenants' accounts receivable

Tenants' accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2020 and 2019, the allowance for doubtful accounts was \$3,375 and \$3,322, respectively.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2020 and 2019

Investment in rental property

Rental property is stated at cost and includes all cost of development and construction of the Project. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statement of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Method</u>	<u>Estimated useful lives</u>
Building and improvements	Straight-line	40 years
Land improvements	Straight-line	15 years
Building equipment	Straight-line	5 years

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2020 and 2019.

Deferred fees and amortization

Tax credit monitoring fees totaling \$44,727 are being amortized over the compliance period using the straight-line method. As of December 31, 2020 and 2019, accumulated amortization was \$20,882 and \$17,900, respectively.

Estimated amortization expense for each of the next five years following December 31, 2020 is \$2,982 per year.

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Advertising costs

Advertising and marketing costs are expensed as incurred.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2020 and 2019

Income taxes

The Partnership is a pass-through entity for income tax purposes and, is not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. The Partnership is required to file and does file tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2017 remain open.

Use of estimates

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

Note 3 - Investment in rental property, net

Rental property is comprised of the following as of December 31:

	2020	2019
Land	\$ 1,375,634	\$ 1,375,634
Land improvements	2,082,769	2,082,769
Buildings and improvements	11,974,275	11,974,275
Furniture and equipment	1,290,016	1,290,016
Subtotal	16,722,694	16,722,694
Accumulated depreciation	(4,358,673)	(3,920,356)
Net	<u>\$ 12,364,021</u>	<u>\$ 12,802,338</u>

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2020 and 2019

Note 4 - Restricted deposits and funded reserves

Replacement reserve

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Beginning from the conversion of the construction loan to permanent financing, monthly deposits are required based upon an initial amount of \$300 per unit per year. As of December 31, 2020 and 2019, the balance in the replacement reserve account is \$188,126 and \$160,107, respectively. The replacement reserve activity is as follows:

	2020	2019
Balance, January 1	\$ 160,107	\$ 133,973
Deposits	27,990	27,990
Interest income	29	44
Withdrawals	-	(1,900)
Balance, December 31	<u>\$ 188,126</u>	<u>\$ 160,107</u>

Operating reserve

Pursuant to the partnership agreement, the Partnership is required to establish an operating reserve concurrent with the Rental Achievement Installment from the investor limited partner in the amount of \$250,000. As of December 31, 2020 and 2019, the balance in the operating reserve is \$250,000 and \$250,000, respectively.

Other reserves

Other reserves on deposit with Wells Fargo Corporate Trust Services are comprised of the following at December 31:

	2020	2019
Interest account	\$ 61,121	\$ 62,092
Borrower equity account	2,401	2,393
Principal redemption account	25,000	25,000
Fee's account	6,297	5,334
	<u>\$ 94,819</u>	<u>\$ 94,819</u>

Note 5 - Related party transactions

Capital contributions

Capital contributions amounting to \$5,019,000 are due from the limited partner when certain milestones are achieved as disclosed in the partnership agreement. The capital contributions due from the limited partner are subject to adjustments as defined in the partnership agreement. As of December 31, 2020, all capital contributions from the limited partner have been received.

As of December 31, 2020, all capital contributions from the general partners have been received.

Developer fee

The Partnership entered into a development agreement with an affiliate of the administrative general partner for services rendered in overseeing the development and construction of the Project

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2020 and 2019

until all development work is complete. The total fee was \$2,182,816; however, due to the limitations imposed by the California Tax Credit Allocation Committee, only \$1,995,743 has been incurred and capitalized as a cost of the rental property. The developer fee was paid in full in 2015.

Managing general partner fee

The Partnership entered into an agreement with the managing general partner for its services in monitoring the tenants and performing other duties as managing general partner, as defined in the partnership agreement. The annual fee is \$20,000. The fee is cumulative and payable only from the available cash flow of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, an \$11,000 portion shall not be payable or accrue. For the years ended December 31, 2020 and 2019, \$20,000 and \$20,000, respectively, was incurred and expensed. As of December 31, 2020 and 2019, \$20,000 and \$20,000, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

Administrative general partner fee

The Partnership shall pay a fee to the administrative general partner for services rendered as defined in the partnership agreement. The annual fee is \$10,000, with annual increases of 3%. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, the fee shall not be payable or accrue. The annual fee plus any other distributions to the administrative general partner is not to exceed 84.995% of cash flow distributed to the partners. For the years ended December 31, 2020 and 2019, \$11,593 and \$11,255, respectively, was incurred. As of December 31, 2020 and 2019, \$11,593 and \$11,255, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

Annual local administration fee

The Partnership is to pay an annual asset management fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. The annual fee is \$7,500 with annual increases of 3%. For the years ended December 31, 2020 and 2019, \$9,224 and \$8,956, respectively, was incurred and expensed. As of December 31, 2020 and 2019, \$9,223 and \$8,955, respectively, remains payable.

Cash flow distributions

As defined in the partnership agreement, cash flow, if available with respect to any Partnership accounting year, shall be applied or distributed annually, within 60 days after the end of the Partnership Accounting Year, but in no event earlier than the filing of the Partnership tax return for such year. Net cash flow is to be distributed as follows:

1. To the investor limited partner, any unpaid but accrued annual local administrative fees;
2. To replenish the operating reserve to the extent any withdrawals have been made;
3. To repay any loan payable to any Partner, including voluntary loans, other than loans payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
4. To the management agent, an amount equal to any accrued and unpaid deferred management fees;
5. To the managing general partner, an amount equal to \$9,000 of the MGP partnership management fee;

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2020 and 2019

6. To the developer, an amount equal to all accrued but unpaid interest and principal in respect of the deferred development fee, applied first to accrued interest and then to principal;
7. To the managing general partner, an amount equal to \$11,000 of the MGP partnership management fee and any accrued and unpaid MGP partnership management fee;
8. To the administrative general partner, any unpaid but accrued AGP partnership management fees;
9. To repay any voluntary loan payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
10. To the person making an operating deficit loan, to the extent of 50% of the remaining cash flow, an amount equal to the unpaid balance of any operating deficit loan made by such person;
11. To the payment of unpaid but accrued interest with respect to the City of Chico Loan;
12. To the payment of unpaid but accrued principal and interest with respect to the Housing Authority of the County of Butte Loan; and
13. The balance, 15% to the investor limited partner, 84.995% to the administrative general partner and .005% to the managing general partner.

Development deficit guaranty

During the development deficit period, as defined, the general partner shall advance the Partnership any amounts required to fund any development deficits and any operating deficits. As of December 31, 2020, no amounts were due under the guaranty.

Guaranty agreement

The partnership agreement provides for a guaranty agreement between affiliates of the general partners and the investor limited partner. The guarantors guarantee the following: i) the full and complete payment and performance by the general partner of the Special Obligations; ii) the full and complete payment and performance by the developer under the development agreement. As of December 31, 2020, no amounts were due under the guaranty.

Note 6 - Statements of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows.

	2020	2019
Cash	\$ 419,656	\$ 292,155
Tenants' security deposits	57,710	53,166
Operating reserve	250,000	250,000
Total cash and restricted cash	<u>\$ 727,366</u>	<u>\$ 595,321</u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the property and the operating reserve as required by the partnership agreement.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2020 and 2019

Note 7 - Mortgages and notes payable

The Partnership entered into a loan agreement in the amount of \$10,711,311 of bonds issued by California Statewide Communities Development Authority from the proceeds of Affordable Multifamily Housing Revenue Bonds Series 2013 A-1 (\$4,300,000) ("Series 2013 A-1 bonds") and Series 2013 A-2 (\$6,411,311) ("Series 2013 A-2 bonds"). The bonds are secured by the Project. The Series 2013 A-2 bonds were paid in full in 2014.

The Series 2013 A-1 bonds bear interest at a fixed interest rate of 3.30% and mature on July 1, 2030. The Series 2013 A-1 bonds will be paid in biannual monthly installments of interest only until conversion on January 1, 2016, when they will be paid in biannual installments of principal and interest as determined under the debt service payment schedule until the maturity date at which time a balloon payment in the principal amount of \$3,325,000 will be due. For the years ended December 31, 2020 and 2019, interest of \$131,959 and \$133,384, respectively, was incurred and expensed. As of December 31, 2020 and 2019, the outstanding principal was \$4,030,000 and \$4,090,000, respectively, and accrued interest was \$67,484 and \$67,602 at December 31, 2020 and 2019, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$225,832 and \$249,030 as of December 31, 2020 and 2019, respectively, and are related to the first mortgage. During 2020 and 2019, amortization of debt issuance costs of \$23,198 and \$23,198, respectively, have been expensed and are included in interest expense - first mortgage in the statements of operations. Debt issuance costs on the above note are being amortized using an imputed interest rate of 4.3%.

The Partnership entered into a loan agreement in the amount of \$8,800,000 payable to CRA. The mortgage is secured by the Project and bears interest at 2%, which is payable from residual receipts. The loan matures March 1, 2066, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2020 and 2019, interest of \$176,000 and \$176,000, respectively, was incurred and expensed. As of December 31, 2020 and 2019, the outstanding principal was \$8,800,000 and \$8,800,000, respectively, and accrued interest was \$1,132,831 and \$1,029,264 at December 31, 2020 and 2019, respectively.

The Partnership entered into a loan agreement in the amount of \$600,000 payable to the Housing Authority of the County of Butte ("HACB"). The mortgage is secured by the Project and bears interest at 2.31%, which is payable annually from excess cash flow. The loan matures February 28, 2068, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2020 and 2019, interest of \$16,280 and \$15,869, respectively, was incurred and expensed. Interest is compounded and added to the principal on May 1st of each year. As of December 31, 2020 and 2019, the outstanding principal was \$708,151 and \$692,119, respectively, and accrued interest was \$10,980 and \$10,732 at December 31, 2020 and 2019, respectively.

The liability of the Partnership under the mortgages and notes payable is limited to the value of the underlying real estate collateral and an assignment of rents and other amounts deposited with the lenders.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2020 and 2019

Principal payment requirements for each of the next five years and thereafter subsequent to December 31, 2020 are as follows:

	Series 2013 A-1	CRA	HACB	Total
2021	\$ 60,000	\$ -	\$ -	\$ 60,000
2022	60,000	-	-	60,000
2023	65,000	-	-	65,000
2024	70,000	-	-	70,000
2025	70,000	-	-	70,000
Thereafter	<u>3,705,000</u>	<u>8,800,000</u>	<u>708,151</u>	<u>13,213,151</u>
Subtotal	4,030,000	8,800,000	708,151	13,538,151
Less unamortized debt issuance costs	<u>(225,832)</u>	<u>-</u>	<u>-</u>	<u>(225,832)</u>
Total	<u>\$ 3,804,168</u>	<u>\$ 8,800,000</u>	<u>\$ 708,151</u>	<u>\$ 13,312,319</u>

Note 8 - Management agreement

The Project is managed by WinnResidential California L.P., a related party, pursuant to a management agreement that provides for a management fee of 5.00% of monthly rental collections. For the years ended December 31, 2020 and 2019, management fees of \$45,222 and \$42,798, respectively, were incurred and expensed.

Note 9 - Economic concentrations

The Partnership operates a 90-unit apartment project located in Chico, California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

The Partnership received rental assistance payments from local housing agencies on behalf of the tenants. During the years ended December 31, 2020 and 2019, rental assistance payments of \$235,175 and \$176,351 were received by the Partnership and are included in rental income in the statements of operations.

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2020 and 2019**

Note 10 - Contingencies

Low-income housing tax credits

The Partnership has been allocated federal low-income housing tax credits by the California Tax Credit Allocation Committee amounting to \$4,972,730. As of December 31, 2020, \$3,470,740 in tax credits has been allocated to the partners. The expected availability of the remaining tax credits is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 497,273
2022	497,273
2023	497,273
2024	<u>10,171</u>
	<u>\$ 1,501,990</u>

COVID-19 Pandemic

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Partnership's financial position, results of operations, and cash flows. As of December 31, 2020, the global pandemic is still ongoing. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Project.

Note 11 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. The Partnership also maintains bond funded escrows and reserves. All escrows and reserves are held in trust accounts in the Partnership's name. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2020.

Note 12 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through February 19, 2021 (the date the financial statements were available to be issued) and concluded that other than the subsequent event described in Note 10 that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Chico Harvest Park, L.P.

**Schedules of Certain Income and Expenses
Years Ended December 31, 2020 and 2019**

	2020	2019
Rental income		
Rent revenue - gross potential	\$ 701,463	\$ 707,202
Tenant assistance payments	<u>235,175</u>	<u>176,351</u>
Total rental income	<u><u>\$ 936,638</u></u>	<u><u>\$ 883,553</u></u>
Vacancies and concessions		
Apartment vacancies	<u>\$ 17,846</u>	<u>\$ 8,015</u>
Total vacancies and concessions	<u><u>\$ 17,846</u></u>	<u><u>\$ 8,015</u></u>
Other operating income		
Cable contract revenue	\$ 3,002	\$ 3,264
Damages income	5,512	5,723
Late fees	100	1,301
Application fees	700	140
Miscellaneous other income	<u>255</u>	<u>36</u>
Total other operating income	<u><u>\$ 9,569</u></u>	<u><u>\$ 10,464</u></u>
Salaries and employee benefits		
Salaries - administrative	\$ 36,982	\$ 36,898
Salaries - maintenance	25,614	47,737
Payroll taxes	6,095	6,508
Health insurance and other benefits	9,535	15,076
Workmen's compensation insurance	<u>2,167</u>	<u>6,647</u>
Total salaries and employee benefits	<u><u>\$ 80,393</u></u>	<u><u>\$ 112,866</u></u>
Repairs and maintenance		
Exterminating	\$ 2,980	\$ 13,900
Grounds	24,341	23,920
Fire protection	877	579
Security services/contract	3,829	7,132
Supplies	15,908	17,132
Painting, decorating and cleaning	6,602	-
Pool	2,728	3,501
Repairs and maintenance - other than contracts	11,614	8,604
Repairs and maintenance - contracts	15,112	26,771
Carpeting	20,115	15,925
Miscellaneous maintenance expenses	<u>1,066</u>	<u>506</u>
Total repairs and maintenance	<u><u>\$ 105,172</u></u>	<u><u>\$ 117,970</u></u>

Chico Harvest Park, L.P.

**Schedules of Certain Income and Expenses
Years Ended December 31, 2020 and 2019**

	2020	2019
Utilities		
Electricity	\$ 14,570	\$ 16,386
Sewer	48,115	53,957
Trash removal	11,443	11,462
Gas	2,156	1,750
Cable	85	-
	<u>76,369</u>	<u>83,555</u>
Total utilities	<u>\$ 76,369</u>	<u>\$ 83,555</u>
Miscellaneous operating expenses		
Office supplies and expense	\$ 11,557	\$ 13,856
Training and travel	4,920	3,716
Telephone and answering service	17,732	16,653
Bad debt expense	3,256	882
Other rent expense	391	626
Miscellaneous administrative	5,392	7,992
Rent free unit	10,949	2,910
Advertising and newspaper	1,290	2,717
Legal	-	228
Accounting	12,250	11,750
Other taxes, licenses and insurance	1,175	1,218
	<u>68,912</u>	<u>62,548</u>
Total miscellaneous operating expenses	<u>\$ 68,912</u>	<u>\$ 62,548</u>
Interest expense - other loans		
Interest expense CRA loan	\$ 176,000	\$ 176,000
Interest expense HACB loan	16,280	15,869
	<u>192,280</u>	<u>191,869</u>
Total interest expense - other loans	<u>\$ 192,280</u>	<u>\$ 191,869</u>
Other financial income (expense)		
Trustee fees	\$ (3,400)	\$ (3,400)
Credit enhancement, issuer, and servicing fees	(80,363)	(80,837)
	<u>(83,763)</u>	<u>(84,237)</u>
Total other financial income (expense)	<u>\$ (83,763)</u>	<u>\$ (84,237)</u>
Miscellaneous other income (expense)		
Miscellaneous other income	\$ 3,651	\$ -
	<u>3,651</u>	<u>-</u>
Total miscellaneous other income (expense)	<u>\$ 3,651</u>	<u>\$ -</u>
Other related party fees and expenses		
Managing general partner fee	\$ 20,000	\$ 20,000
Administrative general partner fee	11,593	11,255
	<u>31,593</u>	<u>31,255</u>
Total other related party fees and expenses	<u>\$ 31,593</u>	<u>\$ 31,255</u>

See Independent Auditor's Report.



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WALKER COMMONS, L.P.
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2020 and 2019

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B O W M A N
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners

Walker Commons, L.P.

(A California Limited Partnership)

We have audited the accompanying financial statement of Walker Commons, L.P. (A California Limited Partnership), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Walker Commons, L.P. (A California Limited Partnership) as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 6 to the financial statements, in March 2020, the World Health Organization declared COVID-19 to constitute a “Public Health Emergency of International Concern”. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Bauman & Company, L.L.P.

Stockton, California
February 25, 2021

WALKER COMMONS, L.P.
(A California Limited Partnership)

BALANCE SHEETS
December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 237,137	\$ 119,231
Accounts receivable - tenant	18	-
Prepaid expenses	<u>10,890</u>	<u>8,220</u>
Total current assets	<u>248,045</u>	<u>127,451</u>
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	26,439	16,155
Tenant security deposits	22,390	22,390
Reserve for replacements	<u>323,989</u>	<u>310,788</u>
	<u>372,818</u>	<u>349,333</u>
 PROPERTY AND EQUIPMENT, at cost		
Land	600,000	600,000
Building and improvements	2,797,998	2,792,419
Furniture and equipment	<u>75,044</u>	<u>75,044</u>
	3,473,042	3,467,463
Less accumulated depreciation	<u>(1,729,188)</u>	<u>(1,654,549)</u>
	<u>1,743,854</u>	<u>1,812,914</u>
 Total assets	 <u><u>\$ 2,364,717</u></u>	 <u><u>\$ 2,289,698</u></u>

WALKER COMMONS, L.P.
(A California Limited Partnership)

BALANCE SHEETS (Cont.)
December 31, 2020 and 2019

LIABILITIES AND PARTNERS' EQUITY	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 14,776	\$ 2,896
Deferred revenue	--	113
Accrued interest expense, current portion	15,000	15,000
Partnership fees payable	7,500	7,500
Total current liabilities	<u>37,276</u>	<u>25,509</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>20,950</u>	<u>21,550</u>
 LONG-TERM LIABILITIES		
Accrued interest expense, less current portion	34,982	34,982
Note payable - Redevelopment Agency of the City of Chico	500,000	500,000
Less unamortized debt issuance costs	(3,146)	(3,676)
	<u>531,836</u>	<u>531,306</u>
 Total liabilities	<u>590,062</u>	<u>578,365</u>
 PARTNERS' EQUITY	<u>1,774,655</u>	<u>1,711,333</u>
 Total liabilities and partners' equity	<u><u>\$ 2,364,717</u></u>	<u><u>\$ 2,289,698</u></u>

WALKER COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF INCOME
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE		
Tenant rental income	\$ 469,568	\$ 434,535
Tenant charges	1,836	1,613
Laundry	2,599	1,786
Bad debt recovery	-	546
Interest income	2,039	396
Other income	418	1,333
Total revenue	<u>476,460</u>	<u>440,209</u>
 OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	77,509	69,989
Wages and salaries	59,842	59,060
Utilities	38,480	36,678
Property management fees	27,552	27,552
Health insurance and other employee benefits	10,228	9,584
Services	6,663	9,491
Insurance	10,781	10,299
General and administrative	9,385	11,017
Payroll taxes and workers' compensation insurance	8,038	8,029
Professional fees	8,561	7,500
Other taxes and licenses	1,548	1,339
Total operating and maintenance expenses	<u>258,587</u>	<u>250,538</u>
 Net operating income	<u>217,873</u>	<u>189,671</u>
 OTHER EXPENSES		
Interest expense	15,000	15,000
Interest expense - debt issuance costs	530	530
Depreciation expense	74,639	75,593
Loss on disposal of asset	-	69,968
Partnership fees	7,500	7,500
Total other expenses	<u>97,669</u>	<u>168,591</u>
 Net income (loss)	<u>\$ 120,204</u>	<u>\$ 21,080</u>

WALKER COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY
Years Ended December 31, 2020 and 2019

	<u>BCAHDC</u>	<u>HACB</u>	<u>Total</u>
Balance, December 31, 2018	\$ 84,798	\$ 1,632,077	\$ 1,716,875
Partner distributions	(17,837)	(8,785)	(26,622)
Net income (loss)	<u>211</u>	<u>20,869</u>	<u>21,080</u>
Balance, December 31, 2019	67,172	1,644,161	1,711,333
Partner distributions	(38,111)	(18,771)	(56,882)
Net income (loss)	<u>1,202</u>	<u>119,002</u>	<u>120,204</u>
Balance, December 31, 2020	<u>\$ 30,263</u>	<u>\$ 1,744,392</u>	<u>\$ 1,774,655</u>

WALKER COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 120,204	\$ 21,080
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	74,639	75,593
Amortization of debt issuance costs	530	530
Loss on disposal of property	--	69,968
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable - tenant	(18)	696
Prepaid expenses	(2,670)	(346)
Increase (decrease) in:		
Accounts payable and accrued liabilities	11,880	(7,798)
Tenant security deposits	(600)	(670)
Deferred revenue	(113)	113
Net cash provided by (used in) operating activities	<u>203,852</u>	<u>159,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(5,579)</u>	<u>(108,528)</u>
Net cash provided by (used in) investing activities	<u>(5,579)</u>	<u>(108,528)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Partners distributions	<u>(56,882)</u>	<u>(26,622)</u>
Net cash provided by (used in) financing activities	<u>(56,882)</u>	<u>(26,622)</u>
Increase (decrease) in cash and cash equivalents	141,391	24,016
Cash, cash equivalents and restricted cash		
Beginning	468,564	444,548
Ending	<u>\$ 609,955</u>	<u>\$ 468,564</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 15,000</u>	<u>\$ 15,000</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 237,137	\$ 119,231
Tax and insurance impounds	26,439	16,155
Reserve for replacements	323,989	310,788
Tenant security deposits	22,390	22,390
	<u>\$ 609,955</u>	<u>\$ 468,564</u>

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Walker Commons, L.P. (the “Partnership”), a California limited partnership, was formed in May 1995, to own, maintain and operate a 56-unit senior and disabled households’ apartment complex, known as Walker Commons Apartments (the “Project”) in Chico, California. The Project qualified and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements.

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 1% General Partner, Butte County Affordable Housing Development Corporation (BCAHDC) and a 99% Limited Partner, Housing Authority of the County of Butte (HACB).

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of presentation

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Change for adoption of new accounting guidance:

During the year ended December 31, 2019, the Partnership adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-18 Statement of Cash Flows (Topic 230) Restricted Cash. The amendments in the ASU are an improvement to GAAP because it reduces the diversity in the classification and presentation of restricted cash or restricted cash equivalents in the statements of cash flows. The Partnership has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Cash, cash equivalents and restricted cash

For purposes of reporting the statements of cash flows, the Partnership includes all cash, cash equivalents and restricted cash accounts as cash.

Replacement reserve

Upon completion of the project, a reserve for replacements account was required to be established. The reserve includes any funds of the Partnership held by the Project lenders as a reserve for repairs and replacements. The reserve for replacement account is funded in twelve equal monthly installments at the rate of \$933 per month.

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Accounts receivable

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and equipment

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	7 - 40
Furniture and equipment	7 - 15

Expenditures for maintenance and repairs are expensed as incurred.

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the years ended December 31, 2020 and 2019.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method.

Fair value of financial instruments

The carrying amount of financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable, accrued liabilities, accrued interest, and partnership fees payable approximate their value due to the short-term maturities of these instruments.

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Rental revenue

Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for a period of up to one year, with rental payments due monthly. Rental income is shown at its maximum gross potential. Vacancies and concessions are shown as a reduction in rental income. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

Use of estimates

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

Income taxes

Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on its respective tax return.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Partnership's tax returns will not be challenged by the tax authorities and that the Partnership or its partners will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Partnership's tax returns remain open for three to four years for income tax examination.

Subsequent events

Management has evaluated subsequent events through February 25, 2021, the date the financial statements were available to be issued.

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 2. Related Parties Transactions

Partnership management fee

Pursuant to the Loan Agreement with the City of Chico, the Partnership agreed to pay the General Partner a cumulative annual fee of \$7,500. As of December 31, 2020 and 2019, \$7,500 partnership management fee was payable. For the years ending December 31, 2020 and 2019, a partnership management fee of \$7,500 was earned.

Cash flows

Cash flow from operations for each fiscal year commencing in 1996 shall be distributed 33% to the Limited Partner and 67% to the General Partner. Pursuant to the loan agreement with the City of Chico, the Partnership may make distributions to the Partners when residual receipts exceed the amount necessary to pay that year's annual interest to the City.

Note 3. Long-Term Debt

Long-term debt consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Note payable to the City of Chico, issued in July 1995, in the amount of \$500,000. The loan is secured by a subordinate deed of trust. The loan bears interest at a fixed rate of 3.00% simple interest and requires annual interest only payments. The note matures in May 2051. Payments are deferred to the extent they exceed the residual receipts of the Partnership. The Partnership incurred \$15,000 and \$15,000 of interest expense during the years ended December 31, 2020 and 2019. At December 31, 2020 and 2019, accrued interest was \$49,982.	\$ <u>500,000</u>	\$ <u>500,000</u>

As of December 31, 2020 and 2019, debt issuance costs, net of accumulated amortization of \$12,768 and \$12,238, respectively, are amortized using the straight-line method.

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 4. City of Chico Home Program Regulatory Agreement

In consideration of a grant and a loan made by the City of Chico, the Partnership has entered into a regulatory agreement with the City. These agreements set forth certain covenants, conditions, and restrictions regarding the manner in which the Partnership will hold and use the Project. Generally, the Partnership agrees that for a 55-year period following issuance of an unconditional certificate of occupancy, it will cause the Project to be used and held as a residence for low-income and very low-income tenants, subject to various covenants and conditions.

Note 5. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is Walker Commons Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 6. Contingency

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America ("U.S"). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time and the future effects are unknown.

May 14, 2021

MEMO

To: BCAHDC Board of Directors

From: Sue Kemp, CFO
Ed Mayer, President

Subject: Agenda Item 5.5 - CY 2020 Walker Commons Surplus Cash Flow - Distribution

The Walker Commons 2020 Residuals Receipts from operations are \$174,547, see next page. This amount exceeds the \$142,967 maximum allowed for partnership distribution, as per the City of Chico Loan Agreement; therefore, the City will receive an extra \$16,580 accrued interest payment. Furthermore, full distribution of this year's surplus cash flow presents accounting and structural issues with pushing the BCAHDC capital account into the negative. Staff proposes holding back \$100,000 from the distribution and depositing the funds into the replacement reserves account for future capital improvements. The partnership capital account situation will be resolved by revision to the property's Limited Partnership Agreement. The proposed distribution amount is in line with past years.

2015	\$ 50,192	
2016	*	\$142,967 anomaly
2017	\$ 31,279	
2018	\$ 26,622	\$100K withheld
2019	\$ 56,882	
AVERAGE	\$ 41,244	
2020	\$ 42,967	\$100K withheld

BCAHDC, as Managing General Partner (MGP) of Walker Commons, L.P., has certain power and authority as outlined in the Limited Partnership Agreement (LPA), as amended. Section 1.10 Cash Flow from Operations is defined to exclude Reserves deposits. Section 8.2 Other Reserves gives the General Partner authority to maintain contingent Reserves at its "sole discretion". Section 9.3 Specific Powers of the General Partner, part (e) states: "In the Partnership's name and behalf, the General Partner may deposit, withdraw, invest, pay, retain and distribute Partnerships funds in a manner consistent with the provisions of this Agreement". Furthermore, Section 4.k. of the Second Amendment to the LPA gives the MGP the authority to "determine the amount and timing of distributions to partners and establish and maintain all required reserves".

Recommendation: Motion to approve the withholding of \$100,000 from 2020 Operational Surplus Cash Flow and depositing it into the Walker Commons' Replacement Reserves account, and authorization to make Distributions as described above.

WALKER COMMONS, L.P.
CALCULATION OF SURPLUS CASH
CALENDAR YEAR ENDING DECEMBER 31, 2020
DRAFT 3/18/2021

PROFIT or (LOSS) FROM OPERATIONS	102,204.00
ADD: DEPRECIATION; AMORTIZATION; INTEREST ON DEBT ISSUANCE	75,169.00
NET CASH FLOW FROM OPERATIONS	177,373.00
SUBTRACT: TRANSFERS TO RESERVES	-11,200.00
SUBTRACT: CAPITAL EXPENDITURES	-5,579.00
ADD: ACCRUED INTEREST TO CITY OF CHICO	15,000.00
ADD: WITHDRAWAL FROM RESERVE	0.00
RESIDUAL RECEIPTS	175,594.00
2019 DISTRIBUTION CORRECTION (CD interest booked 2020 included in 2019 calc)	-1,047.00
REVISED RESIDUAL RECIEPTS	174,547.00
ANNUAL INTEREST DUE TO CITY OF CHICO	-15,000.00
SUBTOTAL	159,547.00
AMOUNT OVER 8% OF CAP. INVEST. PER CITY LOAN AGREEMENT	-16,580.00
MAXIMUM DISTRIBUTION	142,967.00
TRANSFER TO RESERVES, PENDING BOARD APPROVAL	-100,000.00
TOTAL DISTRIBUTION	42,967.00

<u>PARTNER DISTRIBUTION DETAIL</u>	<u>SPLIT</u>
HACB - LIMITED PARTNER'S SHARE OF NET EXCESS CASH @ 33%	14,179.11
BCAHDC - GENERAL PARTNER'S SHARE OF NET EXCESS CASH @ 67%	28,787.89
TOTAL PARTNER DISTRIBUTIONS	<u>42,967.00</u>

<u>PARTNERSHIP GAINS/LOSSES</u>	<u>SPLIT</u>
HACB - LIMITED PARTNER'S GAINS/LOSSES @ 99%	99% 119,003.88
BCAHDC - GENERAL PARTNER'S SHARE OF GAINS/LOSSES @ 1%	1% <u>1,202.06</u>
TOTAL PARTNER GAINS/LOSSES	120,205.94

<u>*Distributions capped @ 8% of partner's capital investment, per City of Chico agreements</u>		
WNC (HACB assumed LP interest), as per LPA		1,143,551.00
BCAHDC, as per LPA		643,538.00
Less Syndication Costs (\$0, per Cost Certification)		0.00
Net Capital Contribution		<u>1,787,089.00</u>
Max distribution	8%	142,967.00

MEMO

Date: May 14, 2021

To: BCAHDC Board of Directors

From: Ed Mayer, President

Subject: Riverbend Family Apartments, Oroville
Corporate Authorizations – Resolution No. 21-7C

As of January 16, 2020, BCAHDC entered into a Memorandum of Agreement with Pacific West Communities regarding development of a seventy-two unit affordable housing serving families known as Riverbend Family Apartments. Development of the housing requires low-income housing tax credits to achieve affordability, and lender financing. BCAHDC will participate in the owning partnership, Oroville Family Associates LP, as Managing General Partner.

The project is scheduled to close its financing package on May 25th, setting in motion construction. Completion of the transaction requires specific authorizations regarding the partnership agreement, loan documents, the development agreement, security assignments, and other supporting documents and representations. The following Resolution No. 21-7C addresses these authorizations to the satisfaction of the partnership, the lender, and the title company. This resolution is typical and routine for such development transactions.

Recommended is adoption of Resolution No. 21-7C.

BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION

RESOLUTION NO. 21-7C

RIVERBEND FAMILY APARTMENTS, OROVILLE
CORPORATE AUTHORIZATIONS

At a duly constituted meeting of the Board of Directors (the “Board”) of Butte County Affordable Housing Development Corporation, a California nonprofit public benefit corporation (“BCAHDC”), held on May 20, 2021, the following resolutions were adopted:

WHEREAS, BCAHDC and Pacific West Communities (“PWC”) are parties to that certain Memorandum of Agreement dated May 8, 2020 (the “MOA”) with respect to the development of an affordable housing project to be known as “Riverbend Family Apartments” that will contain 72 apartment units, including one manager’s unit, located in Oroville, California (the “**Project**”); and

WHEREAS, BCAHDC is the managing general partner of Oroville Family Associates, A California Limited Partnership, a California limited partnership (the “**Partnership**”); and

WHEREAS, it has been determined to be in the best interests of BCAHDC for the Partnership to acquire, develop, construct, own and operate the Project; and

WHEREAS, it has been determined to be in the best interests of BCAHDC to assist in the acquisition, construction and development of the Project by the Partnership by: (i) consenting to the withdrawal of the initial limited partner from the Partnership and facilitating the admission of CREA Riverbend Apartments, LP, a Delaware limited partnership , and CREA SLP, LLC, an Indiana limited liability company, or substitute investors (collectively, “**Investor**”), as 99.99% limited partner(s) in the Partnership in exchange for capital contributions to the Partnership in the approximate amount of \$24,800,000, and (ii) amending and restating the agreement of limited partnership of the Partnership (the “**Partnership Agreement**”) to provide for such other matters as may be required by the Investor and to enter into other documents in connection therewith (collectively, the “**Syndication**”); and

WHEREAS, it has been determined to be in the best interests of BCAHDC, as sub-developer, to enter into a subdevelopment agreement with the developer of the Project, Pacific West Communities, Inc., an Idaho corporation, or, in the alternative, for BCAHDC, as co-developer, to enter into a development agreement with the Partnership (in either case, the “**Development Agreement**”); and

WHEREAS, it has been determined to be in the best interests of BCAHDC for the Partnership to obtain the following financings for the Project, which will be secured by, among other things, liens on the Project (“**Secured Financings**”):

I

*Butte County Affordable Housing Development Corporation
Resolution No. 21-7C - Riverbend Family Apartments, Oroville*

- (a) A construction loan from MUFG Union Bank, N.A. in the principal amount of approximately \$23,000,000, which is anticipated to convert to a permanent loan in the amount of \$3,300,000.

WHEREAS, as a condition of the Secured Financings and the Syndication, the lenders and the Investor may require that BCAHDC and/or the Partnership assign any fees from the Partnership or pledge other interests in the Project as security for the Secured Financings and the Syndication including, as to BCAHDC, its general partnership interest in the Partnership (the “**Security Assignments**”), and it has been determined to be in the best interests of BCAHDC and the Partnership, to make and enter into Security Assignments; and

WHEREAS, it has been determined to be in the best interests of BCAHDC, on its own behalf, and in its capacity as the Managing General Partner of the Partnership, for it and the Partnership to execute and deliver any and all documents or agreements necessary or advisable for the acquisition, development, financing, construction, rehabilitation, management, operation and maintenance of the Project, including, but not limited to, all grant deeds, deeds of trust, UCC financing statements, loan agreements, loan documents, regulatory agreements, assignments of rents, leases, income and profits, general assignments, construction contracts, architect agreements, grant agreements, development agreements, sub-development agreements, management agreements, service contracts, housing assistance payments contracts, partnership agreements, and similar or related agreements for housing subsidies, title-related indemnities and affidavits and any other types of agreements (collectively, the “**Project Documents**”).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of BCAHDC that BCAHDC, for itself and in its capacity as the Managing General Partner of the Partnership, does hereby approve and is authorized to enter into the following transactions and documents, as applicable:

1. Partnership Agreement and the Syndication;
2. Development Agreement;
3. Secured Financings;
4. Security Assignments;
5. Project Documents;
6. Such other documents, agreements and contracts deemed necessary or advisable by an Officer in furtherance of these resolutions and/or to assist in the development of the Project (collectively, the “**Transaction Documents**”), using his or her own independent judgment; and

BE IT FURTHER RESOLVED, that the Board of Directors of BCAHDC hereby authorizes each of (a) Edward S. Mayer, President of the Corporation, (b) Marysol Perez, Secretary of the Corporation, and (c) Sue Kemp, Chief Financial Officer of the Corporation (each, an “**Officer**”), each acting alone to accept the Transaction Documents subject to any minor conforming, technical or clarifying changes approved by an Officer; and that each Officer is hereby further authorized and directed to take such further actions and execute and record such documents as are necessary to accept the Transaction Documents on behalf of BCAHDC and the Partnership; and

BE IT FURTHER RESOLVED, that all actions previously taken by BCAHDC and the Partnership, and any of their employees, officers and agents, in connection with the Project or the transactions described herein are hereby ratified and approved.

PASSED AND ADOPTED this 20th day of May 2021 by the following vote:

AYES: _____ NOES: _____ ABSTENTIONS: _____ ABSENT: _____

Signature of Attesting Officer:

Edward S. Mayer, President

SECRETARY'S CERTIFICATION

I, the Secretary of the Corporation, hereby certify that the foregoing is a true copy of Resolution No. 21-7C adopted by the Board of Directors of Butte County Affordable Housing Development Corporation, a California nonprofit public benefit corporation, and that said Resolution No. 21-7C is in full force and effect, and the Board of Directors has, and at the time of the adoption of the Resolution No. 21-7C had, full power and authority to adopt such resolutions.

Marysol Perez, Secretary

Date

MEMO

Date: May 14, 2021

To: BCAHDC Board of Directors

From: Ed Mayer, President

Subject: Ford Oaks Apartments, Gridley
Corporate Authorizations – Resolution No. 21-8C

As of May 21, 2020, BCAHDC entered into a Memorandum of Agreement with Pacific West Communities regarding development of a thirty-six unit affordable housing property serving families known as Ford Oaks Apartments. Development of the housing requires low-income housing tax credits to achieve affordability, and lender financing. BCAHDC will participate in the owning partnership, Gridley Family Associates LP, as Managing General Partner.

The project is scheduled to close its financing package on May 27th, setting in motion construction. Completion of the transaction requires specific authorizations regarding the partnership agreement, loan documents, the development agreement, security assignments, and other supporting documents and representations. The following Resolution No. 21-8C addresses these authorizations to the satisfaction of the partnership, the lender, and the title company. This resolution is typical and routine for such development transactions.

Recommended is adoption of Resolution No. 21-8C.

BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION

RESOLUTION NO. 21-8C

FORD OAKS APARTMENTS, GRIDLEY
CORPORATE AUTHORIZATIONS

At a duly constituted meeting of the Board of Directors (the “Board”) of Butte County Affordable Housing Development Corporation, a California nonprofit public benefit corporation (“BCAHDC”), held on May 20, 2021, the following resolutions were adopted:

WHEREAS, BCAHDC and Pacific West Communities (“PWC”) are parties to that certain Memorandum of Agreement dated May 8, 2020 (the “MOA”) with respect to the development of an affordable housing project to be known as “Ford Oaks Apartments” that will contain 36 apartment units, including one manager’s unit, located in Gridley, California (the “**Project**”); and

WHEREAS, BCAHDC is the managing general partner of Gridley Family Associates, A California Limited Partnership, a California limited partnership (the “**Partnership**”); and

WHEREAS, it has been determined to be in the best interests of BCAHDC for the Partnership to acquire, develop, construct, own and operate the Project; and

WHEREAS, it has been determined to be in the best interests of BCAHDC to assist in the acquisition, construction and development of the Project by the Partnership by: (i) consenting to the withdrawal of the initial limited partner from the Partnership and facilitating the admission of CREA Ford Oaks Apartments, LP, a Delaware limited partnership , and CREA SLP, LLC, an Indiana limited liability company , or substitute investors (collectively, “**Investor**”), as 99.99% limited partner(s) in the Partnership in exchange for capital contributions to the Partnership in the approximate amount of \$14,300,000, and (ii) amending and restating the agreement of limited partnership of the Partnership (the “**Partnership Agreement**”) to provide for such other matters as may be required by the Investor (collectively, the “**Syndication**”); and

WHEREAS, it has been determined to be in the best interests of BCAHDC, as sub-developer, to enter into a subdevelopment agreement with the developer of the Project, Pacific West Communities, Inc., an Idaho corporation, or, in the alternative, for the Corporation, as co-developer, to enter into a development agreement with the Partnership (in either case, the “**Development Agreement**”); and

WHEREAS, it has been determined to be in the best interests of BCAHDC for the Partnership to obtain the following financings for the Project, which will be secured by, among other things, liens on the Project (“**Secured Financings**”):

1

*Butte County Affordable Housing Development Corporation
Resolution No. 21-8C - Ford Oaks Apartments, Gridley*

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May 20, 2021

4823-0618-2890v.2 0113877-000027

- (a) A construction loan from Umpqua Bank (“Lender”) in an amount not to exceed [\$12,000,000], which is anticipated to convert to a permanent loan in an amount not to exceed [\$1,300,000].

WHEREAS, as a condition of the Secured Financings and the Syndication, the Lender and the Investor may require that BCAHDC and/or the Partnership assign fees from the Project and/or the Partnership or pledge other interests in the Project, including, as to BCAHDC, its general partnership interest in the Partnership, as security for the Secured Financings and the Syndication (the “**Security Assignments**”), and it has been determined to be in the best interests of BCAHDC and the Partnership, to make and enter into the Security Assignments; and

WHEREAS, it has been determined to be in the best interests of BCAHDC on its own behalf, and in its capacity as the managing general partner of the Partnership, on behalf of the Partnership, to execute and deliver any and all documents or agreements necessary or advisable for the acquisition, development, financing, construction, rehabilitation, management, operation and maintenance of the Project, including, but not limited to, all grant deeds, deeds of trust, UCC financing statements, loan agreements, loan documents, regulatory agreements, assignments of rents, leases, income and profits, general assignments, construction contracts, architect agreements, grant agreements, development agreements, sub-development agreements, management agreements, service contracts, housing assistance payments contracts, partnership agreements, and similar or related agreements for housing subsidies, title-related indemnities and affidavits and any other types of agreements (collectively, the “**Project Documents**”).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of BCAHDC that BCAHDC, for itself and in its capacity as the Managing General Partner of the Partnership, does hereby approve and is authorized to enter into the following transactions and documents, as applicable:

1. Partnership Agreement and the Syndication;
2. Development Agreement;
3. Secured Financings;
4. Security Assignments;
5. Project Documents;
6. Such other documents, agreements and contracts deemed necessary or advisable by an Officer in furtherance of these resolutions and/or to assist in the development of the Project (collectively, the “**Transaction Documents**”), using his or her own independent judgment; and

BE IT FURTHER RESOLVED, that the Board of Directors of BCAHDC hereby authorizes each of (a) Edward S. Mayer, President of the Corporation, (b) Marysol Perez, Secretary of the Corporation, and (c) Sue Kemp, Chief Financial Officer of the Corporation (each, an “**Officer**”), each acting alone to accept the Transaction Documents subject to any minor conforming, technical or clarifying changes approved by an Officer; and that each Officer is hereby further authorized and directed to take such further actions and execute and record such documents as are necessary to accept the Transaction Documents on behalf of BCAHDC and the Partnership; and

BE IT FURTHER RESOLVED, that all actions previously taken by BCAHDC and the Partnership, and any of their employees, officers and agents, in connection with the Project or the transactions described herein are hereby ratified and approved.

PASSED AND ADOPTED this 20th day of May 2021 by the following vote:

AYES: _____ NOES: _____ ABSTENTIONS: _____ ABSENT: _____

Signature of Attesting Officer:

Edward S. Mayer, President

SECRETARY'S CERTIFICATION

I, the Secretary of the Corporation, hereby certify that the foregoing is a true copy of Resolution No. 21-8C adopted by the Board of Directors of Butte County Affordable Housing Development Corporation, a California nonprofit public benefit corporation, and that said Resolution No. 21-8C is in full force and effect, and the Board of Directors has, and at the time of the adoption of the Resolution No. 21-8C had, full power and authority to adopt such resolutions.

Marysol Perez, Secretary

Date

BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION

RESOLUTION NO. 21-9C

MITCHELL AVENUE SENIOR APARTMENTS, OROVILLE
AMENDMENT TO DEVELOPMENT MEMORANDUM OF AGREEMENT

WHEREAS, on May 8, 2020, the Butte County Affordable Housing Development Corporation (BCAHDC) entered into a Memorandum of Agreement (MOA) with Pacific West Communities (PWC) for development of the thirty-six unit affordable housing development project known as Mitchell Avenue Senior Apartments, Oroville; and

WHEREAS, a Limited Partnership Agreement (LPA) and Development Agreement (DA) has been negotiated with the participating Administrative General Partner, Investor Limited Partner, and Developer fulfilling the objectives of the MOA; and

WHEREAS, completion of the LPA and DA negotiations has resulted in a partnership structure and operational mechanics such that modification of the MOA is necessary to satisfy BCAHDC's intent regarding the objectives of the MOA, particularly in regards to the Option and Right of First Refusal rights at the end of the 15-year tax-credit compliance period; and

WHEREAS, an amendment to the MOA has been drafted and found to be in the best interest of the Partnership, the Developer and BCAHDC, such amendment attached to this Resolution No. 20-9C;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Butte County Affordable Housing Development Corporation (BCAHDC) to authorize amendment to the Memorandum of Understanding between BCAHDC and Pacific West Communities, dated May 8, 2021, such Amendment attached to and made a part of this Resolution No. 20-9C.

Dated: November 19, 2020.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

FIRST AMENDMENT TO
MEMORANDUM OF AGREEMENT

THIS FIRST AMENDMENT TO MEMORANDUM OF AGREEMENT (this “Amendment”) is entered into as of May 14, 2021 by and between ***Pacific West Communities, Inc.***, an Idaho corporation (hereafter “PWC”), and ***Butte County Affordable Housing Development Corporation, a California nonprofit public benefit corporation*** (hereafter “BCAHDC”), and agreed to and consented by ***TPC HOLDINGS IX, LLC, an Idaho limited liability company*** (“AGP”).

RECITALS

WHEREAS, PWC and BCAHDC are parties to that certain Memorandum of Agreement entered in to May 8, 2020 (the “MOA”); and

WHEREAS, PWC and BCAHDC desire to amend the MOU and AGP, as an affiliate PWC, agrees to be bound by the terms of Section 10 of the MOA as amended hereby.

IT IS, THEREFORE, AGREED AS FOLLOWS:

1. Section 10 of the MOA is hereby restated in its entirety to read as follows:

10. The LIHTC Partnership is Oroville Senior Associates, A California Limited Partnership. TPC HOLDINGS IX, LLC, an Idaho limited liability company (“AGP”), an affiliate of PWC, is the Administrative General Partner of the LIHTC Partnership. AGP and BCAHDC are entering into (a) an Amended and Restated Agreement of Limited Partnership dated May 1, 2021 (the “LPA”) for the LIHTC Partnership with RSEP Holding, LLC and Red Stone Equity Manager, LLC, or affiliates thereof, as limited partners (collectively, the “Limited Partner”); and (b) a Purchase Option Agreement made on or about May 1, 2021 (the “Purchase Option Agreement”) with the LIHTC Partnership.

PWC, BCAHDC and AGP hereby agree that if (I) the Limited Partner exercises the “LP Put Option” under the LPA, or (II) AGP or its successor and assigns exercises the Early Exit Option or Partnership Interest Option under the Purchase Option Agreement, then immediately following the conveyance of the Limited Partner and Special Limited Partner’s interest in the Partnership to an affiliate of AGP (but on the same day), the LPA will be amended so that BCAHDC will own a 10% interest in the Partnership (including, without limitation, in Net Cash Flow and proceeds from Capital Transactions).

If the AGP exercises the Project Option, then immediately following the acquisition of the Project by the AGP or its assignee (“New Owner”) (but on the same day), BCAHDC will be admitted to new Owner such that BCAHDC will own a 10% interest in the New Owner (including, without limitation, in Net Cash Flow and proceeds from Capital Transactions).

BCAHDC agrees that it will not exercise its Refusal Right under the Purchase Option Agreement without providing not less than five (5) business days advance written notice thereof to the AGP. In the event that AGP exercises its Partnership Interest Option or Project Option following receipt of such notice, then BCAHDC shall not exercise its Refusal Right (or if exercised, then PWC and AGP shall have the remedies herein). Neither BCAHDC nor AGP shall transfer or assign its rights or options under the Purchase Option Agreement except to an affiliate assignee that acknowledges and agrees to the terms of this Section 10 in writing reasonably satisfactory to the non-transferring party. AGP and PWC shall be jointly and severally liable for their obligations under this Section 10. Notices to the AGP hereunder shall be made at the same address as PWC.

BCAHDC shall not be required to contribute capital or otherwise provide funds in connection with the purchase of the limited partnership interest in the LIHTC Partnership with respect to the Options under the Purchase Option Agreement.

BCAHDC, PWC and AGP shall each have all remedies available at law and equity, including specific performance, to enforce its rights under this Section 10. In the event of any dispute among any of PWC, AGP and BCAHDC, the prevailing party/ies shall be entitled to reimbursement of reasonable attorney's fees from the non-prevailing party/ies.

2. Except for the foregoing, the parties hereto affirm the MOA.
3. This Amendment may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.
4. This Amendment may be executed electronically, by facsimile, or by PDF attachment delivered over the Internet. Any such electronic signature shall have the same force and effect as an original.

[SIGNATURES ON FOLLOWING PAGE]

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

PWC:

Pacific West Communities, Inc.

By: Caleb Roope
Its: President

AGREED TO BY AGP WITH RESPECT TO SECTION 10 OF THE MOA:

TPC HOLDINGS IX, LLC,
an Idaho limited liability company

By: PACIFIC WEST COMMUNITIES, INC.,
an Idaho corporation, its Manager

By: _____
Name: Caleb Roope
Title: President and CEO

BCAHDC:

Butte County Affordable Housing Development Corporation

By: Edward S. Mayer
Its: President