



August 30, 2012

Ms. June Overholt, Director of Administrative Services  
Banning Housing Authority  
City of Banning  
99 East Ramsey Street  
Banning, CA 92220

Dear Ms. Overholt:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Banning Housing Authority submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012 for the period February 1, 2012 through July 31, 2012.

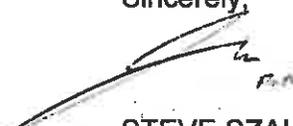
HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is objecting to the following asset or transfer of asset identified on your Form:

Exhibit A, Item 2 – Documentation provided was not sufficient to demonstrate that the property is for low and moderate income housing purposes pursuant to HSC section 34176 (e) (1).

Except for item disallowed as noted above, Finance is not objecting to the remaining items, if any, listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

Please direct inquiries to Beliz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Zai AbuBakar, Community Development Director, City of Banning  
Mr. Bill Manis, Economic Development Director, City of Banning  
Ms. Pam Elias, Chief Accountant, Property Tax Division, Riverside  
County Auditor Controller  
Ms. Jennifer Baechel, Business Process Analyst II, Riverside County Auditor Controller  
Ms. April Nash, Supervising Accountant, Riverside County Auditor Controller  
California State Controller's Office