



August 31, 2012

Ms. Buffy Bullis, Finance Division Manager
City of Monrovia
415 S. Ivy Avenue
Monrovia, CA 91016

Dear Ms. Bullis:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Monrovia Housing Authority submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 1, 2012 for the period February 1, 2012 through August 1, 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 assets or transfer of assets identified on your Form:

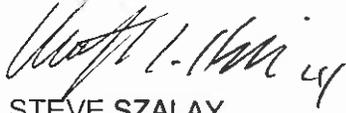
- Exhibit A, Items 1 through 5 – The affordable housing land do not qualify as housing assets because documentation provided was insufficient to determine if the assets are used for low and moderate housing purposes.
- Exhibit A, Items 9 through 12 – The building and improvements do not qualify as housing assets because the construction pertains to a restroom renovation to comply with the American Disabilities Act, not for low and moderate housing purposes.
- Exhibit C, Item 1 – The encumbrance for affordable housing units are unencumbered bond proceeds, which do not qualify as a housing asset.
- Exhibit D, Item 57 – The asset is an advance borrowed from the Housing Fund in April 2011 for a Supplemental Educational Revenue Augmentation Fund (SERAF) payment. HSC section 34191.4 (A) states loan repayments for SERAF shall not be made until fiscal year 2013-14. Therefore, this asset should be reported on Exhibit G, Deferrals instead of Exhibit D, Loans.

Except for items 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.

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Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, Lead Analyst at
(916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Szalay". The signature is fluid and cursive, with a prominent "S" at the beginning and a "y" at the end.

STEVE SZALAY
Local Government Consultant

cc: Mr. Mark Alvarado, Administrative Services Director, City of Monrovia
Ms. Kristina Burns, Manager, Community Redevelopment Administration Section, Los
Angeles County Auditor-Controller's Office
California State Controller's Office