



August 31, 2012

Ms. Linda Daniels, Assistant City Manager
City of Rancho Cucamonga
P.O. Box 807
Rancho Cucamonga, CA 91730

Dear Ms. Daniels:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Rancho Cucamonga 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:

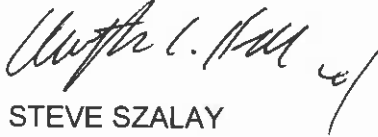
- Exhibit A, Item 1 – Sufficient documentation was not provided to indicate the land was acquired for low and moderate income housing purposes.
- Exhibit C, Item 1 – The source of funding for the project is unencumbered, and there are no covenants tied to the bonds.
- Exhibit D, Item 75, and Items 82 through 85 – Documents provided pledge a portion of future revenue from the Low and Moderate Housing Set-Aside Fund. It is unclear from the information provided that these funds are pledged for currently enforceable obligations.

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 Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Szalay". The signature is written in a cursive style with a large initial "S".

STEVE SZALAY
Local Government Consultant

cc: Mr. Larry Walker, Auditor-Controller, San Bernardino County
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County
Ms. Linda Santillano, Supervising Accountant, San Bernardino County
Ms. Franciliza Zyss, Accountant III, San Bernardino County
Mr. Albert Aleman, San Bernardino County
Ms. Ashley Schwenk, San Bernardino County
California State Controller's Office