



August 30, 2012

Ms. Lydia Romero, Deputy City Manager
City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069

Dear Ms. Romero:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of San Marcos as Successor Housing Agency 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

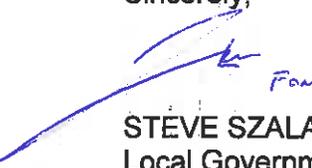
HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and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

- Exhibit A, Item 6 – Vera Cruz Management Property is a vacant lot acquired with low and moderate housing funds on May 24, 2012. HSC section 34143 (b) prohibits a redevelopment agency from entering into agreements, obligations, or contracts with any entity for any purpose after June 27, 2011.
- Exhibit C, Item 2 and Exhibit D, Items 23 and 24 – These are encumbrances that do not qualify as housing assets because these items were previously denied as enforceable obligations on the January through June and July through December 2012 Recognized Obligation Payment Schedules.

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.

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

Sincerely,


STEVE SZALAY
Local Government Consultant

Ms. Rocha
August 30, 2012
Page 2

cc: Mr. Karl Schwarm, Housing Services Director, City of San Marcos
Ms. Laura Rocha, Finance Director, City of San Marcos
Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County
California State Controller's Office