



City of Greensboro

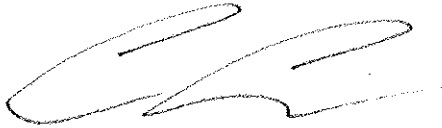
Date: February 12, 2004
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Bingham/English, Everitt/Spencer, Everitt Square Multi-Family Properties 2002-2003

The Internal Audit Division has performed program and monitoring visits of Bingham/English, Everitt/Spencer and Everitt Square multi-family properties for the current year's operations. All of these properties were rehabilitated with loans provided by the City of Greensboro. All of these properties are designed for the benefit of low-income individuals or families in the Greensboro area and Affordable Housing Management, Incorporated manages them. Additional information on each property is as follows:

- **Bingham/English** located at 225 Bingham Street (5 units) and 316 English Street (6 Units) received a loan from the City in the amount of \$215,000 in March 1993. This loan is due to be repaid to the City annually starting on October 1, 2000 based upon a percentage of cash flow. The current year principal payment of \$232 was received in October 2003. This loan is non-interest bearing, and the balance, currently \$214,768 is due in full February 1, 2023. There are no Reserve Account requirements in the City's loan agreement for this property.
- **Everitt/Spencer** located at 2115, 2116 and 2118 Everitt Street (25 units) and 2101 and 2103 Spencer Street (20 units) received a loan from the City in the amount of \$599,288 in January 1991. The principal balance on this loan accrues at two and one-half (2 ½%) percent per annum compounded semi-annually on March 31, 1992 and on each September 30th and March 31st thereafter; of which an amount equal to one (1%) percent per annum shall be payable in arrears semi-annually commencing on March 31, 1992 and on each September 30th and March 31st thereafter. The agency is meeting these payment requirements. The balance of accrued interest and principal, currently \$720,894, shall be due in full on April 1, 2022. There are no Reserve Account requirements in the City's loan agreement for this property.
- **Everitt Square** located at 2130 Everitt Street (16 units) received a loan from the City in the amount of \$90,000. This loan is due to be repaid to the City annually on June 30th beginning in 1998, based upon a percentage of cash flow. The current year principal payment of \$4,926 was received in October 2003. This loan is non-interest bearing, and the balance, currently \$71,502 is due in full September 1, 2024. The Reserve Accounts are in compliance with the loan agreement.

We accompanied Mr. Bill Black, Rehabilitation Supervisor of Housing & Community Development as he inspected approximately 15% of the units at each property and he noted some repairs needed on a few of the units inspected. The management agency has completed these repairs. We examined selected financial transactions and program documentation maintained by the agency for compliance with the loan agreements. Based on our review, it appears that the funds have been spent according to the terms of the loan agreements with no exceptions noted.

We would like to thank Ms. Carol Smith-Andrews, Director of Property Management; Ms. Lee Bracey, Assistant Director of Property Management; Ms. Debora Osborne, Finance Director; Ms. Nicole Crawford, Property Site Manager; Ms. Natalie Harrison, Office Assistant and Mr. John Scudder, Regional Maintenance Manager for their courtesy and cooperation shown us during this review. If there are any questions or comments concerning the details of this review, please contact us at 373-2821.



Len Lucas
Acting Internal Audit Director

Cc: Mitchell Johnson, Deputy City Manager
Ben Brown, Assistant City Manager for Economic Development
Bob Morgan, Assistant City Manager
Andy Scott, Director of Housing & Community Development
David Levy, Executive Director of Affordable Housing Management, Incorporated