



Date: July 24, 2003
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Greenbriar Housing, LLC (Partnership Village Phase I) 2002-2003
Greenbriar Housing II, LLC (Partnership Village Phase II) 2002-2003

The Internal Audit Division has performed our annual program and compliance audit of Greenbriar Housing, LLC and Greenbriar Housing II, LLC which received loans, in February 1999 and May 2001, from the City of Greensboro to help construct housing for low-income individuals and families in the Greensboro area. These units are called Partnership Village Phase I (32 units) & Phase II (24 units), are located at 201 Greenbriar Road and are managed by Harris Brown Management, Incorporated.

We accompanied Mr. Bill Black, Rehabilitation Supervisor of Housing & Community Development as he inspected approximately 15 percent of these units and no major repairs were noted; however one unit had been trashed by an evicted tenant. The management agency is in the process of preparing this unit for rental. Community Affordable Housing Equity Corporation also performed a review of this property on June 12, 2003 and no areas of non-compliance were noted.

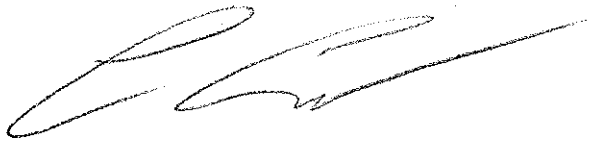
Repayment terms of the City of Greensboro loans are based upon the following:

Phase I: Starting in March 2001, the borrower shall make principal payments equal to fifty percent of gross receipts less all normal and reasonable operating and capital expenses actually incurred. The principal balance is \$288,145 and no payments are due as of December 2002. The balance of the principal is due March 2018.

Phase II: Starting in March 2003, the borrower shall make principal payments equal to fifty percent of gross receipts less all normal and reasonable operating and capital expenses actually incurred. The principal balance is \$150,000 and no payments are due as of December 2002. The balance of the principal is due December 2032.

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 agreements with no exceptions noted. During the year ended December 2002 approximately 21 tenants moved from transitional to permanent housing.

We would like to thank Mr. Gary Berg, Regional Manager and Mr. Harry Lee, Site Manager for Harris Brown Management; Ms. Ann Morelli, Director of Project Independence and Ms. Michelle Wilson, Activity Coordinator of Greensboro Urban Ministry for their courtesy and cooperation shown us during this audit. If there are any questions or comments concerning the details of this audit, please contact us at 373-2281.



Len Lucas
Acting Internal Audit Director

Cc: Mitchell Johnson, Assistant City Manager
Ben Brown, Assistant City Manager for Economic Development
Bob Morgan, Assistant City Manager
Andy Scott, Director of Housing & Community Development
Harry Lee, Site Manager of Partnership Village Apartments
Bob Kelly, President of Partnership Homes, Incorporated