

Dear CIL Employees,

As you know, the Ed Roberts Campus has received New Markets Tax Credit financing (the "NMTC Financing") for tenant improvements to CIL's leased premises therein. The benefits of the NMTC Financing will directly benefit CIL by enabling the QALICB (defined below) to charge CIL below market rents, thereby making more money available to CIL for direct services, program expenses, and staff salaries.

As a condition to the NMTC Financing, the Ed Roberts Campus has established ERC QALICB, INC. (the "QALICB") to be the borrower under such financing and to lease space CIL. The QALICB will be required to demonstrate that 60% or more of the employees of CIL are individuals whose household income at the time of their hire was below a certain income threshold. To do so, Ed Roberts Campus has contracted with the Reznick Group, a nationally respected accounting firm with NMTC expertise, to collect and compile confidential information from each of the QALICB's tenants' current employees regarding their household income as of their date of hire. The QALICB has requested our assistance in this endeavor, and in turn we are requesting your participation in this process.

Although we will not require you to participate in this endeavor, broad participation is critical to CIL's ability to obtain the NMTC benefits outlined above. In the event that you choose not to provide the requested information, you may inform CIL that you are not participating, and it will be assumed that your household income at the time of your hire did not meet the required threshold.

Should you decide to participate, all information gathered through this process will be kept confidential, and at no time will CIL have access to your responses. The QALICB has retained a local accounting firm, Crosby & Kaneda, which will be available to assist you in the compilation of the requested information, should you so desire. If you have any questions regarding how to complete this information or where to find specific data on the forms that you have, please feel free to call Hilary Crosby at (510) 375-5647 by Friday, May 14th, who will be glad to answer your questions over the phone. If your question is more involved and cannot be answered adequately by phone, we are more than happy for you to schedule an appointment during the week of May 17th to meet with Crosby & Kaneda and complete this task.

Enclosed are various forms for the collection of this information. Your financial data and that of each of your household members at the time of hire should be set forth on the Employee Income Certification. Copies of backup sources that confirm this information should also be provided and are an important component of the Employee Income Certification. In the event you no longer possess copies of your tax returns from the year immediately preceding and the year of your hire, you may request a tax account transcript from the IRS by calling 1-800-829-1040. The agents are able to send a fax transcript for the requested years while you are on the phone. Detailed instructions for completing the Employee Income Certification are attached.

Please complete all the enclosed forms and place them, together with the supporting documentation, in the enclosed envelope to return to Yomi at CIL no later than Friday, May 21st. CIL will deliver all of CIL's employee data to Crosby & Kaneda, which will review the provided

information for completeness, and will forward directly to the Reznick Group. No specifics regarding your personal finances will be disclosed to any other employee within CIL

Thank you in advance for your assistance in this matter.

**New Markets Tax Credit
Targeted Population
Employee Income Certification
ERC**

The Employee Income Certification is to be completed by each employee, with assistance as needed of a local accounting firm, remitted to the local accounting firm for review for completeness, and forwarded by the local accounting firm to an independent third party, Reznick Group, for verification. The purpose of the Employee Income Certification is to demonstrate compliance with §45 (D) (2) of the Internal Revenue Code.

Low-Income Employee: For purposes of the subject transaction to meet the Low-Income Employee test under the proposed targeted population regulation, at least 60% (40% under the regulations) of the ownership/tenant entity's employees must be low-income as defined below. The determination of whether an employee is low-income is made as of the date of hire.

The term, "low-income," means having a household income, adjusted for family size, of not more than (A) for metropolitan areas, 80 percent of the area median income; and (B) for nonmetropolitan areas, the greater of (i) 80 percent of the area median income; or (ii) 80 percent of the statewide nonmetropolitan area median family income. (*Internal Revenue Notice 2006-60 Section 3.03*)

The following documentation is required as of the employee's date of hire for each person living in the employee's household age 18 and older. This information may be difficult to obtain in many cases (e.g., date of hire 1995). If information is not available, despite all best efforts, a certification signed by the household member stating that the information is not available may be acceptable.

- I. Employee Income Certification form completed including:
 - A. Identification of each person in the household;
 - B. Information on all jobs worked by household members age 18 and older, including self-employment;
 - C. Income from assets;
 - D. Employee signature.
- II. The federal income tax returns and/or W-2s for all individuals 18 years of age or older residing in the employee's household as of the date of hire for:
 - a. The year of hire, if available, or
 - b. If the date of hire occurs in January, or for information gathered as of the year of hire, the year preceding the year of hire.
- III. For employees providing information concurrent with the date of hire, pay stubs for their most recent past three pay periods to the date of hire.
- IV. Certification of Zero Income, if applicable.
- V. Documentation of income and assets, as described in the Instructions.

EMPLOYEE INCOME CERTIFICATION

Employee Name: _____

Date of Hire: _____

Employer's Name: _____

PART I. HOUSEHOLD COMPOSITION					
HH Mbr.#	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Social Security or Alien Reg. No.
1			HEAD		
2					
3					
4					
5					

PART II. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS FROM TAX RETURNS)					
HH Mbr.#	(A) Employment or Wages	(B) Interest Dividends/ Capital Gains	(C) Soc. Security/Pensions	(D) Public Assistance, Unemployment, etc.	(E) Other Income
TOTALS	\$	\$		\$	\$
Add totals from (A) through (E), above				TOTAL INCOME (F):	\$

PART III. INCOME FROM ASSETS					
To be completed if any person in employee's household owned assets with imputed income not reflected on tax returns.					
HH Mbr.#	(G) Type of Asset, i.e. Second Home, Boat, Works of Art (Primary Residence excluded)	(H) Market Value of Asset	(I) Mortgages or Loans on Asset	(J) Percentage of Ownership	(K) Net Cash Value of Asset (H-I) x (J)
Total					
Enter Column (K) Total if over \$5,000			Passbook Rate 2.0%	= Imputed Income from assets (L)	
(M) Total Household Income from all Sources [(F) +(L)]					

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part I acceptable verification of current anticipated annual income as of the date of hire. Each Employee submitting this information concurrent with their date of hire should make best efforts to obtain signatures from all household members age 18 and older as of the employee's hire date.

I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. I/we made best efforts to obtain signatures of all household members age 18 and older as of the employee's hire date.

Signature _____ (Date) _____ Signature _____
 Signature _____ (Date) _____ Signature _____

**PART IV. DETERMINATION OF INCOME ELIGIBILITY
TO BE COMPLETED BY REZNICK GROUP**

Employee's Name		Employee's Date of Hire	
State		County/MSA	
Income Limit Adjusted for Family Size as of Date of Hire : 80% of Area Median Income			
Employee's Household Income as of Date of Hire			
Employee Meets Income Restriction	Yes	No	

**INSTRUCTIONS FOR COMPLETING
EMPLOYEE INCOME CERTIFICATION**

This form is to be completed by each employee, with assistance as needed of a local accounting firm authorized by the owner, remitted to the local accounting firm for review for completeness, and forwarded by the local accounting firm to an independent third party, Reznick Group, for verification.

Part I - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child (ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

If there are more than 5 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part II - Annual Income

The Employee Certification shall be completed utilizing information ascertained from the employee and all household members age 18 and older residing in the household as of the date the employee was hired. Information will be ascertained from Federal tax returns, W-2s and/or other supporting documentation identifying income as of the date the employee was hired. Complete a separate line for each income-earning member. List the respective household member number from Part I.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of income from interest, dividends, capital gains, etc.
Column (C)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (D)	Enter the annual amount of income received from public assistance (i.e. TANF, general assistance, disability, etc.).
Column (E)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Column (F)	Add the totals from columns (A) through (E), above. Enter this amount.

Part III - Income from Assets

This section is to be completed if any person in the employee's household had imputed income from assets. Imputed income from assets would not be reflected on tax returns. Assets subject to the imputed income calculation are items of value that may be turned into cash, but that are not producing taxable income. Second homes, boats, money kept in a mattress, works of art and jewelry held as an investment are examples of assets. The employee's personal residence and personal jewelry is not considered an asset. List the respective household member number from Part I and complete a separate line for each member.

Column (G)	List the type of asset (i.e., second home, boat, works of art, etc.)
Column (H)	Enter the market value of the asset, as of the date of hire.
Column (I)	Enter the amount of any mortgages or loans secured by the asset.
Column (J)	Enter the owner's percentage of ownership (i.e., 100% for sole ownership, 50% for co-owner, etc.).
Column (K)	Enter the amount of Columns (H-I) x J.
TOTAL	The sum of Column (K).

If the total in Column (K) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (L), Imputed Income.

Row (L)	Enter the Total from Column K. If greater than \$5,000, multiply by 2.0% and enter in (L).
Row (M)	Enter the sum of (F) and (L).

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older, to the extent reasonably possible, must sign and date the Employee Income Certification.

Part IV - Determination of Income Eligibility – To be Completed by Reznick Group

ANNUAL INCOME INCLUDES:

1. The full amount before any payroll deductions of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services;
2. The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the household;
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph 2 of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the household; i.e., a gain realized from converting an asset to cash will be considered income. If the household has net assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or the value of such assets multiplied by 2%, the current passbook savings rate, as determined by HUD.
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;
5. Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation and severance pay. Any payments that will begin during the next 12 months must be included;
6. Welfare assistance if the payment includes an amount specifically designated for shelter and utilities that are subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:
 - (a) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - (b) The maximum amount that the welfare assistance agency could in fact allow the household for shelter and utilities. If the household's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the Armed Forces.
9. In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, any income distributable from the trust fund shall be counted when determining annual income.

ANNUAL INCOME EXCLUDES:

1. Income from employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children;
3. Lump-sum additions to household assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation) and settlement for personal or property losses;
4. Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any household member;
5. Income of a live-in aide;
6. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student. Any amounts of such scholarships or payments to a veteran not used for the above purposes that is available for subsistence are to be included in income;
7. The special pay to a household member serving in the Armed Forces who is exposed to hostile fire;
8. Amounts received under training programs funded by HUD;
9. Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
10. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
11. Temporary, non-recurring or sporadic income (including gifts); or
12. Amounts specifically excluded by any other Federal statute for consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act. The following is a list of types of income that qualify for that exclusion:
 - a. The value of the allotment provided to an eligible household under the Food Stamp Act.
 - b. Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions).
 - c. Payments, rebates or credits received under the Federal, Low-Income Home Energy Assistance Programs. Includes any winter differentials given to the elderly.
 - d. Payments received under programs funded in whole or in part under the Job Training Partnership Act;
 - e. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs, that are made available to cover the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses. Examples include Pell Grants, Supplemental Opportunity Grants, State Student Incentive Grants, College-Work Study and Byrd Scholarships.
 - f. Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation.
 - g. Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program).
 - h. Any earned income tax credit to the extent it exceeds income tax liability.

	ASSETS INCLUDE	ASSETS DO NOT INCLUDE
1.	Cash in savings and checking accounts, safe deposit boxes, homes, etc.	Household primary residence.
2.	Stocks, bonds, Treasury Bills, certificates of deposit, money market funds.	Personal jewelry of household members.
3.	Equity in real property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.	Necessary personal property (except that personal property held as an investment).
4.	Cash value of trusts that are available to the household.	Interest in Indian trust lands.
5.	IRA, Keogh and similar retirement savings accounts, even though the withdrawal would result in a penalty.	Assets that are part of an active business. Note: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the person's main occupation.
6.	Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment of benefits that will be received in a lump sum distribution if the person is at retirement or termination of employment.	Assets not accessible to the household and which provide no income for the household.
7.	Assets which, although owned by more than one person, allow unrestricted access by the applicant.	Vehicles especially equipped for the handicapped.
8.	Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.	Equity in owner-occupied cooperatives in which the household lives.
9.	Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.	Life insurance policies.
10.	Assets disposed of for less than fair market value during the two years preceding certification or recertification, if the fair market value exceeds the gross payment received by more than \$1,000.	Assets that are not effectively owned by the person even though the assets are held in the person's name because the assets and income from the assets accrue to the benefit of someone else and that other person is responsible for the taxes incurred on such income.

Count as Income:

Actual income from assets if total assets are \$5,000 or less.

If assets are more than \$5,000, the greater of:

(a) actual income from assets, or

(b) total assets x 2%, the HUD passbook rate.

SUGGESTIONS FOR CALCULATING GROSS ANNUAL INCOME

Source of Income	Guidance for Calculations
<p>Earned Income</p>	<p>Existing Employees: Use information from federal tax returns and available paystubs, bank statements and supporting documentation, as of the date of hire. New Hires: Use current circumstances to anticipate future earnings. Three most recent pay stubs to the date of hire will be acceptable, if Verification of Employment is not available. Include all household members age 18 and over, including income of temporarily absent spouse or other usual household member. Make sure to use annual figures. If wages are paid hourly, assume 2080 hours for full time employment.</p>
<p>Income from Assets Existing Employees: if any person in employee's household owned assets, real and personal property, with imputed income not reflected on tax returns; New Hires: interest earning bank accounts, stocks and bonds, CDs, IRAs, 401(k)s, Keogh accounts, etc., in addition to real and personal property.</p>	<p>Existing Employees: If net assets are \$5,000 or more, multiply by 2%, HUD's established passbook interest rate for imputing income. New Hires: If under \$5,000 use the actual income. If over \$5,000, use the greater of the actual or the imputed income based on 2%, the passbook rate established by HUD. Assets disposed of for less than fair market value are counted for two years.</p>
<p>Contributions and gifts</p>	<p>Include as income if contributions are being made on a regular basis.</p>
<p>Alimony and child support</p>	<p>Include if the support is actually being provided.</p>
<p>Income from a business</p>	<p>Generally, this is gross income less expenses.</p>
<p>Insurance settlements, inheritances, proceeds from sale of property and other lump sum payments</p>	<p>Generally, these are assets and not income.</p>
<p>Income from welfare assistance</p>	<p>Count the basic welfare grant.</p>
<p>Periodic payments, such as social security, pensions, etc.</p>	<p>Make sure to calculate the annual value of periodic payments. Lump sum payments are treated as assets.</p>

ACCEPTABLE FORMS OF VERIFICATION

Employment Income

Check stubs or earnings statements showing employee gross pay for three consecutive pay periods and frequency of pay, i.e. weekly, bi-weekly, monthly, etc.

Most current federal income tax return or W-2 forms if last year's federal income tax return has not been filed.

If self-employed, affidavits or income tax return signed by the applicant describing self-employment and amount of income or income from tips and other gratuities.

Social Security, Pensions, Supplemental Security Income (SSI), Disability Income Benefit

Verification form completed by the agency providing the benefits.

Award or benefit notification letters prepared and signed by the authorizing agency. If checks or automatic bank deposit slips are used, the amount should be confirmed by Social Security since deductions such as Medicare premiums must be added to the face value of the check.

Owners should document any refusal of the Social Security Administration to verify amounts.

Unemployment Compensation

Verification form completed by the unemployment compensation agency.

Records from unemployment office stating payment dates and amounts.

Welfare Payments such as AFDC

Welfare agency's written statements as to the type and amount of assistance the family is now receiving, and any changes in assistance expected during the next 12 months.

Alimony or Child Support Payments

Copy of a separation or settlement agreement or a divorce decree stating the amount and type of support and payment schedules.

A notarized statement from the person paying the support.

Copy of latest support check received. Owner or manager should record the date, amount, and number of check.

Applicant's notarized statement or affidavit of amount received or that support payments are not being received and the likelihood of support payments received in the future.

Net Income from a Business The following documents show income for the prior years. Owners or managers must consult with tenants and use this data to estimate income for the next 12 months.

IRS Tax Return, Form 1040, including
Schedule C Small Business
Schedule E Rental
Property Income Schedule F Farm
Income

Financial statement(s) of the business including an accountant's calculation of straight-line depreciation expense if accelerated depreciation was used on the tax return or financial statement.

Loan application listing income derived from the business during the previous 12 months.

In the case of rental property, copies of recent bills/checks, leases to verify income, and tax statements, insurance premiums, receipts for reasonable maintenance and utility expenses, bank statements or amortization schedules showing monthly interest expense.

Notarized statement or affidavit signed by applicant stating net income realized from business during previous 12 month period.

Recurring Gifts

Notarized statement or affidavit signed by the person providing or receiving the assistance. Must include the purpose, dates and value of gifts.

Scholarships, Grants, and Veterans Administration Benefits for Education

Verification form, with signed Consent to Release, completed by educational institution of expected cost of tuition, fees, books, and equipment that will be incurred during the next 12 months.

Rental Income from Property Owned by Applicant

IRS Form 1040 with Schedule E (Rental Income)

Copies of latest rent checks, leases, or utility bills for the past 3 months.

Documentation of applicant's income and expenses in renting the property (tax statements, insurance premiums, receipts for reasonable maintenance and utilities, bank statements or amortization schedules showing monthly interest expense).

Lessee's written statement identifying monthly payments due the applicant and applicant's affidavit as to net income realized.

Savings Account Interest Income and Dividends

Account statements, passbooks, certificates of deposit, etc., if they show enough information (i.e. rate of return) and are signed by the financial institution.

Broker's quarterly statements showing the value of stocks or bonds and the earnings credited the applicant.

If an owner or manager accepts an IRS Form 1099 from the financial institution, the owner must adjust the information to project earnings expected for the next 12 months.

CERTIFICATION OF ZERO INCOME

(To be completed by household members age 18 and older, if appropriate.)

Household Member's Name: _____

1. I hereby certify that I did not individually receive income from any of the following sources for the year ending _____ (date employee hired):

- a. Wages from employment (including commissions, tips, bonuses, fees, etc.);
 - b. Income from operation of a business;
 - c. Rental income from real or personal property;
 - d. Interest or dividends from assets;
 - e. Social Security payments, annuities, insurance policies, retirement funds, pensions, or death benefits;
 - f. Unemployment or disability payments;
 - g. Public assistance payments;
 - h. Periodic allowances such as alimony, child support, or gifts received from persons not living in my household;
 - i. Sales from self-employed resources;
 - j. Any other source not named above.
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I certify that the information presented in this certification is true and accurate to the best of my knowledge.

Signature of Household Member

Printed Name of Household Member