

ND SEPULVEDA II, L.P.
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May 8, 2009

Ed Bradley
Director, Investment and Enterprise Development Services
Department of Veterans Affairs
Office of Asset Enterprise Management (044)
810 Vermont Ave, NW
Washington, DC 20420

**Subject: Request to Amend Enhanced Use Lease
Building 5, Sepulveda Ambulatory Care Center**

Dear Mr. Bradley:

Pursuant to Article 7, Section B.4., regarding change, revision, modification or amendment, ND Sepulveda II, LP (Partnership) is formally requesting that the above referenced lease with the U.S. Department of Veterans Affairs (VA) be amended to reflect that only veterans will be served in this project, which we have named "Homes for Heroes at Sepulveda VA."

For the past year, A Community of Friends (ACOF) and New Directions Inc. (NDI) have been working on State and federal legislation to allow the project to serve only veterans. We were successful with passage of SB 1220 and H.R. 3221, and have been working on the federal fair housing issue since last fall.

Late last month, we received the attached letter from the U.S. Department of Housing and Urban Development's (HUD) Office of General Counsel stating that we may restrict our project to veterans only as the restriction does not operate to exclude a class protected by the Fair Housing Act.

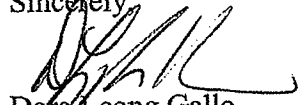
Upon further review, our attorney has issued an opinion (also attached) confirming that our proposed funding sources (HOME, CDBG and HUD Supportive Housing Program) do not have programmatic requirements that prohibit the rental of all units in the project to veterans.

As a result, on behalf of the Partnership, ACOF and NDI are now requesting that the Enhanced Use Lease be amended. In addition to an amended and restated lease agreement that changes all "veteran preference" language to "veteran only", we request that Attachments to the lease, including the Tenant Selection Plan, the Management Plan and the Marketing Plan, also be amended to acknowledge that the project can restrict housing to veterans only.

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We would appreciate your effort to expedite our request. Please direct any questions or concerns to me or Project Manager Ben Rosen at (213) 480-0809 or legal counsel for the Partnership Scott Barshay at (415) 781-6600.

Sincerely,



Dofa Leong Gallo
Chief Executive Officer
A Community of Friends, General Partner
ND Sepulveda II, L.P.

attachments