

LAW OFFICES
SMITH AND SMITH
PROFESSIONAL CORPORATION
1100 EAST MAPLE ROAD, SUITE 100
TROY, MICHIGAN 48060-8853

BRIAN M. SMITH
JUSTIN L. SMITH

(248) 524-1404
FAX (248) 524-1481
Lawsmiths@aol.com

March 5, 2004

Lisa Lepine, Esq.
3984 W. Archer
Harrison Township, MI 48045

Re: Decision on [REDACTED] Informal Hearing

Dear Ms. Lepine:

Ms. Wilson asked me to notify you of her decision relative to the informal hearing held two weeks ago regarding [REDACTED] pooled trust distributions and whether the same would be counted as income for the period affected. This letter, then, shall constitute a written decision under the informal hearing procedure. The informal hearing took place on February 20, 2004 at about 3:40 p.m. Present were Sue Zoller, Deborah Wilson, you and I.

During the hearing, Ms. Wilson recited a series of dates and events that led to the Commission's decision that certain disbursements from January 6, 2003 to May 14, 2003 to [REDACTED] from the subject pooled trust should be included as income as defined by HUD regulations. You did not materially disagree with the timeline articulated, but disagreed with the conclusion that the subject distributions were income and submitted that HUD income exceptions applied to the disbursements. Ms. Wilson informed you that she was going to submit the question of the applicability of income exceptions to HUD for an evaluation from their legal department. This was done, but a decision has not been forthcoming in a timely manner such that it could play a part in Ms. Wilson's decision herein. Ms. Wilson acknowledges that distributions from pooled trusts have generally been excepted from income for the purposes of maintaining certain governmental benefits or subsidies. The question, as submitted to HUD, however, was whether [REDACTED] specific distributions in 2003 fall within any of the exceptions from income in HUD's regulations, to wit: 24 C.F.R. 5.609(e)(1-17). *

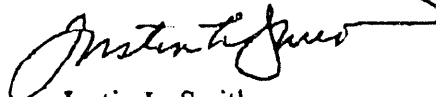
Ms. Wilson's decision is that the Ferndale Housing Commission will not include the 2003 distributions received from the pooled trust to [REDACTED] as 2003 income. This decision is made principally because a HUD decision was not issued in a timely manner for the purposes of this notification. Perhaps HUD would have reached the same *

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* conclusion that you argued, but no one knows as of the date of this notice. If HUD determines in the future that similar distributions are to be counted as income or not fall within income exceptions, then this decision by Ms. Wilson should not be construed to have precedential effect. Accordingly, [REDACTED] may wish to inform the Trustee to keep this in mind when authorizing future disbursements to [REDACTED].

Very truly yours,

Smith and Smith, P.C.



Justin L. Smith

JLS/js

Cc: Deborah E. Wilson