

**M****HAND DELIVERED**

31 May 2006

Mr. Vincent "Smiley" Gallegos  
 Executive Director  
 Region III Housing Authority  
 4605 4<sup>th</sup> Street NW  
 Albuquerque, NM 87107

MEYNER + COMPANY, LLC  
 Certified Public Accountants/  
 Consultants to Business

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Dear Smiley:

The purpose of this letter is to inform you that we are postponing the audit of Region III Housing Authority for the year ended December 31, 2005. Per our discussion yesterday, May 30, 2006, this is due to the uncertainty of the possible debt default, the going concern issue and the Attorney General's continuing investigation.

We are approximately 55% completed with the audit, and the summary of audit findings to date is as follows:

- 1) Lack of adequate fixed assets listing.
- 2) Untimely bond repayments.
- 3) Home sales are not being recorded consistently.

If any pertinent information arises, please contact us. Thank you for your time yesterday. We appreciate you meeting with us.

Very truly yours,

MEYNER + COMPANY, LLC

*Georgie L. Ortiz*  
 Georgie L. Ortiz, CPA  
 Assurance Manager

cc: Mr. Filo M. Sedillo, Chairman of the Board  
 Mr. Domingo P. Martinez, New Mexico State Auditor

GLO/cmd