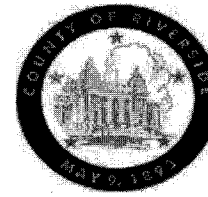


**SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM
10.1**

MEETING DATE:

FROM : Housing Authority and HOUSING AUTHORITY:

Tuesday, November 8, 2016

SUBJECT: HOUSING AUTHORITY: Approve the Assignment and Assumption Agreement and Fifth Amendment to the Disposition and Development Agreement for Hemet Vistas Apartments, located in the City of Hemet between the Housing Authority of the County of Riverside and Hemet Vistas 1&2R Partners LP, Successor In Interest to Palm Desert Development Company, District 3, [\$0], Project is Exempt Under CEQA.

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to state CEQA Guidelines Section 15301 and Section 15061 (b)(3);
2. Approve as to form the attached Assignment and Assumption Agreements, assigning the Disposition and Development Agreement, including all amendments and related agreements, entered into between the Palm Desert Development Company and the former Redevelopment Agency for the County of Riverside, to Hemet Vistas 1 and 2R Partners LP, a California limited partnership (Hemet Vistas 1 and 2R Partners LP);
3. Authorize the Executive Director, or designee, to execute the consents attached to the Assignment and Assumption Agreements, subject to County Counsel approval; **Policy**


FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Low-Moderate Income Housing Funds			Budget Adjustment:	No
			For Fiscal Year:	2016/17

C.E.O. RECOMMENDATION: Approved

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Commissioner Tavaglione, seconded by Commissioner Washington and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
 Nays: None
 Absent: None
 Date: November 8, 2016
 xc: Housing Authority

Kecia Harper-Ihem
 Clerk of the Board
 By 
 Deputy

10-1

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

RECOMMENDED MOTION: Continued

4. Approve as to form the attached Fifth Amendment to the Disposition and Development Agreement, including all attachments, between the Housing Authority of the County of Riverside (Housing Authority) and Hemet Vistas 1 and 2R Partners LP;
5. Approve as to form the attached Amended and Restated Promissory Note, Second Amendment to Deed of Trust with Assignment of Rents, and Amended and Restated Covenant Agreement;
6. Authorize the Executive Director, or designee, to execute an Amended and Restated Promissory Note, Second Amendment to Deed of Trust with Assignment of Rents and Amended and Restated Covenant Agreement, substantially conforming in form and substance to the attached forms, subject to County Counsel approval;
7. Approve as to form the two attached Full Reconveyances of Deeds of Trust with Assignment of Rents;
8. Authorize the Executive Director, or designee, to execute two Full Reconveyances of Deeds to Trust with Assignment of Rents substantially conforming in form and substance to the attached forms, subject to County Counsel approval;
9. Authorize the Executive Director, or designee, to execute a Subordination Agreement subordinating the Housing Authority's Deed of Trust with Assignment of Rents, as amended, to the Deed of Trust securing the project construction loan in an amount up to \$11,500,000, subject to County Counsel approval;
10. Authorize the Executive Director of the HACR, or designee, to execute a Subordination Agreement subordinating the Housing Authority's Deed of Trust, as amended, to the Deed of Trust securing the project's permanent loan in an amount up to \$7,500,000, subject to County Counsel approval;
11. Authorize the Executive Director of the HACR, or designee to take all necessary steps to implement the Fifth Amendment to the Disposition and Development Agreement, including all attachments, Reconveyances, and the Subordination Agreements, including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
12. Direct Housing Authority of the County of Riverside staff to file the Notice of Exemption within five working days.

BACKGROUND:

Summary

On November 14, 1995, the former Redevelopment Agency for the County of Riverside (RDA) entered into a Disposition and Development Agreement (DDA) with Palm Desert Development Company (PDDC), who later formed two Partnerships, Hemet Vistas I, L.P. and Hemet Vistas II, L.P (Previous Partnerships) to develop a two-phase 144 unit affordable multi-family rental housing complex (Project). The Project was constructed on a 9.3 acre vacant site located in the North Hemet Redevelopment project area, specifically 225 W. Fruitvale, Hemet, CA 92543 (Property). The DDA provided a loan to developer of RDA funds in the amount of \$265,000 (Phase I Loan), to purchase the first 4.65 acres of the Property upon which phase I of the

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

Project was developed. On May 7, 1996 the RDA amended the DDA pursuant to the Amendment to Disposition and Development Agreement to loan PDDC an additional \$265,000 in RDA funds (Phase II Loan) to purchase the remaining 4.65 acres of the Property upon which phase II of the Project was developed. The DDA was further amended pursuant to the Second Amendment to Disposition and Development Agreement on May 26, 1998. On November 30, 1999 the RDA approved a Third Amendment to the Disposition and Development Agreement which provided a loan of RDA funds in the amount of \$1,550,000 (\$1,550,000 Loan) to PDDC to pay a portion of the development costs of phase II of Project. The former RDA only disbursed \$1,220,000 of the \$1,550,000 Loan and no further funds will be disbursed as they are not needed for the Project. On October 6, 2009, the RDA approved a Fourth Amendment to the DDA approving a modification of the repayment provisions related to the RDA loans. The DDA, including the aforementioned amendments are collectively referred to herein as the "DDA." The loans issued by the former RDA are secured by three separate Deeds of Trust. Covenant Agreements have been recorded against the Property to ensure the continued affordability of the units. On February 15, 2013, the former RDA's right, title, interest and obligations under the DDA, including all attachments, related promissory notes, deeds of trusts and covenant agreements were assumed by the Housing Authority of the County of Riverside (Housing Authority) as housing successor to the former RDA pursuant to the Redevelopment Dissolution Act.

PDDC completed both phases of the Project as memorialized in the DDA. In addition to the former RDA loan funds provided under the DDA, the development of the Project was also funded with Low Income Housing Tax Credits (Tax Credits) and \$1,200,000 in County of Riverside HOME Investment Partnership Act funds (HOME Funds) which has a companion item before the Board of Supervisors on this same day. The Project has been completed and occupied for 15 years and is in need of rehabilitation. The tax credits have since expired, allowing for a new allocation of tax credits to be utilized to rehabilitate the Project. The Previous Partnerships will dissolve and a new partnership has been formed, Hemet Vistas 1 and 2R Partners LP, a California limited partnership (Partnership). The Partnership will combine both phases into one Project for purposes of obtaining necessary financing for rehabilitation, and owning and operating the Project. The Previous Partnership is proposing to pay-off \$1,000,000 in debt owed to the Housing Authority in connection with the former RDA loans issued under the DDA, and have the remaining balance of the loans assumed by the new Partnership. As a result of the \$1,000,000 payment by the Previous Partnership, (i) the Phase I Loan and Phase II Loan will be fully repaid and their respective Deeds of Trust will be reconveyed, and (ii) the remaining balance will be used to pay off the \$1,550,000 Loan. Staff recommends amending and restating the Promissory Note evidencing the \$1,550,000 Loan to reflect the actual pay-out amount of \$1,200,000 (a portion of which will be paid down as part of the \$1,000,000 payment), and to re-amortize the new note amount over a 55 year period. The existing covenants will remain in effect and will be extended for 55 years covering the amortization period of the amended and restated promissory note. The aforementioned amendments to the DDA and related documents, including, but not limited to the proposed \$1,000,000 payment by the Previous Partnership, assignment of obligations to the Partnership, amendment of the Promissory Note and note amount, and rehabilitation of the units, are memorialized in the

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

attached proposed Fifth Amendment to Disposition and Development Agreement, including exhibits.

The proposed scope of rehabilitation will consist of cosmetic repairs to the exterior of the units, energy efficient upgrades on all appliances including HVAC systems, replacing of cabinets, flooring and carpets, extensive ADA compliant improvements, painting of interior and exterior of units and improvements to on-site amenities. A breakdown of rehabilitated items is attached to the Fifth Amendment to Disposition and Development Agreement. Sources of financing include: \$5,921,103 in Tax Credit Equity, \$10,882,161 construction loan of which \$6,727,300 will be converted to a permanent loan, \$2,650,000 in general partnership equity and a \$399,725 deferred developer fee. In addition to the sources of financing for rehabilitation, a \$1,200,000 loan from the former Redevelopment Agency of the County of Riverside (RDA) (including accrued interest), plus the HOME loan (including accrued interest), will remain as debt encumbering the Project.

The construction lender and permanent lender (collectively "Senior Lenders") will require, as a condition precedent to the funding of their respective loans, that the DDA and remaining former RDA loan are subordinated to their respective liens. Subordination of the DDA and the remaining former RDA loan are necessary since an economically feasible alternative method of financing the Project on comparable terms is not available without subordination. As a result of such subordinations, the DDA and remaining former RDA loan will be in a 3rd priority lien position junior to the loans from the Senior Lenders. All subordination agreements shall be approved as to form by County Counsel.

Pursuant to the California Environmental Quality Act (CEQA), the Fifth Amendment to the Disposition and Development Agreement, including all attachments, was reviewed and determined to be categorically exempt from CEQA under state CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061(b)(3), General Rule or "Common Sense" Exemption. The proposed rehabilitation of the 144 units involves cosmetic exterior repairs and interior rehabilitation work of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the Fifth Amendment to the Disposition and Development Agreement, including all attachments will have a significant effect on the environment and will not lead to any direct or reasonably indirect physical environment impacts since the existing use will be maintained, the rehabilitation is minimal, and the agreement will have mostly administrative and financial impacts.

Impact on Residents and Businesses

The Fifth Amendment to the Disposition and Development Agreement, and related agreements, and rehabilitation of the 144 affordable rental units will have a positive impact on the areas surrounding the Project, create jobs and enhance the quality of living for current residents residing at Project.

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

Attachments:

Five (5) Assignment and Assumption Agreements

Two (2) Full Reconveyances (Deed of Trust with Assignment of Rents)

Fifth Amendment to the Disposition and Development Agreement (with attachments)

- Second Amendment to Deed of Trust with Assignment of Rents
- Amended and Restated Promissory Note
- Amended and Restated Covenant Agreement

Notice of Exemption

RF: JV: HM: JA: JG: SA MinuteTraq # 2378 EDA Tracking # 13390



Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

11/8/16
Date

Via H.A.
Initial

Notice of Exemption

To:
☐ Office of Planning and Research
For U.S Mail: Street Address:
P.O. Box 3044 1400 Tenth St.
Sacramento, CA 95812-3044 Sacramento, CA 95814

From:
Public Agency: Housing Authority of the County of Riverside
Address: 5555 Arlington Avenue
Riverside, CA 92504
Contact: Stephanie Adams
Phone: (951) 343-5455

☒ County Clerk
County of: Riverside
2724 Gateway Drive
P.O. Box 751
Address: Riverside, CA 92502-0751

Lead Agency (if different from above):
Address:
Contact:
Phone:

SUBJECT: Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse):

Project Title: Hemet Vistas Apartments

Project

Location: 225 W. Fruitvale, Hemet, CA 92543; Assessor's Parcel Numbers: 439-060-036-5 and 439-060-037-6

Project Description:

Hemet Vistas 1&2R Partners LP, a California Limited Partnership, proposes to rehabilitate a property consisting of 144 multi-family units (36 four-bedroom units and 108 three-bedroom units) located at 225 W. Fruitvale, Hemet, CA 92543, also identified as Assessor's Parcel Number 439-060-036-5 and 439-060-037-6. One Hundred and Forty Three units will be designated as affordable units pursuant to the proposed Fifth Amendment to Disposition and Development Agreement. The use and occupancy of the Property and the affordable units located thereon will be restricted for the following period, the earlier to occur of (i) July 1, 2075 or (ii) fifty-five years from the recordation of the Notice of Completion for which rehabilitation is completed for the project. The aforementioned use and occupancy restrictions will be set forth in a recorded covenant agreement.

Project Sponsor: Hemet Vistas 1&2R Partners LP, a California Limited Partnership

This is to advise that the County of Riverside Board of Commissioners approved the above project on

☐ Lead agency or ☒ Responsible Agency

November 8, 2016 and has made the following determinations regarding the above described project:
(tentative date)

Exempt Status: California Environmental Quality Act (CEQA) Guidelines, Section 15061 (b) (3), General Rule Exemption.

Reasons Why Project is Exempt: Pursuant to the California Environmental Quality Act (CEQA), the Fifth Amendment to Disposition and Development Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061(b) (3), General Rule or "Common Sense" Exemption. The proposed project, the Fifth Amendment to Disposition and Development Agreement, involves the refinancing of former Redevelopment Agency funds for the rehabilitation of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment and the project will not lead to any direct or reasonably indirect physical environmental impacts since the existing use will be maintained.

Signature: _____

John Aguilar, Deputy Director
Housing Authority of the County
of Riverside
Title: _____

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attention: Stephanie Adams

**No fee for recording pursuant to
Government Code Section 27383**

**ASSIGNMENT AND ASSUMPTION AGREEMENT
(DISPOSITION AND DEVELOPMENT AGREEMENT FOR
HEMET VISTAS APARTMENTS – PHASE I)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is made and entered into on this 1st day of September, 2016 by and between Palm Communities, a California corporation formerly known as Palm Desert Development Company ("Assignor"), and Hemet Vistas I, Limited Partnership, a California limited partnership ("Assignee"). The Assignor and Assignee are collectively referred to herein as the "Parties."

RECITALS

A. The Redevelopment Agency of the County of Riverside, a public body, corporate and politic (the "Agency") and Assignor entered into that certain Disposition and Development Agreement, dated as of November 27, 1995 and recorded in the Official Records of the County of Riverside (the "Official Records") on May 17, 1996 as Instrument No. 183679, as amended by the First Amendment to Disposition and Development Agreement, dated May 7, 1996 and recorded in the Official Records on May 17, 1996 as Instrument No. 183680, as amended by the Second Amendment to Disposition and Development Agreement, dated May 26, 1998, as amended by the Third Amendment to Disposition and Development Agreement, dated November 30, 1999, and as amended by the Fourth Amendment to Disposition and Development Agreement, dated October 6, 2009 and recorded in the Official Records on December 30, 2009 as Instrument No. 2009-668254 (collectively, the "DDA") relating to, among other things, the potential acquisition of that certain real property described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference ("Property"), the predevelopment, construction and operation thereon of a 144 unit affordable housing complex for low-income families containing 143 units and 1 manager's unit, originally developed in two phases, to be rented and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Project");

B. Subsequent to the DDA, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (the "Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq. (the "CRL"),

The Agency was dissolved on February 1, 2012 such that the Agency is now deemed a former redevelopment agency under Health and Safety Code section 34173;

C. Pursuant to Health and Safety Code Section 34176 (a), all housing functions previously performed by the former Agency, including related rights, powers, duties, obligations, and housing assets were transferred to the Housing Authority of the County of Riverside, a public body, corporate and politic, in its capacity as housing successor to the former Agency (the "Authority");

D. Assignor formed Assignee in order to own and operate Phase I of the Project, as provided for in Section 603 of the DDA;

E. Assignor hereby desires to assign its rights and obligations and delegate all of its duties under the DDA and any and all related agreements and documents (collectively, the "Related Agreements"), and for Assignee to accept such assignment and assume all rights, interest and obligations thereunder; and

F. The Authority desires to consent to such assignment as evidenced by its signature hereto.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title, obligations and interest in and to the DDA and any and all Related Agreements, and Assignee hereby accepts such assignment, and assumes all of the obligations of the Assignor under the DDA and any and all Related Agreements, and agrees to be bound thereby in accordance with the terms thereof.
2. Assignee shall assume and perform all executory obligations of Assignor pursuant to the DDA and any and all Related Agreements, without exception.
3. Assignor and Assignee acknowledge that such assignment and acceptance shall not relieve Assignor of its duty to comply with the obligations under the DDA and the Related Agreements. Assignee agrees to perform all of the obligations in accordance with the DDA and the Related Agreements.
4. The principal address of Assignee for purposes of the DDA and Related Agreements is as follows:

Hemet Vistas I, Limited Partnership
c/o Palm Communities
100 Pacifica, Suite 205
Irvine, CA 92618
Attn: President

5. This Assignment, together with the agreements, covenants and warranties contained herein, is made for the sole protection and the benefits of the parties hereto, and their successors and assigns, and no other person or persons shall have a right of action or right to rely hereon. As this Assignment contains all the terms and conditions agreed upon between the parties, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.
6. This Assignment has been entered into, is to be performed entirely within, and shall be governed by and construed in accordance with the laws of the State of California.
7. If any term or provision of this Assignment, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby and each other term and provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Assignment that is illegal, invalid or unenforceable, there be added as part of this Assignment and enforceable clause or provision similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.
8. Time is expressly declared to be of essence in this Assignment.
9. Each party hereto covenants and agrees to perform all acts and obligations, and to prepare, execute, and deliver such written agreements, documents, and instruments as may be reasonably necessary to carry out the terms and provisions of this Assignment.
10. No provision in this Assignment is to be interpreted for or against either party because that party or its legal representatives drafted such provision.
11. This Assignment may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Assignment, which, with all attached signature pages, shall be deemed to be an original Assignment.
12. The parties hereto further represent and declare that they carefully read this Assignment and know the contents thereof, and that they sign the same freely and voluntarily.
13. Each party represents that the person executing this Assignment on behalf of said party has the full authority to do so to bind the party to perform pursuant to the terms and conditions of this Assignment.

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date set forth opposite their signatures below.

ASSIGNOR:

PALM COMMUNITIES, a California corporation

By: _____
Danavon L. Horn, President

Date: _____

ASSIGNEE:

HEMET VISTAS I, LIMITED PARTNERSHIP, a California limited partnership

By: Palm Communities, a California corporation,
its administrative general partner

By: _____
Danavon L. Horn, President

Date: _____

By: Housing Corporation of America, a Utah
nonprofit corporation, its managing general
partner

By: _____
Ronald H. Olson, President

Date: _____

[ASSIGNOR AND ASSIGNEE SIGNATURES MUST BE NOTARIZED]

CONSENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT

In reliance upon the assumption by HEMET VISTAS I, LIMITED PARTNERSHIP, a California limited partnership, as Assignee, of all rights and obligations pursuant to the foregoing Assignment and Assumption Agreement (Disposition and Development Agreement For Hemet Vistas Apartments – Phase I) (the "Assignment"), the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public body, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (the "Authority"), does hereby consent to and approve of the assignment of all right, title, obligations and interest in and to the DDA and any and all Related Agreements (as defined in the Assignment) by PALM COMMUNITIES, a California corporation ("Assignor"), to Assignee.

Approval hereof by the Authority shall not be construed to relieve or release Assignor from its duty to comply with any of its obligations under the DDA or any Related Agreements.

"AUTHORITY"

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE, a public
body, corporate and politic, in its
capacity as housing successor to the
Redevelopment Agency of the County of
Riverside

By: _____
Name: _____
Title: _____

Date: _____

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: _____
Jhaila R. Brown, Deputy

[AUTHORITY SIGNATURE MUST BE NOTARIZED]

EXHIBIT A

LEGAL DESCRIPTION OF PHASE I PROPERTY

Real property in the City of Hemet, County of Riverside, State of California, described as follows:

PARCEL 1 AS SHOWN BY PARCEL MAP NO. 28501, ON FILE IN BOOK 194 PAGE(S) 5, 6 AND 7 OF
PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 439-060-036-5

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document:

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attention: Stephanie Adams

**No fee for recording pursuant to
Government Code Section 27383**

**ASSIGNMENT AND ASSUMPTION AGREEMENT
(DISPOSITION AND DEVELOPMENT AGREEMENT FOR
HEMET VISTAS APARTMENTS – PHASE II)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is made and entered into on this 1st day of September, 2016 by and between Palm Communities, a California corporation formerly known as Palm Desert Development Company ("Assignor"), and Hemet Vistas II Limited Partnership, a California limited partnership ("Assignee"). The Assignor and Assignee are collectively referred to herein as the "Parties."

RECITALS

A. The Redevelopment Agency of the County of Riverside, a public body, corporate and politic (the "Agency") and Assignor entered into that certain Disposition and Development Agreement, dated as of November 27, 1995 and recorded in the Official Records of the County of Riverside (the "Official Records") on May 17, 1996 as Instrument No. 183679, as amended by the First Amendment to Disposition and Development Agreement, dated May 7, 1996 and recorded in the Official Records on May 17, 1996 as Instrument No. 183680, as amended by the Second Amendment to Disposition and Development Agreement, dated May 26, 1998, as amended by the Third Amendment to Disposition and Development Agreement, dated November 30, 1999, and as amended by the Fourth Amendment to Disposition and Development Agreement, dated October 6, 2009 and recorded in the Official Records on December 30, 2009 as Instrument No. 2009-668254 (collectively, the "DDA") relating to, among other things, the potential acquisition of that certain real property described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference ("Property"), the predevelopment, construction and operation thereon of a 144 unit affordable housing complex for low-income families containing 143 units and 1 manager's unit, originally developed in two phases, to be rented and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Project");

B. Subsequent to the DDA, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (the "Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq. (the "CRL"),

The Agency was dissolved on February 1, 2012 such that the Agency is now deemed a former redevelopment agency under Health and Safety Code section 34173;

C. Pursuant to Health and Safety Code Section 34176 (a), all housing functions previously performed by the former Agency, including related rights, powers, duties, obligations, and housing assets were transferred to the Housing Authority of the County of Riverside, a public body, corporate and politic, in its capacity as housing successor to the former Agency (the "Authority");

D. Assignor formed Assignee in order to own and operate Phase II of the Project, as provided for in Section 603 of the DDA;

E. Assignor hereby desires to assign its rights and obligations and delegate all of its duties under the DDA and any and all related agreements and documents (collectively, the "Related Agreements"), and for Assignee to accept such assignment and assume all rights, interest and obligations thereunder; and

F. The Authority desires to consent to such assignment as evidenced by its signature hereto.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title, obligations and interest in and to the DDA and any and all Related Agreements, and Assignee hereby accepts such assignment, and assumes all of the obligations of the Assignor under the DDA and any and all Related Agreements, and agrees to be bound thereby in accordance with the terms thereof.
2. Assignee shall assume and perform all executory obligations of Assignor pursuant to the DDA and any and all Related Agreements, without exception.
3. Assignor and Assignee acknowledge that such assignment and acceptance shall not relieve Assignor of its duty to comply with the obligations under the DDA and the Related Agreements. Assignee agrees to perform all of the obligations in accordance with the DDA and the Related Agreements.
4. The principal address of Assignee for purposes of the DDA and Related Agreements is as follows:

Hemet Vistas II Limited Partnership
c/o Palm Communities
100 Pacifica, Suite 205
Irvine, CA 92618
Attn: President

5. This Assignment, together with the agreements, covenants and warranties contained herein, is made for the sole protection and the benefits of the parties hereto, and their successors and assigns, and no other person or persons shall have a right of action or right to rely hereon. As this Assignment contains all the terms and conditions agreed upon between the parties, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.
6. This Assignment has been entered into, is to be performed entirely within, and shall be governed by and construed in accordance with the laws of the State of California.
7. If any term or provision of this Assignment, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby and each other term and provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Assignment that is illegal, invalid or unenforceable, there be added as part of this Assignment and enforceable clause or provision similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.
8. Time is expressly declared to be of essence in this Assignment.
9. Each party hereto covenants and agrees to perform all acts and obligations, and to prepare, execute, and deliver such written agreements, documents, and instruments as may be reasonably necessary to carry out the terms and provisions of this Assignment.
10. No provision in this Assignment is to be interpreted for or against either party because that party or its legal representatives drafted such provision.
11. This Assignment may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Assignment, which, with all attached signature pages, shall be deemed to be an original Assignment.
12. The parties hereto further represent and declare that they carefully read this Assignment and know the contents thereof, and that they sign the same freely and voluntarily.
13. Each party represents that the person executing this Assignment on behalf of said party has the full authority to do so to bind the party to perform pursuant to the terms and conditions of this Assignment.

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date set forth opposite their signatures below.

ASSIGNOR:

PALM COMMUNITIES, a California corporation

By: _____
Danavon L. Horn, President

Date: _____

ASSIGNEE:

HEMET VISTAS II LIMITED PARTNERSHIP, a California limited partnership

By: Palm Communities, a California corporation,
its administrative general partner

By: _____
Danavon L. Horn, President

Date: _____

By: Housing Corporation of America, a Utah
nonprofit corporation, its managing general
partner

By: _____
Ronald H. Olson, President

Date: _____

[ASSIGNOR AND ASSIGNEE SIGNATURES MUST BE NOTARIZED]

CONSENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT

In reliance upon the assumption by HEMET VISTAS II LIMITED PARTNERSHIP, a California limited partnership, as Assignee, of all rights and obligations pursuant to the foregoing Assignment and Assumption Agreement (Disposition and Development Agreement For Hemet Vistas Apartments – Phase II) (the "Assignment"), the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public body, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (the "Authority"), does hereby consent to and approve of the assignment of all right, title, obligations and interest in and to the DDA and any and all Related Agreements (as defined in the Assignment) by PALM COMMUNITIES, a California corporation ("Assignor"), to Assignee.

Approval hereof by the Authority shall not be construed to relieve or release Assignor from its duty to comply with any of its obligations under the DDA or any Related Agreements.

"AUTHORITY"

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE, a public
body, corporate and politic, in its
capacity as housing successor to the
Redevelopment Agency of the County of
Riverside

By: _____
Name: _____
Title: _____

Date: _____

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: _____
Jhaila R. Brown, Deputy

[AUTHORITY SIGNATURE MUST BE NOTARIZED]

EXHIBIT A

LEGAL DESCRIPTION OF PHASE II PROPERTY

Real property in the City of Hemet, County of Riverside, State of California, described as follows:

PARCEL 2 AS SHOWN BY PARCEL MAP NO. 28501, ON FILE IN BOOK 194 PAGE(S) 5, 6 AND 7 OF
PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 439-060-037-6

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attention: Stephanie Adams

**No fee for recording pursuant to
Government Code Section 27383**

**ASSIGNMENT AND ASSUMPTION AGREEMENT
(DISPOSITION AND DEVELOPMENT AGREEMENT FOR
HEMET VISTAS APARTMENTS – PHASE I)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is made and entered into on this 1st day of September, 2016 by and between Hemet Vistas I, Limited Partnership, a California limited partnership ("Assignor"), and Hemet Vistas I&2R Partners LP, a California limited partnership ("Assignee"). The Assignor and Assignee are collectively referred to herein as the "Parties."

RECITALS

A. The Redevelopment Agency of the County of Riverside, a public body, corporate and politic (the "Agency") and Palm Communities, a California corporation formerly known as Palm Desert Development Company ("PC"), entered into that certain Disposition and Development Agreement, dated as of November 27, 1995 and recorded in the Official Records of the County of Riverside (the "Official Records") on May 17, 1996 as Instrument No. 183679, as amended by the First Amendment to Disposition and Development Agreement, dated May 7, 1996 and recorded in the Official Records on May 17, 1996 as Instrument No. 183680, as amended by the Second Amendment to Disposition and Development Agreement, dated May 26, 1998, as amended by the Third Amendment to Disposition and Development Agreement, dated November 30, 1999, and as amended by the Fourth Amendment to Disposition and Development Agreement, dated October 6, 2009 and recorded in the Official Records on December 30, 2009 as Instrument No. 2009-668254 (collectively, the "DDA") relating to, among other things, the potential acquisition of that certain real property described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference ("Property"), the predevelopment, construction and operation thereon of a 144 unit affordable housing complex for low-income families containing 143 units and 1 manager's unit, originally developed in two phases, to be rented and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Project");

B. Subsequent to the DDA, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (the "Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq. (the "CRL"),

The Agency was dissolved on February 1, 2012 such that the Agency is now deemed a former redevelopment agency under Health and Safety Code section 34173;

C. Pursuant to Health and Safety Code Section 34176 (a), all housing functions previously performed by the former Agency, including related rights, powers, duties, obligations, and housing assets were transferred to the Housing Authority of the County of Riverside, a public body, corporate and politic, in its capacity as housing successor to the former Agency (the "Authority");

D. PC formed Assignor in order to own and operate Phase I of the Project and has assigned all of its rights and obligations and has delegated all of its duties under the DDA and any and all related agreements and documents (collectively, the "Related Agreements"), to the Assignee, as provided for in Section 603 of the DDA;

E. PC has now formed Assignee in order to own and operate Phase I and Phase II of the Project, as provided for in Section 603 of the DDA;

F. Assignor hereby desires to assign its rights and obligations and delegate all of its duties under the DDA and the Related Agreements, and for Assignee to accept such assignment and assume all rights, interest and obligations thereunder; and

G. The Authority desires to consent to such assignment as evidenced by its signature hereto.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title, obligations and interest in and to the DDA and any and all Related Agreements, and Assignee hereby accepts such assignment, and assumes all of the obligations of the Assignor under the DDA and any and all Related Agreements, and agrees to be bound thereby in accordance with the terms thereof.
2. Assignee shall assume and perform all executory obligations of Assignor pursuant to the DDA and any and all Related Agreements, without exception.
3. Assignor and Assignee acknowledge that such assignment and acceptance shall not relieve Assignor of its duty to comply with the obligations under the DDA and the Related Agreements. Assignee agrees to perform all of the obligations in accordance with the DDA and the Related Agreements.
4. The principal address of Assignee for purposes of the DDA and Related Agreements is as follows:

Hemet Vistas 1&2R Partners LP
c/o Palm Communities

100 Pacifica, Suite 205
Irvine, CA 92618
Attn: President

5. This Assignment, together with the agreements, covenants and warranties contained herein, is made for the sole protection and the benefits of the parties hereto, and their successors and assigns, and no other person or persons shall have a right of action or right to rely hereon. As this Assignment contains all the terms and conditions agreed upon between the parties, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.
6. This Assignment has been entered into, is to be performed entirely within, and shall be governed by and construed in accordance with the laws of the State of California.
7. If any term or provision of this Assignment, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby and each other term and provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Assignment that is illegal, invalid or unenforceable, there be added as part of this Assignment and enforceable clause or provision similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.
8. Time is expressly declared to be of essence in this Assignment.
9. Each party hereto covenants and agrees to perform all acts and obligations, and to prepare, execute, and deliver such written agreements, documents, and instruments as may be reasonably necessary to carry out the terms and provisions of this Assignment.
10. No provision in this Assignment is to be interpreted for or against either party because that party or its legal representatives drafted such provision.
11. This Assignment may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Assignment, which, with all attached signature pages, shall be deemed to be an original Assignment.
12. The parties hereto further represent and declare that they carefully read this Assignment and know the contents thereof, and that they sign the same freely and voluntarily.

13. Each party represents that the person executing this Assignment on behalf of said party has the full authority to do so to bind the party to perform pursuant to the terms and conditions of this Assignment.

[Reminder of Page Intentionally Blank]

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date set forth opposite their signatures below.

ASSIGNOR:

HEMET VISTAS I, LIMITED
PARTNERSHIP, a California limited
partnership

By: Palm Communities, a California
corporation, its administrative general
partner

By: _____
Danavon L. Horn, President

Date: _____

By: Housing Corporation of America, a
Utah nonprofit corporation, its
managing general partner

By: _____
Ronald H. Olson, President

Date: _____

ASSIGNEE:

HEMET VISTAS 1&2R PARTNERS LP, a
California limited partnership

By: PC Hemet Vistas 1&2R Developers LLC, a
California limited liability company, its
administrative general partner

By: Palm Communities, a California
corporation, its sole member and
manager

By: _____
Danavon L. Horn, President

Date: _____

By: Las Palmas Foundation, a California
nonprofit public benefit corporation, its
managing general partner

By: _____
Name: _____
Title: _____

Date: _____

[ASSIGNOR AND ASSIGNEE SIGNATURES MUST BE NOTARIZED]

CONSENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT

In reliance upon the assumption by HEMET VISTAS 1&2R PARTNERS LP, a California limited partnership, as Assignee, of all rights and obligations pursuant to the foregoing Assignment and Assumption Agreement (Disposition and Development Agreement For Hemet Vistas Apartments – Phase I) (the "Assignment"), the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public body, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (the "Authority"), does hereby consent to and approve of the assignment of all right, title, obligations and interest in and to the DDA and any and all Related Agreements (as defined in the Assignment) by HEMET VISTAS I, LIMITED PARTNERSHIP ("Assignor"), to Assignee.

Approval hereof by the Authority shall not be construed to relieve or release Assignor from its duty to comply with any of its obligations under the DDA or any Related Agreements.

"AUTHORITY"

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE, a public
body, corporate and politic, in its
capacity as housing successor to the
Redevelopment Agency of the County of
Riverside

By: _____
Name: _____
Title: _____

Date: _____

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: _____
Jhaila R. Brown, Deputy

[AUTHORITY SIGNATURE MUST BE NOTARIZED]

EXHIBIT A

LEGAL DESCRIPTION OF PHASE I PROPERTY

Real property in the City of Hemet, County of Riverside, State of California, described as follows:

PARCEL 1 AS SHOWN BY PARCEL MAP NO. 28501, ON FILE IN BOOK 194 PAGE(S) 5, 6 AND 7 OF
PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 439-060-036-5

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attention: Stephanie Adams

**No fee for recording pursuant to
Government Code Section 27383**

**ASSIGNMENT AND ASSUMPTION AGREEMENT
(DISPOSITION AND DEVELOPMENT AGREEMENT FOR
HEMET VISTAS APARTMENTS – PHASE II)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is made and entered into on this 1st day of September, 2016 by and between Hemet Vistas II Limited Partnership, a California limited partnership ("Assignor"), and Hemet Vistas I&2R Partners LP, a California limited partnership ("Assignee"). The Assignor and Assignee are collectively referred to herein as the "Parties."

RECITALS

A. The Redevelopment Agency of the County of Riverside, a public body, corporate and politic (the "Agency") and Palm Communities, a California corporation formerly known as Palm Desert Development Company ("PC"), entered into that certain Disposition and Development Agreement, dated as of November 27, 1995 and recorded in the Official Records of the County of Riverside (the "Official Records") on May 17, 1996 as Instrument No. 183679, as amended by the First Amendment to Disposition and Development Agreement, dated May 7, 1996 and recorded in the Official Records on May 17, 1996 as Instrument No. 183680, as amended by the Second Amendment to Disposition and Development Agreement, dated May 26, 1998, as amended by the Third Amendment to Disposition and Development Agreement, dated November 30, 1999, and as amended by the Fourth Amendment to Disposition and Development Agreement, dated October 6, 2009 and recorded in the Official Records on December 30, 2009 as Instrument No. 2009-668254 (collectively, the "DDA") relating to, among other things, the potential acquisition of that certain real property described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference ("Property"), the predevelopment, construction and operation thereon of a 144 unit affordable housing complex for low-income families containing 143 units and 1 manager's unit, originally developed in two phases, to be rented and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Project");

B. Subsequent to the DDA, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (the "Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq. (the "CRL"),

The Agency was dissolved on February 1, 2012 such that the Agency is now deemed a former redevelopment agency under Health and Safety Code section 34173;

C. Pursuant to Health and Safety Code Section 34176 (a), all housing functions previously performed by the former Agency, including related rights, powers, duties, obligations, and housing assets were transferred to the Housing Authority of the County of Riverside, a public body, corporate and politic, in its capacity as housing successor to the former Agency (the "Authority");

D. PC formed Assignor in order to own and operate Phase II of the Project and has assigned all of its rights and obligations and has delegated all of its duties under the DDA and any and all related agreements and documents (collectively, the "Related Agreements"), to the Assignee, as provided for in Section 603 of the DDA;

E. PC has now formed Assignee in order to own and operate Phase I and Phase II of the Project, as provided for in Section 603 of the DDA;

F. Assignor hereby desires to assign its rights and obligations and delegate all of its duties under the DDA and the Related Agreements, and for Assignee to accept such assignment and assume all rights, interest and obligations thereunder; and

G. The Authority desires to consent to such assignment as evidenced by its signature hereto.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title, obligations and interest in and to the DDA and any and all Related Agreements, and Assignee hereby accepts such assignment, and assumes all of the obligations of the Assignor under the DDA and any and all Related Agreements, and agrees to be bound thereby in accordance with the terms thereof.
2. Assignee shall assume and perform all executory obligations of Assignor pursuant to the DDA and any and all Related Agreements, without exception.
3. Assignor and Assignee acknowledge that such assignment and acceptance shall not relieve Assignor of its duty to comply with the obligations under the DDA and the Related Agreements. Assignee agrees to perform all of the obligations in accordance with the DDA and the Related Agreements.
4. The principal address of Assignee for purposes of the DDA and Related Agreements is as follows:

Hemet Vistas 1&2R Partners LP
c/o Palm Communities

100 Pacifica, Suite 205
Irvine, CA 92618
Attn: President

5. This Assignment, together with the agreements, covenants and warranties contained herein, is made for the sole protection and the benefits of the parties hereto, and their successors and assigns, and no other person or persons shall have a right of action or right to rely hereon. As this Assignment contains all the terms and conditions agreed upon between the parties, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.
6. This Assignment has been entered into, is to be performed entirely within, and shall be governed by and construed in accordance with the laws of the State of California.
7. If any term or provision of this Assignment, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby and each other term and provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Assignment that is illegal, invalid or unenforceable, there be added as part of this Assignment and enforceable clause or provision similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.
8. Time is expressly declared to be of essence in this Assignment.
9. Each party hereto covenants and agrees to perform all acts and obligations, and to prepare, execute, and deliver such written agreements, documents, and instruments as may be reasonably necessary to carry out the terms and provisions of this Assignment.
10. No provision in this Assignment is to be interpreted for or against either party because that party or its legal representatives drafted such provision.
11. This Assignment may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Assignment, which, with all attached signature pages, shall be deemed to be an original Assignment.
12. The parties hereto further represent and declare that they carefully read this Assignment and know the contents thereof, and that they sign the same freely and voluntarily.

13. Each party represents that the person executing this Assignment on behalf of said party has the full authority to do so to bind the party to perform pursuant to the terms and conditions of this Assignment.

[Remainder of Page Intentionally Blank]

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date set forth opposite their signatures below.

ASSIGNOR:

HEMET VISTAS II LIMITED
PARTNERSHIP, a California limited
partnership

By: Palm Communities, a California
corporation, its administrative general
partner

By: _____
Danavon L. Horn, President

Date: _____

By: Housing Corporation of America, a
Utah nonprofit corporation, its
managing general partner

By: _____
Ronald H. Olson, President

Date: _____

ASSIGNEE:

HEMET VISTAS 1&2R PARTNERS LP, a
California limited partnership

By: PC Hemet Vistas 1&2R Developers LLC, a
California limited liability company, its
administrative general partner

By: Palm Communities, a California
corporation, its sole member and
manager

By: _____
Danavon L. Horn, President

Date: _____

By: Las Palmas Foundation, a California
nonprofit public benefit corporation, its
managing general partner

By: _____
Name: _____
Title: _____

Date: _____

[ASSIGNOR AND ASSIGNEE SIGNATURES MUST BE NOTARIZED]

CONSENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT

In reliance upon the assumption by HEMET VISTAS 1&2R PARTNERS LP, a California limited partnership, as Assignee, of all rights and obligations pursuant to the foregoing Assignment and Assumption Agreement (Disposition and Development Agreement For Hemet Vistas Apartments – Phase II) (the "Assignment"), the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public body, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (the "Authority"), does hereby consent to and approve of the assignment of all right, title, obligations and interest in and to the DDA and any and all Related Agreements (as defined in the Assignment) by HEMET VISTAS II LIMITED PARTNERSHIP ("Assignor"), to Assignee.

Approval hereof by the Authority shall not be construed to relieve or release Assignor from its duty to comply with any of its obligations under the DDA or any Related Agreements.

"AUTHORITY"

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE, a public
body, corporate and politic, in its
capacity as housing successor to the
Redevelopment Agency of the County of
Riverside

By: _____
Name: _____
Title: _____

Date: _____

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: _____
Jhaila R. Brown, Deputy

[AUTHORITY SIGNATURE MUST BE NOTARIZED]

EXHIBIT A

LEGAL DESCRIPTION OF PHASE II PROPERTY

Real property in the City of Hemet, County of Riverside, State of California, described as follows:

PARCEL 2 AS SHOWN BY PARCEL MAP NO. 28501, ON FILE IN BOOK 194 PAGE(S) 5, 6 AND 7 OF
PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 439-060-037-6

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attention: Stephanie Adams

**No fee for recording pursuant to
Government Code Section 27383**

**ASSIGNMENT AND ASSUMPTION AGREEMENT
(RIVERSIDE COUNTY REDEVELOPMENT AGENCY LOAN FOR
HEMET VISTAS 1&2 APARTMENTS – PHASE II)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is made and entered into on this 1st day of September, 2016 by and among Palm Communities, a California corporation formerly known as Palm Desert Development Company ("PC"), and Hemet Vistas II Limited Partnership, a California limited partnership ("HV II LP" and with PC, collectively, as the "Assignor"), and Hemet Vistas 1&2R Partners LP, a California limited partnership ("Assignee"). The Assignor and Assignee are collectively referred to herein as the "Parties."

RECITALS

A. The Redevelopment Agency of the County of Riverside, a public body, corporate and politic (the "Agency") and PC entered into that certain Disposition and Development Agreement, dated as of November 27, 1995 and recorded in the Official Records of the County of Riverside (the "Official Records") on May 17, 1996 as Instrument No. 183679, as amended by the First Amendment to Disposition and Development Agreement, dated May 7, 1996 and recorded in the Official Records on May 17, 1996 as Instrument No. 183680, as amended by the Second Amendment to Disposition and Development Agreement, dated May 26, 1998, as amended by the Third Amendment to Disposition and Development Agreement, dated November 30, 1999, and as amended by the Fourth Amendment to Disposition and Development Agreement, dated October 6, 2009 and recorded in the Official Records on December 30, 2009 as Instrument No. 2009-668254 (collectively, the "DDA") relating to, among other things, the potential acquisition of that certain real property described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference ("Property"), the predevelopment, construction and operation thereon of phase II of a 144 unit affordable housing complex for low-income families containing 143 units and 1 manager's unit, originally developed in two phases, to be rented and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Project");

B. The Agency and PC entered into that certain Covenant Agreement, dated November 14, 1995 and recorded in the Official Records of Riverside County (the "Official Records"), on May 17, 1996 as Instrument No. 183681 (the "Covenant") relating to, among other things, the phase II

portion of the Project comprised of a 72 unit affordable housing complex for low-income families containing 71 units and 1 manager's unit, to be rented and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Phase II Project"), and the Agency's provision of a portion of the financial assistance necessary to construct the Phase II Project in the form of a \$1,550,000 loan evidenced by that certain Promissory Note dated July 5, 2000 and that certain Deed of Trust with Assignment of Rents dated July 5, 2000 and recorded in the Official Records on July 20, 2000 as Instrument No. 2000-291496 (collectively, the "County RDA Loan Documents");

C. Subsequent to the DDA, the Covenant and the County RDA Loan, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (the "Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq. (the "CRL"), The Agency was dissolved on February 1, 2012 such that the Agency is now deemed a former redevelopment agency under Health and Safety Code section 34173;

D. Pursuant to Health and Safety Code Section 34176 (a), all housing functions previously performed by the former Agency, including related rights, powers, duties, obligations, and housing assets were transferred to the Housing Authority of the County of Riverside, a public body, corporate and politic, in its capacity as housing successor to the former Agency (the "Authority");

E. PC formed HV II LP in order to own and operate Phase II of the Project and has assigned all of its rights and obligations and has delegated all of its duties under the DDA to HV II LP, as provided for in Section 603 of the DDA;

F. PC has now formed Assignee in order to own and operate Phase I and Phase II of the Project, as provided for in Section 603 of the DDA;

G. Assignor hereby desires to assign its rights and obligations and delegate all of its duties under the Covenant and the County RDA Loan Documents and any and all related agreements and documents (collectively, the "Related Agreements"), and for Assignee to accept such assignment and assume all rights, interest and obligations thereunder; and

H. The Authority desires to consent to such assignment as evidenced by its signature hereto.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title, obligations and interest in and to the Covenant, the County RDA Loan Documents and any and all Related Agreements, and Assignee hereby accepts such assignment, and assumes all of the obligations of the Assignor under the Covenant, the County RDA Loan Documents and any and all Related Agreements, and agrees to be bound thereby in accordance with the terms thereof.

2. Assignee shall assume and perform all executory obligations of Assignor pursuant to the Covenant, the County RDA Loan Documents and any and all Related Agreements, without exception.
3. Assignor and Assignee acknowledge that such assignment and acceptance shall not relieve Assignor of its duty to comply with the obligations under the Covenant, the County RDA Loan Documents and the Related Agreements. Assignee agrees to perform all of the obligations in accordance with the Covenant, the County RDA Loan Documents and the Related Agreements.
4. The principal address of Assignee for purposes of the Covenant, the County RDA Loan Documents and Related Agreements is as follows:

Hemet Vistas 1&2R Partners LP
c/o Palm Communities
100 Pacifica, Suite 205
Irvine, CA 92618
Attn: President

5. This Assignment, together with the agreements, covenants and warranties contained herein, is made for the sole protection and the benefits of the parties hereto, and their successors and assigns, and no other person or persons shall have a right of action or right to rely hereon. As this Assignment contains all the terms and conditions agreed upon between the parties, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.
6. This Assignment has been entered into, is to be performed entirely within, and shall be governed by and construed in accordance with the laws of the State of California.
7. If any term or provision of this Assignment, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby and each other term and provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Assignment that is illegal, invalid or unenforceable, there be added as part of this Assignment and enforceable clause or provision similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.
8. Time is expressly declared to be of essence in this Assignment.
9. Each party hereto covenants and agrees to perform all acts and obligations, and to prepare, execute, and deliver such written agreements, documents, and instruments as may be reasonably necessary to carry out the terms and provisions of this Assignment.

10. No provision in this Assignment is to be interpreted for or against either party because that party or its legal representatives drafted such provision.
11. This Assignment may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Assignment, which, with all attached signature pages, shall be deemed to be an original Assignment.
12. The parties hereto further represent and declare that they carefully read this Assignment and know the contents thereof, and that they sign the same freely and voluntarily.
13. Each party represents that the person executing this Assignment on behalf of said party has the full authority to do so to bind the party to perform pursuant to the terms and conditions of this Assignment.

[Remainder of Page Intentionally Blank]

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date set forth opposite their signatures below.

ASSIGNOR:

PALM COMMUNITIES, a California corporation

By: _____
Danavon L. Horn, President

Date: _____

HEMET VISTAS II LIMITED PARTNERSHIP, a California limited partnership

By: Palm Communities, a California corporation, its administrative general partner

By: _____
Danavon L. Horn, President

Date: _____

By: Housing Corporation of America, a Utah nonprofit corporation, its managing general partner

By: _____
Ronald H. Olson, President

Date: _____

ASSIGNEE:

HEMET VISTAS 1&2R PARTNERS LP, a California limited partnership

By: PC Hemet Vistas 1&2R Developers LLC, a California limited liability company, its administrative general partner

By: Palm Communities, a California corporation, its sole member and manager

By: _____
Danavon L. Horn, President

Date: _____

By: Las Palmas Foundation, a California nonprofit public benefit corporation, its managing general partner

By: _____

Name: _____

Title: _____

Date: _____

[ASSIGNOR AND ASSIGNEE SIGNATURES MUST BE NOTARIZED]

CONSENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT

In reliance upon the assumption by HEMET VISTAS 1&2R PARTNERS LP, a California limited partnership, as Assignee, of all rights and obligations pursuant to the foregoing Assignment and Assumption Agreement (Riverside County Redevelopment Agency Loan For Hemet Vistas 1&2 Apartments – Phase II) (the "Assignment"), the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public body, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (the "Authority"), does hereby consent to and approve of the assignment of all right, title, obligations and interest in and to the Covenant, County RDA Loan Documents and any and all Related Agreements (as defined in the Assignment) by PALM COMMUNITIES, a California corporation and HEMET VISTAS II LIMITED PARTNERSHIP, a California limited partnership (collectively, the "Assignor"), to Assignee.

Approval hereof by the Authority shall not be construed to relieve or release Assignor from its duty to comply with any of its obligations under the Covenant, County RDA Loan Documents or any Related Agreements.

"AUTHORITY"

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE, a public
body, corporate and politic, in its
capacity as housing successor to the
Redevelopment Agency of the County of
Riverside

By: _____
Name: _____
Title: _____

Date: _____

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: _____
Jhaila R. Brown, Deputy

[AUTHORITY SIGNATURE MUST BE NOTARIZED]

EXHIBIT A

LEGAL DESCRIPTION OF PHASE II PROPERTY

Real property in the City of Hemet, County of Riverside, State of California, described as follows:

PARCEL 2 AS SHOWN BY PARCEL MAP NO. 28501, ON FILE IN BOOK 194 PAGE(S) 5, 6 AND 7 OF
PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 439-060-037-6

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

RECORDING REQUESTED BY
Riverside County Economic
Development Agency

WHEN RECORDED MAIL TO
Housing Authority of the
County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attention: Stephanie Adams

SPACE ABOVE LINE FOR RECORDERS USE

FULL RECONVEYANCE

(Deed of Trust with Assignment of Rents)

Whereas, Hemet Vistas I Limited Partnership, a California limited partnership, is the Trustor, Housing Authority of the County of Riverside, a public entity, corporate and politic, acting in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside, the Trustee, and the Housing Authority of the County of Riverside, a public entity, corporate and politic, the Beneficiary, under that certain Deed of Trust with Assignment of Rents dated May 20, 1999 and recorded June 29, 1999 as Document Number 1999-290100 in the Official Records of the County of Riverside, in the State of California (Deed of Trust).

Now therefore, the undersigned Trustee under said Deed of Trust DOES HEREBY RECONVEY, without warranty, to the person or persons legally entitled thereto, all right, title and interest heretofore acquired and now held by said Housing Authority of the County of Riverside, as Beneficiary, in and to that portion of real property located in Riverside County, State of California, and described as follows:

SEE EXHIBIT "A" ATTACHED

[remainder of page intentionally blank]

[signatures on following page]

IN WITNESS WHEREOF, the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, acting in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside, has caused its duly authorized representative to acknowledge this instrument.

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE

By: _____
Heidi Marshall
Executive Director

Date: _____

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
County Counsel

By: _____
Jhaila R. Brown
Deputy County Counsel

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this Commitment is situated in the City of Hemet, County of Riverside, State of California, and is described as follows:

PARCELS 1 AND 2 AS SHOWN BY PARCEL MAP NO. 28501, ON FILE IN BOOK 194 PAGE(S) 5, 6 AND 7 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 439-060-036-5(Affects Parcel 1)

439-060-037-6(Affects Parcel 2)

INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

RECORDING REQUESTED BY
Riverside County Economic
Development Agency

WHEN RECORDED MAIL TO
Housing Authority of the
County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attention: Stephanie Adams

SPACE ABOVE LINE FOR RECORDERS USE

FULL RECONVEYANCE
(Deed of Trust with Assignment of Rents)

Whereas, Hemet Vistas II Limited Partnership, a California limited partnership, is the Trustor, Housing Authority of the County of Riverside, a public entity, corporate and politic, acting in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside, the Trustee, and the Housing Authority of the County of Riverside, a public entity, corporate and politic, the Beneficiary, under that certain Deed of Trust with Assignment of Rents dated November 29, 1999 and recorded December 13, 1999 as Document Number 1999-539186 in the Official Records of the County of Riverside, in the State of California (Deed of Trust).

Now therefore, the undersigned Trustee under said Deed of Trust DOES HEREBY RECONVEY, without warranty, to the person or persons legally entitled thereto, all right, title and interest heretofore acquired and now held by said Housing Authority of the County of Riverside, as Beneficiary, in and to that portion of real property located in Riverside County, State of California, and described as follows:

SEE EXHIBIT "A" ATTACHED

[remainder of page intentionally blank]

[signatures on following page]

IN WITNESS WHEREOF, the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, acting in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside, has caused its duly authorized representative to acknowledge this instrument.

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE

By: _____
Heidi Marshall
Executive Director

Date: _____

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
County Counsel

By: _____
Jhaila R. Brown
Deputy County Counsel

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this Commitment is situated in the City of Hemet, County of Riverside, State of California, and is described as follows:
PARCELS 1 AND 2 AS SHOWN BY PARCEL MAP NO. 28501, ON FILE IN BOOK 194
PAGE(S) 5, 6 AND 7 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY,
CALIFORNIA.

APN: 439-060-036-5(Affects Parcel 1)

439-060-037-6(Affects Parcel 2)

INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103

3 Escrow No.

4 Loan No.

5 RECORDING REQUESTED BY AND
6 WHEN RECORDED MAIL TO:

7 Housing Authority of the County of Riverside
8 5555 Arlington Ave
9 Riverside, CA 92504
10 Attn: Leah Rodriguez

11 SPACE ABOVE THIS LINE FOR RECORDERS USE

12 **FIFTH AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT**

13 This Fifth Amendment to Disposition and Development Agreement ("Amendment") is made and
14 entered into this ____ day of November, 2016 by and between THE HOUSING AUTHORITY
15 OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as the
16 housing successor to the former Redevelopment Agency for the County of Riverside
17 ("HOUSING AUTHORITY"), and HEMET VISTAS 1&2R PARTNERS LP, a California
18 limited partnership ("DEVELOPER"). DEVELOPER and AUTHORITY shall collectively be
19 referred to herein as the "Parties" and individually as a "Party."

20 RECITALS:

21 WHEREAS, the Redevelopment Agency of the County of Riverside ("Agency") and
22 Palm Desert Development Company ("PC") entered into that certain Disposition and
23 Development Agreement, dated as of November 14, 1995 and recorded in the Official Records
24 of the County of Riverside ("Official Records") on May 17, 1996 as Instrument No. 183679, as
25 amended by that certain Amendment to the Disposition and Development Agreement By and
26 Between the Riverside County Redevelopment Agency and Palm Desert Development Company
27 dated May 7, 1996, and recorded in the Official Records on May 17, 1996 as Instrument No.
28 183680, that certain unrecorded Second Amendment to Disposition and Development
Agreement dated May 26, 1998, that certain unrecorded Third Amendment to Disposition and
Development Agreement, dated November 30, 1999, and that certain Fourth Amendment to

1 Disposition and Development Agreement, Promissory Note and Deed of Trust with Assignment
2 of rents (Redevelopment Agency)("Fourth Amendment to DDA") dated October 6, 2009 and
3 recorded in the Official Records on December 30, 2009 as Instrument No.2009-0668254
4 (collectively, the "DDA"). All capitalized terms not defined herein shall have the meaning
5 ascribed to such terms in the DDA;

6 WHEREAS, the DDA relates to, among other things, the conveyance of that certain real
7 property consisting of approximately 9.3 acres described in the legal description attached hereto
8 as Exhibit A and incorporated herein by this reference ("Property"), by the Agency to PC, the
9 construction and development in two phases, and operation thereon of a 144 unit multi-family
10 affordable housing development, to be rented to and occupied by qualified low-income families
11 (defined as incomes not exceeding 50% of the area median income for the County of Riverside),
12 and provision of financial assistance in the amount of \$2,080,000 to pay a portion of the
13 construction and development costs ("Project");

14 WHEREAS, Palm Communities, a California corporation, formerly known as Palm
15 Desert Development Company, ("Palm Communities") formed Hemet Vistas I, Limited
16 Partnership, a California limited partnership ("Hemet Vistas I"), to own and operate phase I of
17 the Project, and formed Hemet Vistas II, Limited Partnership, a California limited partnership
18 ("Hemet Vistas II"), to own and operate phase II of the Project, as provided for in Section 603 of
19 the DDA. Palm Communities conveyed a portion of the Property identified as Assessor's Parcel
20 No. 439-060-036-5 to Hemet Vistas I and conveyed a portion of the Property identified as
21 Assessor's Parcel No. 439-060-037-6 to Hemet Vistas II;

22 WHEREAS, pursuant to the DDA, the Agency financial assistance in the amount of
23 \$2,080,000 was evidenced by three separate promissory notes and secured by three separate
24 deeds of trust as follows, (i) \$265,000 loan for phase I ("Hemet Vistas I Agency Loan")
25 evidenced by that certain Promissory Note dated May 20, 1999 executed by Hemet Vistas I,
26 predecessor in interest to Developer, in favor of the Agency, ("Hemet Vistas I Agency Loan
27 Note") which Promissory Note is secured by that certain Deed of Trust with Assignment of
28 Rents for the benefit of the Agency dated May 20, 1999 and recorded in the Official Records on
June 29, 1999 as Instrument No. 1999-290100 ("Hemet Vistas I Agency Loan Deed of Trust"),

1 (ii) \$265,000 loan for phase II ("Hemet Vistas II Agency Loan") evidenced by that certain
2 Promissory Note dated December 1, 1999 executed by Hemet Vistas II, predecessor in interest to
3 Developer, in favor of the Agency, ("Hemet Vistas II Agency Loan Note") which Promissory
4 Note is secured by that certain Deed of Trust with Assignment of Rents for the benefit of the
5 Agency dated November 29, 1999 and recorded in the Official Records on December 13, 1999
6 as Instrument No. 1999-539186 ("Hemet Vistas II Agency Loan Deed of Trust"), and (iii)
7 \$1,550,000 loan or phase II ("Hemet Vistas II \$1,550,000 Agency Loan") evidenced by that
8 certain Promissory Note dated July 5, 2000 executed by Hemet Vistas II, Limited Partnership, a
9 California limited partnership, in favor of the Agency, ("Hemet Vistas II \$1,550,000 Agency
10 Loan Note") which Promissory Note is secured by that certain Deed of Trust with Assignment
11 of Rents for the benefit of the Agency dated July 5, 2000 and recorded in the Official Records on
12 July 28, 2000 as Instrument No. 2000-291496 ("Hemet Vistas II \$1,550,000 Agency Loan Deed
13 of Trust");

14 WHEREAS, the Agency only disbursed a portion of the Hemet Vistas II \$1,550,000
15 Agency Loan to Hemet Vistas II in the amount of \$1,200,000;

16 WHEREAS, pursuant to the DDA, the Agency and PC entered into that certain Covenant
17 Agreement, dated November 14, 1995 and recorded in the Official Records on May 17, 1996 as
18 Instrument No. 183681, restricting the use and occupancy of a portion of the property identified
19 as Assessor's Parcel No. 439-060-008 as a 72 unit multi-family affordable housing complex
20 (including 1 manager's unit) to be rented to and occupied by very low, low or moderate income
21 households as defined in California Health and Safety Code sections 50093 and 50105 ("PC
22 Covenants");

23 WHEREAS, pursuant to the DDA, the Agency and Hemet Vistas II entered into that
24 certain Covenant Agreement dated October 6, 2009 and recorded in the Official Records on
25 December 30, 2009 as Instrument No. 2009-0668253, restricting the use and occupancy of a
26 portion of the property identified as Assessor's Parcel No. 439-060-037-6 as a 72 unit multi-
27 family affordable housing complex (including 1 manager's unit) to be rented to and occupied by
28 very low and low-income households whose incomes do not exceed 60% of the area median
income for the County of Riverside ("Hemet Vistas II Covenants");

1 WHEREAS, Palm Communities assigned all of its rights, title, interest, and obligations
2 under the DDA in connection with the portion of the Property identified as Assessor's Parcel No.
3 439-060-036-5, including any and all related agreements and documents, and the PC Covenants,
4 to Hemet Vistas I pursuant to that certain Assignment and Assumption Agreement dated
5 September _____, 2016;

6 WHEREAS, Palm Communities formally assigned all of its rights, title, interest, and
7 obligations under the DDA in connection with the portion of the Property identified as
8 Assessor's Parcel No. 439-060-037-6, including any and all related agreements and documents,
9 to Hemet Vistas II pursuant to that certain Assignment and Assumption Agreement dated
10 September _____, 2016;

11 WHEREAS, Palm Communities created Developer to own and operate phase I and phase
12 II of the Project;

13 WHEREAS, Hemet Vistas I assigned all of its rights, title, interest, and
14 obligations under the DDA in connection with the portion of the Property identified as
15 Assessor's Parcel No. 439-060-036-5, and any and all related instruments and documents,
16 including, but not limited to the Hemet Vistas I Agency Loan, the Hemet Vistas I Agency Loan
17 Note, and the Hemet Vistas I Agency Loan Deed of Trust, and PC Covenants, to Developer
18 pursuant to that certain Assignment and Assumption Agreement dated September _____,
19 2016 ("Hemet Vistas I Assignment");

20 WHEREAS, Hemet Vistas II assigned all of its rights, title, interest, and obligations
21 under the DDA in connection with the portion of the Property identified as Assessor's Parcel No.
22 439-060-037-6, and any and all related instruments and documents, including, but not limited to
23 the Hemet Vistas II Agency Loan, the Hemet Vistas II Agency Loan Note, the Hemet Vistas II
24 Agency Loan Deed of Trust, Hemet Vistas II \$1,550,000 Agency Loan, the Hemet Vistas II
25 \$1,550,000 Agency Loan Note, the Hemet Vistas II \$1,550,000 Agency Loan Deed of Trust,
26 and Hemet Vistas II Covenants, to Developer pursuant to that certain Assignment and
27 Assumption Agreement dated September _____, 2016 ("Hemet Vistas II Assignment");

28 WHEREAS, in connection with the aforementioned Hemet Vistas I Assignment and
Hemet Vistas II Assignment Developer acquired the portion of the Property identified as

1 Assessor's Parcel No. 439-060-036-5 from Hemet Vistas I and the portion of the Property
2 identified as Assessor's Parcel No. 439-060-037-6 from Hemet Vistas II, each via Grant Deed,
3 such that Developer now owns the Property;

4 WHEREAS, the DDA, Hemet Vistas I Agency Loan, the Hemet Vistas I Agency Loan
5 Note, the Hemet Vistas I Agency Loan Deed of Trust, PC Covenants, Hemet Vistas II Agency
6 Loan, the Hemet Vistas II Agency Loan Note, the Hemet Vistas II Agency Loan Deed of Trust,
7 Hemet Vistas II \$1,550,000 Agency Loan, the Hemet Vistas II \$1,550,000 Agency Loan Note,
8 the Hemet Vistas II \$1,550,000 Agency Loan Deed of Trust, and Hemet Vistas II Covenants are
9 collectively referred to herein as the "DDA and Related Agreements;"

10 WHEREAS, Subsequent to the execution of the DDA and Related Agreements,
11 Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 ("Dissolution Act"), added
12 Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and
13 Safety Code sections 33000 et seq. ("CRL"). As a result, the Agency was dissolved on February
14 1, 2012 such that the Agency is now deemed a former redevelopment agency under Health and
15 Safety Code section 34173;

16 WHEREAS, pursuant to Health and Safety Code Section 34176 (a), all housing functions
17 previously performed by the former Agency, including related rights, powers, duties, obligations,
18 and housing assets were transferred to the HOUSING AUTHORITY, including, but not limited
19 to the DDA and Related Agreements;

20 WHEREAS, Developer desires to rehabilitate the 144 unit multi-family affordable rental
21 housing complex located on the Property to the conditions as specified in the attached Scope of
22 Development attached hereto as Attachment "3", the rehabilitation costs of which shall be
23 financed using the construction and permanent sources of financing as specified in the attached
24 Method of Financing attached hereto as Attachment "4", and to maintain the Property as
25 affordable rental housing for a 55 year term;

26 WHEREAS, Developer also desires to pay-off the Hemet Vistas I Agency Loan Note and
27 Hemet Vistas II Agency Loan Note;
28

1 WHEREAS, Housing Authority and Developer desire to amend the method of financing
2 the Project set forth in the DDA to reflect Developer's current sources of financing the
3 rehabilitation of the 144 affordable housing units;

4 WHEREAS, the purpose of this Fifth Amendment is to effectuate and amend the DDA
5 by providing for the following, (i) consent to the assignment of the DDA and Related
6 Agreements and conveyance of the Property by Hemet Vistas I and Hemet Vistas II to
7 Developer, (ii) amending the DDA and Scope of Development (Attachment No. 6 to DDA) to
8 reflect the scope of rehabilitation of the Property, (iii) setting forth the conditions precedent to
9 the repayment of the Hemet Vistas I Agency Loan and Hemet Vistas II Agency Loan,
10 cancellation of the respective promissory notes and reconveyance of the respective deeds of trust,
11 (iv) amending the Hemet Vistas II \$1,550,000 Agency Loan Note and Hemet Vistas II
12 \$1,550,000 Agency Loan Deed of Trust to reflect the actual amount of financial assistance
13 disbursed, \$1,200,000, and to reflect Developer as the new obligor and trustor under each
14 instrument; (v) amending the method of financing the Project; and (vi) modifications to certain
15 other obligations of the Parties, all on the terms and conditions as set forth below, all on the
16 terms and conditions as set forth below.

17 NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of
18 which is hereby mutually acknowledged, the Parties do hereby agree as follows:

- 19 1. **Recitals.** The aforementioned Recitals are true and correct and incorporated herein by
20 this reference.
- 21 2. **Consent to Assignment.** The Housing Authority hereby consents to the following
22 Assignment and Assumption Agreements (i) that certain Assignment and
23 Assumption Agreement dated _____, 2016 between Hemet Vistas I and
24 Developer wherein Hemet Vistas I assigns its right, title, interests and obligations
25 under the DDA and related agreements to Developer, and (ii) that certain Assignment
26 and Assumption Agreement dated _____, 2016 between Hemet Vistas II
27 and Developer wherein Hemet Vistas II assigns its right, title, interests and
28 obligations under the DDA and related agreements to Developer. The Housing

1 Authority hereby further consents to the conveyance of the Property by Hemet Vistas
2 I and Hemet Vistas II to Developer.
3
4

5 **3. Amendments to the DDA.**

6 a. Introductory Paragraph. The introductory paragraph of the DDA commencing
7 with the words, "THIS DISPOSITION AND DEVELOPMENT
8 AGREEMENT," is hereby deleted in its entirety and replaced with the
9 following:

10 "THIS DISPOSITION AND DEVELOPMENT AGREEMENT
11 ("Agreement") is entered into by and between the HOUSING AUTHORITY
12 OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in
13 its capacity as housing successor to the former Redevelopment Agency of the
14 County of Riverside ("Agency"), and HEMET VISTAS 1&2R PARTNERS
15 LP, a California limited partnership ("Developer")"

16 b. Definitions. Section 100 of the DDA titled, "Definitions," is hereby amended
17 as follows:

18 1 The definition of "Agency" is hereby deleted in its entirety and
19 replaced with the following:

20 "Agency" means the Housing Authority of the County of Riverside,
21 a public entity corporate and politic, in its capacity as the housing
22 successor to the former Redevelopment Agency for the County of
23 Riverside."

24 2 The definition of "Area Median Income" is hereby added as follows:

25 "Area Median Income" means the median income of the Riverside-San
26 Bernardino-Standard Metropolitan Statistical Area, adjusted for family
27 size by the United States Department of Housing and Urban
28 Development ("HUD") pursuant to Section 8 of the United States
Housing Act of 1937, as determined by HUD and published from time to

1 time by the California Department of Housing and Community
2 Development.”

3 3 The definition of “Completion” is hereby added as follows:

4
5
6 “Completion” means the point in time at which all of the following
7 have been satisfied: (a) issuance of a certificate of occupancy by the
8 City of Hemet for all rehabilitation work required to be constructed
9 pursuant to this Agreement, (b) recordation of a Notice of
10 Completion pursuant to Civil Code section 8182, (c) submission to
11 the Agency, of unconditional lien releases or waivers obtained by
12 Developer or Developer’s agent, (d) certification by the City of
13 Hemet’s Inspector that construction of the rehabilitation work set
14 forth in the Scope of Development (with the exception of minor
15 “punch list” items) has been completed in a good and workmanlike
16 manner and substantially in accordance with the approved plans and
17 specifications; (e) payment, settlement or other extinguishment,
18 discharge, release, waiver, bonding or insuring against any
19 mechanic’s liens that have been recorded or stop notices that have
20 been delivered; and (f) the Site has been rehabilitated in accordance
21 with this Agreement, the Scope of Development and plans approved
22 by the Agency pursuant to this Agreement.”

23 4 The definition of “Developer” is hereby deleted in its entirety and
24 replaced with the following:

25 “Developer” means Hemet Vistas 1&2R Partners LP, a California
26 limited partnership.”

27 5 The definition of Method of Financing is hereby added as follows:
28

1 “*Method of Financing*” means the Method of Financing attached
2 hereto as Attachment No. 4 and incorporated herein by this
3 reference.”

4
5 6 The definition of “Project” is hereby added as follows:

6 “*Project*” means the 144 unit multi-family apartment complex,
7 formally known as Hemet Vistas Apartments, located at 225 W.
8 Fruitvale, Hemet, CA 92544, more specifically Assessor Parcel
9 Numbers: 439-060-036-5 and 439-060-037-6.

10 7 The definition of “Project Budget” is hereby added as follows:

11 “*Project Budget*” means the schedule of sources and uses attached to
12 this Agreement as Attachment No. 5 and incorporated herein by this
13 reference.”

14 8 The definition of Rehabilitation Costs is hereby added as follows:

15 “*Rehabilitation Costs*” means the total cost of rehabilitating the
16 Improvements located on the Property pursuant to the Scope of
17 Development, as set forth in the Project Budget.”

18 9 The definition of “Rehabilitation Release of Construction
19 Covenants” is hereby added as follows:

20 “*Rehabilitation Release of Construction Covenants*” means that
21 certain Release of Construction Covenants (Rehabilitation) attached
22 hereto as Attachment No. 11 and incorporated herein by this
23 reference.”

24 10 The definition of “Schedule of Performance” is hereby deleted in its
25 entirety and replaced with the following:

26 “*Schedule of Performance*” means the Amended Schedule of
27 Performance attached hereto as Attachment No.6 and incorporated
28 herein by this reference. The Amended Schedule of Performance is
 subject to revision from time to time by as mutually agreed upon in

1 writing between Developer and the Agency's Executive Director or
2 designee, and the Executive Director, or designee, is authorized to
3 make such revisions as she deems reasonably necessary."

4 11 The definition of "Scope of Development" is hereby deleted in its
5 entirety and replaced with the following:

6 "Scope of Development" means the Amended Scope of
7 Development attached hereto as Attachment No.3 and incorporated
8 herein by this reference, describing the scope of the development and
9 rehabilitation of the Site to be completed by Developer, within the time
10 frame provided herein."

11 12 The definition of "Site" is hereby added as follows:

12 "Site" means that certain 9.3 acres of improved real property located in
13 the City of Hemet, County of Riverside, identified as Assessor's Parcel
14 Numbers 439-060-036-5 and 439-060-037-6, as described in the Site
15 Legal Description attached hereto as Attachment No. 2 and depicted on
16 the Site Map attached hereto as Attachment No.1."

17 13 The definition of "Site Legal Description" is hereby deleted in its
18 entirety and replaced with the following:

19 "Site Legal Description" means the Amended Site Legal Description
20 attached hereto as Attachment No. 2 and incorporated herein by this
21 reference."

22 14 The definition of "Site Map" is hereby deleted in its entirety and
23 replaced with the following:

24 "Site Map" means the Amended Site Map attached hereto as Attachment
25 No. 1 and incorporated herein by this reference."

26 15 The definition of "Very Low Income Household" is hereby added as
27 follows:

28 "Very Low Income Household" shall have the meaning set forth in
Health and Safety Code section 50105."

1 c. **Scope of Development.** Section 301 of the DDA titled shall be amended
2 to add the following Section 301.3:

3 "Section 301.3 Scope of Rehabilitation; Merger of Phases. Since the initial
4 construction of the Site pursuant to the Agreement has been completed, as
5 evidenced by the recordation of the Release of Construction Covenants in the
6 Official Records of the County of Riverside, for purposes of obtaining additional
7 project financing and to consolidate Site ownership and management, Developer
8 has combined phases I and phases II of the construction of the Developer
9 Improvements into one phase, see Site Map and Site Legal Description attached
10 hereto as Attachment Nos. 1 and 2 respectively. In addition to Developer's
11 development and construction obligations set forth herein, Developer shall also
12 rehabilitate the 144 unit multi-family affordable housing rental complex,
13 including on-site improvements, located on the Site, as specified in the Scope of
14 Development attached hereto as Attachment No. 5, within the time frame set forth
15 in the Schedule of Performance attached hereto as Attachment No.4.

16 After Completion of the rehabilitation work set forth in the Scope of
17 Development in accordance with this Agreement, the Agency shall furnish
18 Developer with a "Rehabilitation Release of Construction Covenants"
19 substantially conforming in form and substance to Attachment No. _____.
20 The terms and provisions governing the issuance of the Rehabilitation Release of
21 Construction Covenants by the Agency and the Developer's obligations and
22 liability thereafter shall be the same as the terms and provisions set forth in
23 Section 310 of this Agreement."

24 d. **Insurance Requirements.** Section 306 of the DDA titled, "Insurance
25 requirements" is hereby deleted in its entirety and replaced with the following:
26 shall be deleted in its entirety and replaced with the following:

27 "306. **Insurance Requirements.** Without limiting or diminishing
28 Developer's obligation to indemnify or hold Agency harmless, Developer shall
procure and maintain or cause to be maintained, at its sole cost and expense, the

1 following insurance coverage's during the term of this Agreement.

2 1. Worker's Compensation Insurance.

3 If Developer has employees as defined by the State of California, Developer
4 shall maintain statutory Workers' Compensation Insurance (Coverage A) as
5 prescribed by the laws of the State of California. Policy shall include
6 Employers' Liability (Coverage B) including Occupational Disease with limits
7 not less than \$1,000,000 per person per accident. The policy shall be endorsed to
8 waive subrogation in favor of the Agency, and, if applicable, to provide a
9 Borrowed Servant/Alternate Employer Endorsement.

10 2. Commercial General Liability Insurance.

11 Commercial General Liability insurance coverage, including but not limited to,
12 premises liability, contractual liability, products and completed operations
13 liability, personal and advertising injury, and cross liability coverage, covering
14 claims which may arise from or out of Developer's performance of its
15 obligations hereunder. Policy shall name the Agency, its Agencies, Boards,
16 Districts, Special Districts, and Departments, their respective directors, officers,
17 Board of Commissioners, employees, elected or appointed officials, agents or
18 representatives as Additional Insured. Policy's limit of liability shall not be less
19 than \$1,000,000 per occurrence combined single limit. If such insurance
20 contains a general aggregate limit, it shall apply separately to this agreement or
21 be no less than two (2) times the occurrence limit.

22 3. Vehicle Liability Insurance.

23 If vehicles or mobile equipment are used in the performance of the obligations
24 under this Agreement, then Developer shall maintain liability insurance for all
25 owned, non-owned or hired vehicles so used in an amount not less than
26 \$1,000,000 per occurrence combined single limit. If such insurance contains a
27 general aggregate limit, shall apply separately to this agreement or be no less
28 than two (2) times the occurrence limit. Policy shall name the Agency, its
agencies, Boards, Districts, Special Districts, and Departments, their respective

1 directors, officers, Board of Commissioners, employees, elected or appointed
2 officials, agents or representatives as Additional Insured or provide similar
3 evidence of coverage approved by Agency's Risk Manager.

4 4. General Insurance Provisions – All Lines.

5 1) Any insurance carrier providing insurance coverage hereunder shall
6 be admitted to the State of California and have an A M BEST rating of not less
7 than A: VIII (A:8) unless such requirements are waived, in writing, by Agency's
8 Risk Manager. If Agency's Risk Manager waives a requirement for a particular
9 insurer such waiver is only valid for that specific insurer and only for one policy
10 term.

11 2) Developer's insurance carrier(s) must declare its insurance self-
12 insured retentions. If such self-insured retentions exceed \$500,000 per
13 occurrence such retentions shall have the prior written consent of Agency's Risk
14 Manager before the commencement of operations under this Agreement. Upon
15 notification of self-insured retention unacceptable to Agency, and at the election
16 of Agency's Risk Manager, Developer's carriers shall either: (a) reduce or
17 eliminate such self-insured retention as respects this Agreement with Developer,
18 or (b) procure a bond which guarantees payment of losses and related
19 investigations, claims administration, and defense costs and expenses.

20 3) Developer shall cause Developer's insurance carrier(s) to furnish the
21 Agency with copies of the Certificate(s) of Insurance and Endorsements
22 effecting coverage as required herein, and 2) if requested to do so orally or in
23 writing by Agency Risk Manager, provide copies of policies including all
24 Endorsements and all attachments thereto, showing such insurance is in full force
25 and effect. Further, said Certificate(s) and policies of insurance shall contain the
26 covenant of the insurance carrier(s) that thirty (30) days written notice shall be
27 given to the Developer prior to any material modification, cancellation,
28 expiration or reduction in coverage of such insurance. In the event of a material
modification, cancellation, expiration, or reduction in coverage, this Agreement

1 shall terminate forthwith, unless the Agency receives, prior to such effective
2 date, another Certificate of Insurance and copies of endorsements, including all
3 endorsements and attachments thereto evidencing coverage's set forth herein and
4 the insurance required herein is in full force and effect. Developer shall not
5 commence operations until Agency has been furnished Certificate(s) of
6 Insurance and copies of endorsements and if requested, copies of policies of
7 insurance including all endorsements and any and all other attachments as
8 required in this Section. An individual authorized by the insurance carrier to do
9 so on its behalf shall sign the original endorsements for each policy and the
10 Certificate of Insurance.

11 4) It is understood and agreed to by the parties hereto that Developer's
12 insurance shall be construed as primary insurance, and Agency's insurance
13 and/or deductibles and/or self-insured retention's or self-insured programs shall
14 not be construed as contributory.

15 5) If, during the term of this Agreement or any extension thereof,
16 there is a material change in the scope of services; or, there is a material change
17 in the equipment to be used in the performance of the scope of work which will
18 add additional exposures (such as the use of aircraft, watercraft, cranes, etc.); or,
19 the term of this Agreement, including any extensions thereof, exceeds five (5)
20 years Agency reserves the right to adjust the types of insurance required under
21 this Agreement and the monetary limits of liability for the insurance coverage's
22 currently required herein, if, in Agency's Risk Manager's reasonable judgment,
23 the amount or type of insurance carried by Developer has become inadequate.

24 6) Developer shall pass down the insurance obligations contained herein
25 to all tiers of subcontractors working under this Agreement.

26 7) The insurance requirements contained in this Agreement may be met
27 with a program(s) of self-insurance acceptable to Agency.

28 8) Developer agrees to notify Agency of any claim by a third party or any
incident or event that may give rise to a claim arising from the performance of

1 this Agreement.”

2
3 e. **Developer Indemnity.** Section 307 of the DDA titled, “Developer’s
4 Indemnify” is hereby deleted in its entirety and replaced with the following:

5 “307. Developer Indemnity. Developer shall indemnify and hold harmless
6 Agency, its Agencies, Boards, Districts, Special Districts and Departments, their
7 respective directors, officers, Board of Commissioners, elected and appointed
8 officials, employees, agents and representatives (collectively the “Indemnified
9 Parties”) from any liability whatsoever, based or asserted upon any services of
10 Developer, its officers, employees, subcontractors, agents or representatives
11 arising out of their performance under this Agreement, including but not limited
12 to property damage, bodily injury, or death or any other element of any kind or
13 nature whatsoever arising from the performance of Developer, its officers,
14 agents, employees, subcontractors, agents or representatives under this
15 Agreement. Developer shall defend, at its sole expense, all costs and fees
16 including, but not limited, to attorney fees, cost of investigation, defense and
17 settlements or awards, the Agency, its Agencies, Districts, Special Districts and
18 Departments, their respective directors, officers, Board of Commissioners,
19 elected and appointed officials, employees, agents and representatives in any
20 claim or action based upon such alleged acts or omissions; provided, however,
21 Developer shall not have any obligation to indemnify any Indemnified Parties
22 gross negligence or willful misconduct.

23 With respect to any action or claim subject to indemnification herein by
24 Developer, Developer shall, at their sole cost, have the right to use counsel of
25 their own choice and shall have the right to adjust, settle, or compromise any such
26 action or claim without the prior consent of Agency; provided, however, that any
27 such adjustment, settlement or compromise in no manner whatsoever limits or
28 circumscribes Developer’s indemnification to Agency as set forth herein.

1 Developer's obligation hereunder shall be satisfied when Developer has
2 provided to Agency the appropriate form of dismissal relieving Agency from any
3 liability for the action or claim involved.

4 The specified insurance limits required in this Agreement shall in no way
5 limit or circumscribe Developer's obligations to indemnify and hold harmless
6 Agency herein from third party claims.

7 In the event there is conflict between this clause and California Civil Code
8 Section 2782, this clause shall be interpreted to comply with Civil Code 2782.
9 Such interpretation shall not relieve Developer from indemnifying Agency to the
10 fullest extent allowed by law.

11 Developer's obligations set forth in this section 307 shall survive the
12 expiration and/or earlier termination of this Agreement."

13
14 f. **Financing of the Improvements.** Section 311 of the DDA is hereby
15 amended as follows:

16 1 Subsection 311.5 of the DDA titled, "Agency Financial Assistance,
17 Phase Two," which was added by the Fourth Amendment to DDA, is hereby
18 deleted in its entirety and replaced with the following"

19 **" 311. 5 Agency Financial Assistance, Phase Two**

- 20 a. Pursuant to the Agreement, Agency provided a loan to Hemet Vistas II Limited
21 Partnership, a California limited partnership, ("Hemet Vistas II") predecessor in
22 interest to Developer, in the amount of \$1,550,000 ("Agency Phase II Loan")
23 evidenced by that certain Promissory Note dated July 5, 2000 executed by Hemet
24 Vistas II in favor of the Agency, ("Agency Phase II Loan Note") which Promissory
25 Note is secured by that certain Deed of Trust with Assignment of Rents for the
26 benefit of Agency dated July 5, 2000 and recorded in the Official Records on July 28,
27 2000 as Instrument No. 2000-291496 ("Agency Phase II Loan Deed of Trust").
28 Agency and Developer acknowledge and agree that Agency disbursed and Developer
received a portion of the Agency Phase II Loan in the total amount of \$1,200,000

1 ("Amended Agency Phase II Loan") and Developer no longer needs the remaining
2 balance available under the original Agency Phase II Loan Note. As such, Agency
3 and Developer shall cancel the Agency Phase II Loan Note and execute a new
4 amended and restated promissory note reflecting the reduced loan amount (which has
5 already been fully disbursed by Agency and received by Developer) and financing
6 terms (set forth below) pursuant to an Amended and Restated Promissory Note
7 substantially conforming in form and substance to the form of Amended and Restated
8 Promissory Note attached hereto as Attachment No. 9 and incorporated herein by this
9 reference, subject to approval by County Counsel ("Amended and Restated
10 Promissory Note") no later than the date set forth in the Schedule of Performance. In
11 addition, Developer and Agency shall execute, in recordable form, an amendment to
12 the Agency Phase II Loan Deed of Trust reflecting the aforementioned Amended and
13 Restated Promissory Note, which amendment shall substantially conform in form and
14 substance to the form of Amendment to Deed of Trust with Assignment of Rents
15 attached hereto as Attachment No. 10 and incorporated herein by reference, subject to
16 approval by County Counsel ("Amendment to Agency Phase II Loan Deed of Trust"),
17 no later than the date set forth in the Schedule of Performance.

18 Agency shall not be obligated to cancel the Agency Phase II Loan Note, and
19 amend the Agency Phase II Loan Deed of Trust unless and until Developer delivers to
20 Agency a fully executed Amended and Restated Promissory Note and Amendment to
21 Agency Phase II Loan Deed of Trust, approved by Agency.

22 b. The terms of the Amended Agency Phase II Loan shall be as follows:

- 23
- 24 i. Interest. The interest rate shall be 1.00% per annum.
- 25 ii. Maturity Date. The maturity date of the Agency Phase II Loan shall be
- 26 the later to occur of (i) July 1, 2073 or (ii) fifty-five (55) years from the
- 27 recordation of the Rehabilitation Release of Construction Covenants in
- 28 the Official Records of the County of Riverside.

1 iii. Repayment. The Amended and Restated Promissory Note shall provide the
2 following:

3 1. That the Amended Agency Phase II Loan will accrue simple interest at
4 a rate of one percent (1.00%) per annum, except in the event of default as provided
5 herein, and shall be repaid on an annual basis from the Project's Residual Receipts as
6 defined below;

7 2. The Amended and Restated Promissory Note shall be repaid according to
8 the following:

9 (i) Fifty percent (50%) of the Project's Residual Receipts shall be used
10 towards the payment of the Residual Receipts loans secured by the Project
11 ("Public Agency Portion of Residual Receipts"), and the payment shall be
12 prorated based on the percentage of each respective loan amount based upon the
13 total amount of such loans, until the Amended Agency Phase II Loan is repaid in
14 full. The Residual Receipts payment split calculation is as follows: 50% of the
15 Public Agency Portion of Residual Receipts shall be allocated to the County of
16 Riverside's HOME Loan, and 50% of the Public Agency Portion of Residual
17 Receipts shall be allocated to the Amended Agency Phase II Loan; and

18 (ii) The remaining fifty percent (50%) of the Project's Residual Receipts will
19 be retained by Developer.

20 3. The term "Project Residual Receipts" is defined herein as gross rental receipts,
21 security deposits until applied, casualty insurance proceeds, equity contributions and
22 loan proceeds received, not including interest on required reserve accounts, less the
23 following operating expenses:

24 i) auditing and accounting fees;

25 ii) a reasonable property management fee not to exceed \$55 per unit per
26 month, increased annually by an amount equal to the increase in the Consumer Price
27 Index (CPI), for the Los Angeles-Riverside-Orange County, CA Area;
28

1 iii) operating expenses (any expense reasonably and normally incurred in
2 carrying out the Project's day-to-day activities, which shall include administration,
3 on-site management, utilities, on-site staff payroll, payroll taxes and maintenance);

4 iv) replacement reserves, established in a separate account from operating
5 reserves in an annual amount up to \$13,650;

6 v) deferred developer fee;

7 vi) operating reserves, in an annual amount up to \$84,795;

8 vii) a managing general partner partnership management fee which shall be in
9 the initial amount of \$25,000 and increased annually by an amount equivalent to the
10 rise in the CPI, for the Los Angeles-Riverside-Orange County, CA Area;

11 viii) a limited partner asset management fee not to exceed \$4,000 per year
12 increased annually by an amount equivalent to the rise in CPI; and

13 ix) payments of principal and interest on amortized loans and indebtedness
14 senior to the Amended Agency Phase II Loan, which have been approved by the
15 Agency in in discretion (collectively, the "Senior Debt"); and

16 x) The Agency's annual monitoring fee in the amount of \$14,400, increased
17 annually by an amount equal to the increase of the CPI for the Los Angeles-Orange
18 County-Riverside, CA Area; provided, however, that in the event of a decrease in the
19 CPI, the Agency's annual monitoring fee shall remain the same as the immediate
20 preceding year .

- 21 4. Residual Receipts shall be determined based on a review of certified financial
22 statements for the Project. Annual audited financial statements shall be submitted
23 within one hundred and twenty (120) days following the close of the Project fiscal
24 year commencing on April 1 of the first full calendar year following the recordation
25 of the Rehabilitation Release of Construction Covenants. All outstanding principal
26 along with accrued interest shall be due upon the first to occur of (i) July 1, 2075 or
27 (ii) fifty-five (55) years from the recordation of the Rehabilitation Release of
28 Construction Covenants. The first payment shall be due on, the first July 1st in the
first full calendar year following the date of the recordation of the Rehabilitation

1 Release of Construction Covenants, to the extent of available Residual Receipts, as
2 set forth above. Subsequent payments shall be made on July 1st thereafter to the
3 extent of available Residual Receipts until the earlier of full repayment of the
4 Amended Agency Phase II Loan or the Amended Agency Phase II Loan maturity date
5 set forth above.

6 5. Prepayment of the Amended Agency Phase II Loan principal and/or interest may
7 occur at any time without penalty; provided however, such prepayment shall not
8 release Developer from complying with the affordability and use restrictions set forth
9 in the Covenants until the term of the Covenants has expired, and/or Developer's
10 obligations to comply with all laws and regulations relating to the operation of the
11 Affordable Units (defined below) has expired.

12 c. The closing of the Amended Agency Phase II Loan shall occur pursuant to the
13 Amended Agency Phase II Closing Conditions attached hereto as Attachment
14 No. _____ and incorporated herein by this reference."

15
16 2 Section 311 of the DDA is hereby further amended to add a new subsections 311.6,
17 311.7, and 311.8 as follows:

18 **"311.6. Method of Financing.**

19 a. The Rehabilitation Costs for the Project shall be financed with a
20 combination of sources of financing as provided in the Method of Financing,
21 including any amendments or modifications thereto, including, but not limited
22 to the following intended sources: capital contributions from the Tax Credit
23 Investor in the approximate amount of \$ _____ (subject to reasonable
24 adjustment pursuant to the terms of the Partnership Agreement), deferral of
25 approximately \$ _____ of Developer's Developer fee, Senior Loan in the
26 approximate amount of \$ _____ and _____

27 b. Except as otherwise provided in this Agreement and in the Method
28 of Financing, Developer shall not refinance the Senior Loan and/or a
Permanent Loan for the Affordable Units or place any additional financing on

1 the Property without the advanced and express written consent of the Agency
2 Executive Director or designee.

3 **311.7 Evidence of Financing.**

4 Evidence of Financing

5 a. Not later than the date set forth in the Schedule of
6 Performance, Developer shall submit to the Agency evidence satisfactory to
7 the Agency that Developer has obtained the financing necessary for the
8 rehabilitation of the Property in accordance with this Agreement. Such
9 evidence of financing shall include the following:

10 1. A copy of all substantially complete loan documents relating to the
11 _____ Loan (e.g., notes, deeds of trust, mortgages, indentures and loan
12 agreements), including a final Project Budget approved by the
13 _____ Lender, certified by Developer to be a true and correct copy or
14 copies thereof;

15 2. A copy of a loan commitment evidencing that the Permanent Loan
16 will be available at Project completion, certified by Developer to be a true and
17 correct copy or copies thereof;

18 3. Evidence that Developer has obtained a reservation of tax credits
19 from the California Tax Credit Allocation Committee (TCAC);

20 4. A copy of the Partnership Agreement or other documentation
21 acceptable to the Executive Director demonstrating the commitment of the
22 Tax Credit Equity Investor to provide the capital contribution to Developer, or
23 a grant from CTCAC in lieu of tax credit equity, to demonstrate that
24 Developer has adequate equity funds committed to provide the amount of
25 Developer Equity required by the Method of Financing;

26 5. A copy of the commitments obtained by Developer and the
27 respective loan documents for the _____ Loan, and all other
28 commitments described in the Method of Financing, to finance the
rehabilitation of the Improvements, each certified by Developer to be true and

1 correct copies thereof and each, as applicable, conforming to the Agency
2 requirements set forth herein.

3 6. Documentation acceptable to the Agency Executive Director of
4 other sources of capital sufficient to demonstrate that the Developer has
5 adequate equity funds committed to provide the amount of Developer Equity
6 required by the Method of Financing;

7 7. A copy of the contract between Developer and the general
8 contractor or major subcontractors for the construction of the rehabilitation of
9 the Improvements, certified by Developer to be a true and correct copy
10 thereof;

11 8. A copy of a final Project Budget approved by the Agency
12 Executive Director;

13 9. Evidence of insurance as required herein; and

14 10. All other documents reasonably requested by the Agency
15 Executive Director.

16 b. The Agency Executive Director shall approve or
17 disapprove such evidence of financing within the time established in the
18 Schedule of Performance. Such approval shall not be unreasonably withheld.
19 If the Agency shall disapprove any such evidence of financing, the Agency
20 shall do so by written notice to Developer stating the reasons for such
21 disapproval.

22 **311.8 Closing of Amended Agency Phase II Loan.** The terms and
23 provisions governing the closing of the Amended Agency Phase II Loan shall
24 be as set forth in Attachment _____ attached hereto and incorporated herein
25 by this reference.”

26 g. **Covenants and Restrictions.** Part 400 of the DDA is hereby amended as
27 follows:

28 1. Section 401.1 of the DDA shall be added as follows:

“401.1 Affordability Period. The term “Affordability period” used

1 herein shall mean a period of no less than fifty-five (55) years from the
2 recordation of the Rehabilitation Release of Construction Covenants
3 (without regard to (i) the term of the Amended and Restated Promissory
4 Note, or (ii) transfer of the ownership of the Project, Improvements
5 and/or the Site). “

6 2. Section 402 of the DDA shall be deleted in its entirety and replaced
7 with the following:

8 “402. Use and Operation of Site. In addition to the terms and
9 provisions relating to the use and operation of the Site contained
10 ~~herein,~~ for the duration of the Affordability Period Developer shall (i)
11 operate the Site as a 144 unit multi-family rental housing complex
12 (with 1 manager’s unit) rented to and occupied by Lower Income and
13 Very Low Income Household for an affordable rent (as that term is
14 defined in California Health and Safety Code section 50053), and (ii)
15 operate the Site pursuant to that certain Covenant Agreement dated
16 October 6, 2009 and recorded in the Official Records on December
17 30, 2009 as Instrument No. 2009-0668253, including any
18 amendments and modifications thereto (“Covenant Agreement and
19 amendments”). The mix of Affordable Units shall conform to the
20 requirements set forth in the Covenant Agreement and amendments.”

21 3. Section 403 of the DDA shall be amended as follows:

22 a. Subsection Section 403.3 of the DDA titled, “Income of
23 Tenants” is hereby deleted in its entirety and shall be deleted in its entirety and
24 add the following:

25 “Section 403.3 Income of Tenants. Upon Completion of the
26 rehabilitation work set forth in the Scope of Development, Developer shall
27 submit to Agency a Tenant Checklist Form, substantially conforming in form in
28 substance to the Tenant Checklist Form attached hereto as Attachment No.
 _____ and incorporated herein by reference Exhibit “_____”

1 summarizing the number and percentage of very low and low income households
2 who are tenants. Agency shall maintain financial, programmatic, statistical and
3 other supporting records of its operations and financial activities, including the
4 submission of the form on a semi-annual basis on or before September 30th and
5 March 31st. except as otherwise provided for in this Agreement, Developer shall
6 maintain and submit records to Agency within ten (10) business days of
7 Agency's request. Records must clearly document Developer's performance
8 under each requirement of Agency documents. A list of document submissions
9 and timeline are shown in the Schedule of Performance."

10
11 4. Section 405 of the DDA titled, "Nondiscrimination Covenants" is
12 hereby deleted in its entirety and replaced with the following:

13 "405 Nondiscrimination Covenants. Developer shall abide by 24 CFR 570.602
14 which requires that no person in the United States shall on the grounds of race, color,
15 national origin, religion, or sex be excluded from participation in, be denied the benefits
16 of, or be subjected to discrimination under any program or activity receiving Federal
17 financial assistance made available pursuant to the Act. Under the Act, Section 109
18 directs that the prohibitions against discrimination of the basis of age under the Age
19 Discrimination Act and the prohibitions against discrimination of the basis of disability
20 under Section 504 shall apply to programs or activities receiving Federal financial
21 assistance under Title I programs. The policies and procedures necessary to ensure
22 enforcement of Section 109 are codified in 24 CFR Part 6. In addition, Developer shall
23 not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual
24 orientation, age or disability in the solicitation, selection, hiring or treatment of any
25 contractors or consultants, to participate in subcontracting/subconsulting opportunities.
26 Developer understands and agrees that violation of this clause shall be considered a
27 material breach of this Agreement and may result in termination, debarment or other
28 sanctions. This language shall be incorporated into all contracts between Developer and

1 any contractor, consultant, subcontractor, sub consultants, vendors and suppliers.
2 Developer shall comply with the provisions of the California Fair Employment and
3 Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of
4 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations issued
5 pursuant to said Acts and Orders with respect to its use of the Property.
6

7 a. Developer herein covenants by and for itself, its successors and
8 assigns, and all persons claiming under or through them, that
9 this Agreement is made and accepted upon and subject to the
10 following conditions: There shall be no discrimination against
11 or segregation of any person or group of persons, on account of
12 any basis listed in subdivision (a) or (d) of Section 12955 of the
13 Government Code, as those bases are defined in Sections
14 12926, 12926.1, subdivision (m) and paragraph (1) of
15 subdivision (p) of Section 12955, and Section 12955.2 of the
16 Government Code, in the sale, lease, sublease, transfer, use,
17 occupancy, tenure, or enjoyment of the Site, nor shall the
18 transferee itself or any person claiming under or through him or
19 her, establish or permit any such practice or practices of
20 discrimination or segregation with reference to the selection,
21 location, number, use, or occupancy, of tenants, lessees,
22 sublessees, subtenants, or vendees of the Site.

23 b. Developer, its successors and assigns, shall refrain from
24 restricting the rental, sale, or lease of the Site or any portion
25 thereof, on the basis of race, color, creed, religion, sex, sexual
26 orientation, marital status, national origin, or ancestry of any
27 person. Every deed, lease, and contract entered into with
28 respect to the Site, or any portion thereof, after the date of this

1 Agreement shall contain or be subject to substantially the
2 following nondiscrimination or nonsegregation clauses:

3 a) In deeds: "The grantee herein covenants by and for himself
4 or herself, his or her heirs, executors, administrators, and assigns,
5 and all persons claiming under or through them, that there shall be
6 no discrimination against or segregation of, any person or group of
7 persons on account of any basis listed in subdivision (a) or (d) of
8 Section 12955 of the Government Code, as those bases are defined
9 in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of
10 subdivision (p) of Section 12955, and Section 12955.2 of the
11 Government Code, in the sale, lease, sublease, transfer, use,
12 occupancy, tenure, or enjoyment of the premises herein conveyed,
13 nor shall the grantee or any person claiming under or through him
14 or her, establish or permit any practice or practices of
15 discrimination or segregation with reference to the selection,
16 location, number, use or occupancy of tenants, lessees, subtenants,
17 sublessees, or vendees in the premises herein conveyed. The
18 foregoing covenants shall run with the land."

19 b) In leases: "The lessee herein covenants by and for himself
20 or herself, his or her heirs, executors, administrators, and
21 assigns, and all persons claiming under or through him or her,
22 and this lease is made and accepted upon and subject to the
23 following conditions: That there shall be no discrimination
24 against or segregation of any person or group of persons, on
25 account of any basis listed in subdivision (a) or (d) of Section
26 12955 of the Government Code, as those bases are defined in
27 Sections 12926, 12926.1, subdivision (m) and paragraph (1) of
28 subdivision (p) of Section 12955, and Section 12955.2 of the
Government Code, in the leasing, subleasing, transferring, use,

1 occupancy, tenure, or enjoyment of the premises herein leased
2 nor shall the lessee himself or herself, or any person claiming
3 under or through him or her, establish or permit any such
4 practice or practices of discrimination or segregation with
5 reference to the selection, location, number, use, or occupancy,
6 of tenants, lessees, sublessees, subtenants, or vendees in the
7 premises herein leased.”

8 c) In contracts: “There shall be no discrimination against or
9 segregation of any person or group of persons, on account of any
10 basis listed in subdivision (a) or (d) of Section 12955 of the
11 Government Code, as those bases are defined in Sections 12926,
12 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of
13 Section 12955, and Section 12955.2 of the Government Code, in
14 the sale, lease, sublease, transfer, use, occupancy, tenure, or
15 enjoyment of the land, nor shall the transferee itself or any person
16 claiming under or through him or her, establish or permit any such
17 practice or practices of discrimination or segregation with
18 reference to the selection, location, number, use, or occupancy, of
19 tenants, lessees, sublessees, subtenants, or vendees of the land.”
20

21 In addition to the obligations and duties of Developer set forth herein, Developer
22 shall, upon notice from Agency, promptly pay to Agency all fees and costs, including
23 administrative and attorneys’ fees, incurred by Agency in connection with responding to
24 or defending any discrimination claim brought by any third party and/or local, state or
25 federal government entity, arising out of or in connection with this Agreement or the
26 Covenant Agreement attached hereto.”

27 5. Section 406 of the DDA titled, “Effect of the Violation of the
28 Terms and Provisions of this Agreement After Completion of Construction” is hereby
amended to delete the last sentence in the first paragraph commencing with the words,

1 "The covenants contained in this Agreement," and ending with the words, "except for
2 the following:" and replace with the following new sentence, "The term of a few
3 pertinent covenants set forth herein are as follows:"
4

5 h. Section 601 of the DDA titled, "Notices, Demands, and Communications
6 Between the Parties, " is hereby deleted in its entirety and replaced with the
7 following:

8 "601. Notices, Demands and Communications between the Parties. Formal notices,
9 demands and communications between the Authority and the Borrower shall be
10 sufficiently given if dispatched by registered or certified mail, postage prepaid, return
11 receipt requested, to the principal offices of the Agency and the Developer, as designated
12 below. Such written notices, demands and communications may be sent in the same
13 manner to such other addresses as either party may from time to time designate by mail as
14 provided in this Section 601. Any notice that is transmitted by electronic facsimile
15 transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its
16 transmission; any notice that is personally delivered (including by means of professional
17 messenger service, courier service such as United Parcel Service or Federal Express, or by
18 U.S. Postal Service), shall be deemed received on the documented date of receipt by the
19 recipient; and any notice that is sent by registered or certified mail, postage prepaid, return
20 receipt required shall be deemed received on the date of receipt thereof.

21 To Agency: Housing Authority of the County of Riverside
22 5555 Arlington Avenue
23 Riverside, CA 92504

24 To Developer: Hemet Vistas 1&2R Partners LP
25 Attn: Danavon Horn, President
26 100 Pacifica, Suite 205
27 Irvine, CA 92618
28

1 i. **Sale, Assignment and Transfer.** Sections 603.1, 603.2 and 603.3 of the
2 DDA, titled, "Prohibition," "Permitted Transfers," and "Agency
3 Consideration of requested Transfer," respectively, are each hereby deleted in
4 their entirety and replaced with the following:

5 "603.1 Sale, Assignment or other Transfer of the Project and Site.

6 (a) Until the full reconveyance of that certain Agency Phase II Loan Deed of
7 Trust, as amended, Developer shall not to sell, assign, transfer or otherwise dispose of the
8 Agreement, Project, Site, or any portion thereof, without first obtaining the prior written
9 consent of Agency. Agency approval of any such sale, assignment, transfer or other
10 disposition, shall be conditioned upon Agency's receipt and approval as to form and substance
11 of reasonable written evidence satisfactory to Agency in its sole discretion, including but not
12 limited to an assignment and assumption agreement, that transferee has assumed in full, and is
13 reasonably capable of performing and complying with, all of Agency's duties and obligations
14 under this Agreement. As of the effective date of such Agency approved instrument
15 effectuating the sale, assignment, transfer or other disposition, Developer shall be released of
16 all obligations hereunder which accrue from and after the date of such sale, assignment,
17 transfer or other disposition.

18 b) Notwithstanding anything to the contrary contained herein, upon prior
19 written notice to Agency, Developer may, without the Agency's consent, perform the
20 following transfers (i) conveyance of a security interest in the Site in connection with any
21 Senior Loan and any transfer of title by foreclosure, deed or other conveyance in lieu of
22 foreclosure in connection therewith; (ii) admit limited partners to Developer, and provide for
23 the purchase of any such limited partnership interest or interests by Developer's general
24 partner; (iii) remove Developer's general partner, and replace with an affiliate of the
25 Developer's limited partner, provided that any replacement general partner for Developer who
26 is not an affiliate with the Developer's limited partner will require the written consent of the
27 Agency, which consent will not be unreasonably withheld; (iv) the lease for occupancy of all
28 or any of the Affordable Units; (v) the granting of easements or permits to facilitate the
rehabilitation of the Site in accordance with this Agreement; and (vi) the withdrawal and/or

1 replacement of any limited partner of Developer, (collectively a "Permitted Transfer"). All
2 Permitted Transfers shall be subject to reasonable review of documentation by the Agency.
3 The term "affiliate" as used in this section means, as to any Person (as defined below), any
4 general partnership, limited partnership, corporation, joint venture, trust, business trust,
5 cooperative, association, limited liability company or individual (collectively, a "Person") that
6 (A) directly or indirectly controls or is controlled by (such as any partnership or limited
7 liability company in which the Person, directly or indirectly, serves as a general partner or
8 managing member, respectively) or is under common control with the specified Person; (B) is
9 an officer or director of, commissioner of, partner in, member of or trustee of, or serves in a
10 similar capacity with respect to, the specified Person or of which the Specified Person is an
11 officer, director, member, partner or trustee, or with respect to which the specified Person
12 serves in a similar capacity; or (C) is the beneficial owner, directly or indirectly, of 10% or
13 more of any class of equity securities of the specified Person or of which the specified Person
14 is directly or indirectly the owner of 10% or more of any class of equity securities. The term
15 "control" (including the term "controlled by" and "under common control with") as used
16 herein means the possession, direct or indirect, of the power to direct or cause the direction of
17 the management and policies of a Person, whether through the ownership of voting securities,
18 by contract or otherwise.

19 The Agency's approval of the transfers in this Section 603.1 shall not be
20 unreasonably withheld and Agency's Executive Director or designee(s) are authorized to
21 execute such written instruments necessary or appropriate to evidence approval of the transfers
22 in this Section 603.1.

23
24 j. **Monitoring.** Part 600 of the DDA is hereby amended to add a new Section
25 623 as follows:

26 "623. Monitoring. Developer shall pay to Agency an annual monitoring fee in the amount
27 of \$14,400, due on July 1st of each year for the monitoring period of June 30th to July 1st,
28 increased annually by an amount equal to the increase of the Consumer Price Index
(CPI), for the Los Angeles-Orange County-Riverside, CA Area; provided, however, that

1 in the event of a decrease in the CPI, the Agency's annual monitoring fee shall remain the
2 same as the immediate preceding year."

3
4 **5. Amended and Restated Promissory Note.** The DDA is hereby amended to add the
5 Amended and Restated Promissory Note, attached hereto as Exhibit ____ and incorporated
6 herein by reference, as Attachment No. _____ to the DDA. The Amended and Restated
7 Promissory Note shall evidence the Amended Agency Phase II Loan (as defined in Section
8 311.5 of the DDA as amended by this Fifth Amendment). Subject to the satisfaction of the
9 conditions precedent set forth in Section 311 of the DDA, as amended by this Fifth
10 Amendment, including, but not limited to Section 311.5, the Amended and Restated Promissory
11 Note shall be executed by Developer and delivered to Housing Authority no later than the date
12 set forth in the Amended Schedule of Performance. Upon receipt of the executed Amended and
13 Restated Promissory Note from Developer, substantially conforming to Exhibit ____, Housing
14 Authority shall deliver to Hemet Vistas II the original of the Hemet Vistas II \$1,550,000
15 Agency Loan Note with the words, "Cancelled" marked across such note. Housing Authority
16 shall not be required to disburse any of the loan funds evidenced by the original Hemet Vistas II
17 \$1,550,000 Agency Loan Note or the Amended and Restated Promissory Note since all funds
18 have already been disbursed to Developer. The Amended and Restated Promissory Note shall
19 be secured by the Amendment to Hemet Vistas II \$1,550,000 Agency Loan Deed of Trust, as
20 amended.

21 **6. Amendment to Hemet Vistas II \$1,550,000 Agency Loan Deed of Trust.**

22 The DDA is hereby amended to add the Amendment to Deed of Trust with Assignment of
23 Rents, attached hereto as Exhibit B and incorporated herein by reference, as Attachment No.
24 _____ to the DDA. Housing Authority and Developer shall execute an Amendment to
25 Deed of Trust with Assignment of Rents, substantially conforming in form and substance to
26 Exhibit A, in recordable form, and deliver it into escrow, no later than the date set forth in the
27 Amended Schedule of Performance. The Amendment to Deed of Trust with Assignment of
28 Rents shall amend that certain Deed of Trust with Assignment of Rents executed by Hemet
Vistas II for the benefit of the Agency dated July 5, 2000 and recorded in the Official Records

1 on July 28, 2000 as Instrument No. 2000-291496. The Amendment to Deed of Trust with
2 Assignment of Rents shall be recorded against the Property.

3 **7. Amendment to Covenant Agreement.** To conform to the use and occupancy
4 restrictions set forth in the DDA, as amended by this Fifth Amended, the Parties hereto shall
5 execute, in recordable form, and thereafter deliver into escrow, within the time frame set forth
6 in the Amended Schedule of Performance, an Amendment to Covenant Agreement,
7 substantially conforming in form and substance to the Amendment to Covenant Agreement
8 attached hereto as Exhibit C and incorporated herein by this reference. The Amendment to
9 Covenant Agreement shall amend that certain Covenant Agreement executed by the former
10 Agency and Hemet Vistas II dated October 6, 2009 and recorded in the Official Records on
11 December 30, 2009 as Instrument No. 2009-0668253. The Amendment to Covenant Agreement
12 shall be recorded in the Official Records as a lien against the entire Property.

13
14 **8. Tenant Checklist Form.** The DDA is hereby amended to add the Tenant Checklist Form
15 attached hereto as Exhibit _____ and incorporated herein by reference as Attachment No.
16 _____ to the DDA.

17 **9. Method of Financing.** The DDA is hereby amended to add the Method of Financing
18 attached hereto as Exhibit _____ and incorporated herein by reference as Attachment No.
19 _____ to the DDA.

20 **10. Project Budget.** The DDA is hereby amended to add the Project Budget attached hereto
21 as Exhibit _____ and incorporated herein by reference, as Attachment No. _____ to the
22 DDA.

23 **11. Rehabilitation Release of Construction Covenants.** The DDA is hereby amended to
24 add the Rehabilitation Release of Construction Covenants attached hereto as Exhibit _____ and
25 incorporated herein by reference, as Attachment No. _____ to the DDA.

26 **12. Schedule of Performance.** The Schedule of Performance attached to the DDA as
27 Attachment No. ____ is hereby deleted in its entirety and replaced with the Amended Schedule
28 of Performance attached hereto as Exhibit _____ and incorporated herein by this reference. All
references to the term "Schedule of Performance" contained in the DDA and all exhibits to the

DDA shall mean the Amended Schedule of Performance.

13. Site Legal Description. The Site Legal Description attached to the DDA as Attachment No. ____ is hereby deleted in its entirety and replaced with the Amended Site Legal Description attached hereto as Exhibit ____ and incorporated herein by this reference. All references to the term "Site Legal Description" contained in the DDA and all exhibits to the DDA shall mean the Amended Site Legal Description.

14. Site Map. The Site Map attached to the DDA as Attachment No. I is hereby deleted in its entirety and replaced with the Amended Site Map attached hereto as Exhibit ____ attached hereto and incorporated herein by this reference. All references to the term "Site Map" contained in the DDA and all exhibits to the DDA shall mean the Amended Site Map.

15. Scope of Development. The Scope of Development attached to the DDA as Attachment No. 5 is hereby deleted in its entirety and replaced with the Amended Scope of Development attached hereto as Exhibit ____ and incorporated herein by this reference. All references to the term "Scope of Development" contained in the DDA and all exhibits to the DDA shall mean the Amended Scope of Development.

16. Developer Payment to Housing Authority. No later than the date set forth in the Amended Schedule of Performance, Developer shall pay to Housing Authority and Housing Authority shall receive, the amount of ONE MILLION DOLLARS (\$1,000,000) ("Developer Payment") payable in lawful money of the United States of America, by cashier's check or wire transfer. The Developer Payment shall be used by the Housing Authority as follows:

a. Repayment of Hemet Vistas I Agency Loan and Hemet Vistas II Agency Loan.

The former Agency, predecessor in interest to the Housing Authority, provided the following loans to Hemet Vistas I and Hemet Vistas II, each predecessors in interest to Developer (i) \$265,000 loan for phase I ("Hemet Vistas I Agency Loan") evidenced by that certain Promissory Note dated May 20, 1999 executed by Hemet Vistas I, predecessor in interest to Developer, for the benefit of the Agency, ("Hemet Vistas I Agency Loan Note") which Promissory Note is secured by that certain Deed of Trust with Assignment of Rents dated May 20, 1999 and recorded in the Official Records on June 29, 1999 as Instrument No.

1 1999-290100 ("Hemet Vistas I Agency Loan Deed of Trust"), (ii) \$265,000 loan for phase II
2 ("Hemet Vistas II Agency Loan") evidenced by that certain Promissory Note dated
3 December 1, 1999 executed by Hemet Vistas II, predecessor in interest to Developer, for the
4 benefit of the Agency, ("Hemet Vistas II Agency Loan Note") which Promissory Note is
5 secured by that certain Deed of Trust with Assignment of Rents dated November 29, 1999
6 and recorded in the Official Records on December 13, 1999 as Instrument No. 1999-539186
7 ("Hemet Vistas II Agency Loan Deed of Trust"). Upon Agency's receipt of the Developer
8 Payment, Housing Authority shall use such amounts to repay the entire outstanding principle
9 balance and accrued interest due on both the Hemet Vistas I Agency Loan Note and Hemet
10 Vistas II Agency Loan Note. Upon full repayment of the Hemet Vistas I Agency Loan Note
11 and Hemet Vistas II Agency Loan Note, the Housing Authority shall deliver to Hemet Vistas
12 I and Hemet Vistas II the original of the respective promissory notes with the words,
13 "Cancelled" marked across such notes and reconvey the Hemet Vistas I Agency Loan Deed
14 of Trust and the Hemet Vistas II Agency Loan Deed of Trust.

15 **b. Pay-Down of Amended Agency Phase II Loan**

16 Any amounts remaining after payment of the entire outstanding principle and accrued
17 interest due and owing under the Hemet Vistas I Agency Loan Note and Hemet Vistas II
18 Agency Loan Note, shall be credited towards Developer repayment obligations of the
19 outstanding Amended Agency Phase II Loan amount (as defined in Section 311.5 of the
20 DDA as amended by this Fifth Amendment) due and owing under the Amended and
21 Restated Promissory Note.

22 **17. Closing of Amended Agency Phase II Loan.** The closing of the Amended Agency
23 Phase II Loan shall occur pursuant to the terms and provisions set forth in the Amended Agency
24 Phase II Closing Conditions attached hereto as Exhibit ____ and incorporated herein by this
25 reference. The DDA shall be amended to add the Amended Agency Phase II Closing Conditions
26 as Attachment No. _____.

27 **18. Miscellaneous.**

28 **a. Further Cooperation.** The Parties agree to execute such other instruments,
agreements and amendments to documents as may be necessary or appropriate to

1 effectuate the DDA as amended by this Amendment.

2 b. **Interpretation.** This Fifth Amendment, when combined with the DDA, sets forth
3 and contains the entire understanding and agreement of the Parties hereto and
4 correctly sets forth the rights, duties and obligations of each to the other as of this
5 date. There are no oral or written representations, understandings, or ancillary
6 covenants, undertakings or agreements, which are not contained or expressly
7 referred to within this Fifth Amendment or the DDA.

8 c. **Waivers; Amendments.** All waivers of the provisions of this Fifth Amendment
9 and all amendments hereto must be in writing and signed by the appropriate
10 authorized representatives of the Housing Authority and Developer. Failure or
11 delay by Agency in giving notice of any default under this Fifth Amendment or
12 the DDA shall not constitute a waiver of any default, nor shall it change the time
13 of default. Except as otherwise expressly provided in this Fifth Amendment and
14 in the DDA, any failures or delays by either party in asserting any of its rights and
15 remedies as to any default shall not operate as a waiver of any default or of any
16 such rights or remedies. Delays by either party in asserting any of its rights and
17 remedies shall not deprive either party of its right to institute and maintain any
18 actions or proceeding which it may deem necessary to protect, assert or enforce
19 any such rights or remedies.

20 d. **Attachments.** Each of the attachments and exhibits attached hereto are
21 incorporated herein by this reference.

22 e. **Effectiveness of DDA.** Except as modified and amended by this Fifth
23 Amendment, all other terms and conditions of the DDA remain unmodified and in
24 full force and effect.

25 f. **Counterparts.** This Fifth Amendment may be signed by the different parties
26 hereto in counterparts, each of which shall be an original but all of which together
27 shall constitute one and the same agreement.

28 g. **Effective Date.** The effective date of this Fifth Amendment is the date the
Housing Authority executes this Fifth Amendment.